



University of California  
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April 29, 2016

The Honorable Lorena Gonzalez  
Assembly Appropriations Committee  
State Capitol, Room 2114  
10<sup>th</sup> and L Streets  
Sacramento, California 95814

*Via E-mail only*

Dear Assembly Member Gonzalez:

The California Health Benefits Review Program (CHBRP) was asked by Assembly Appropriations Committee staff on April 25, 2016 to provide a letter for the upcoming Appropriations Committee hearing noting any analysis pertinent to the amended language of Assembly Bill 1763 (Gipson) *Colorectal Cancer Screening*.

The April 27, 2016 amended version of AB 1763 would require health plans regulated by the California Department of Managed Care (DMHC) and health insurers regulated by the California Department of Insurance (CDI) to provide coverage for colorectal cancer screenings and tests with a grade of A or B by the U.S. Preventive Services Task Force (USPSTF), provide coverage for additional screenings and tests for high-risk individuals, and remove cost-sharing for enrollees aged 50 and over.

The amended version of AB 1763 removes the exclusion of high-deductible plans. CHBRP produced new cost estimates based on this change, which are attached.

CHBRP estimates that Californians with state-regulated coverage that would be subject to Assembly Bill (AB) 1763 would increase from 13.8 million to 14.7 million, after the amendments. The specific changes related to coverage, utilization and expenditures are as follows:

- CHBRP estimates that the percent of enrollees aged 50 and older with coverage for CRC screening services listed in AB 1763 without cost sharing would increase from 78% to 100%.
- CHBRP assumes that the overall utilization of CRC screening and lab tests is going to increase by 0.4% (2,499 users), which is mainly due to the increase in use among enrollees aged 50 and older after the removal of cost-sharing requirements.
- CHBRP estimates that AB 1763 would increase total net annual expenditures by \$9.86 million or 0.006% for enrollees with DMHC-regulated plans and CDI-regulated policies. This is due to a \$26.61 million increase in total health insurance premiums paid by employers and enrollees for newly covered benefits, partially offset by a decrease in enrollee expenditures for previously noncovered benefits (\$35.37 million).

CHBRP's original 2016 analysis of AB 1763 can be accessed [here](#).

Thank you for allowing CHBRP the opportunity to further assist the Assembly Health Committee. We are available to answer any questions at the Committee's convenience.

Sincerely,



Garen L. Corbett, MS  
Director, CHBRP  
University of California, Office of the President

cc:

Assembly Member Gipson, Author of Assembly Bill 1763, *Colorectal Cancer Screening*  
Senator Ed Hernandez, Chair, Senate Committee on Health  
Assembly Member Jim Wood, Chair, Assembly Committee on Health  
Senator Kevin de León, President Pro Tem of the Senate  
Assembly Member Toni Atkins, Speaker of the Assembly  
Senator Janet Nguyen, Vice Chair, Senate Committee on Health  
Assembly Member Brian Maienschein, Vice Chair, Assembly Committee on Health  
Senator Ricardo Lara, Chair, Senate Committee on Appropriations  
Senator Patricia Bates, Vice Chair, Senate Committee on Appropriations  
Assembly Member Frank Bigelow, Vice Chair, Assembly Committee on Appropriations  
Renita Polk, Science Fellow, Office of Assembly Member Gipson  
An-Chi Tsou, Senior Consultant, Assembly Committee on Health  
Rosielyn Pulmano, Chief Consultant, Assembly Committee on Health  
Dharia McGrew, Senior Consultant, Assembly Committee on Health  
Melanie Moreno, Staff Director, Senate Committee on Health  
Teri Boughton, Consultant, Senate Committee on Health  
Mark McKenzie, Staff Director, Senate Committee on Appropriations  
Brendan McCarthy, Consultant, Senate Committee on Appropriations  
Lisa Murawski, Principal Consultant, Assembly Committee on Appropriations  
Tim Conaghan, Consultant, Senate Republican Caucus  
Mark Newton, Deputy Legislative Analyst, Legislative Analyst's Office  
Camille Wagner, Legislative Affairs Secretary, Office of Governor Jerry Brown  
Leonor Ehling, Director, Senate Office of Research  
Robert Herrell, Deputy Commissioner and Legislative Director, California Department of Insurance (CDI)  
Josephine Figueroa, Deputy Legislative Director, CDI  
Shelley Rouillard, Director, California Department of Managed Care (DMHC)  
Jenny Mae Phillips, Senior Attorney, California DMHC  
Mikhail Karshtedt, Associate Governmental Program Analyst, California DMHC  
Janet Napolitano, President, University of California, Office of the President (UCOP)  
Nelson Peacock, Senior Vice President, Government Relations, UCOP  
Steve Juarez, Associate Vice President and Director, State Governmental Relations, UCOP  
Angela Gilliard, Legislative Director, State Governmental Relations, UCOP  
John Stobo, Executive Vice President, UC Health, UCOP

Cathryn Nation, Associate Vice President, UC Health, UCOP  
Lauren LeRoy, CHBRP National Advisory Council Chair

## CALIFORNIA AB 1763 IMPACTS ON BENEFIT COVERAGE, UTILIZATION, AND COST, 2018

**Table 1.** AB 1763 Impacts on Benefit Coverage, Utilization, and Cost, 2018

	Premandate	Postmandate	Increase/ Decrease	Change Postmandate
<b>Benefit coverage</b>				
Total enrollees with health insurance subject to state benefit mandates <sup>(a)</sup>	25,155,000	25,155,000	0	0.0%
Total enrollees with health insurance subject to AB 1763	14,664,000	14,664,000	0	0.0%
Number of enrollees with coverage for the mandated benefit	14,664,000	14,664,000	0	0.0%
Percentage of enrollees with coverage for the mandated benefit	100%	100%	0%	0.0%
Number of enrollees aged 50 and older with health insurance subject to AB 1763				
With no cost sharing	2,574,259	3,294,704	720,445	28.0%
With cost sharing	720,445	0	-720,445	-100.0%
Percent of enrollees aged 50 and older with health insurance subject to AB 1763				
With no cost sharing	78.1%	100.0%	21.9%	28.0%
With cost sharing	21.9%	0.0%	-21.9%	-100.0%
<b>Utilization and cost</b>				
Number of enrollees using benefit	700,000	702,499	2,499	0.4%
Total users aged 50 and older	538,173	540,671	2,499	0.5%
With no cost sharing	420,492	540,671	120,180	28.6%
With cost sharing	117,681	0	-117,681	-100.0%

Analysis of California Assembly Bill (AB) 1763

For users aged 50 and older:				
Total number of procedures	761,774	764,273	2,499	0.3%
Average cost per procedure	\$761	\$761	0	0.0%
Average cost share per procedure	\$45	\$0	-\$45	-100.0%
<b>Expenditures</b>				
<u>Premium expenditures by payer</u>				
Private employers for group insurance	\$69,145,570,000	\$69,162,860,000	\$17,290,000	0.025%
CalPERS HMO employer expenditures <sup>(b)</sup>	\$5,065,074,000	\$5,066,397,000	\$1,323,000	0.026%
Medi-Cal Managed Care Plan expenditures	\$16,670,700,000	\$16,670,700,000	\$0	0.000%
Enrollees for individually purchased insurance	\$23,175,998,000	\$23,196,522,000	\$20,524,000	0.089%
Enrollees with group insurance, CalPERS HMOs, Covered California, and Medi-Cal Managed Care <sup>(c)</sup>	\$21,856,738,000	\$21,862,824,000	\$6,086,000	0.028%
<u>Enrollee expenses</u>				
Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.)	\$17,229,732,000	\$17,194,367,000	-\$35,365,000	-0.205%
Enrollee expenses for noncovered benefits <sup>(d)</sup>	\$0	\$0	\$0	0.000%
<b>Total expenditures</b>	<b>\$153,143,812,000</b>	<b>\$153,153,670,000</b>	<b>\$9,858,000</b>	<b>0.006%</b>

Source: California Health Benefits Review Program, 2016.

Notes: (a) This population includes persons with privately funded (including Covered California) and publicly funded (e.g., CalPERS HMOs, Medi-Cal Managed Care Plans) health insurance products regulated by DMHC or CDI. Population includes enrollees aged 0 to 64 years and enrollees 65 years or older covered by employer-sponsored health insurance.

(b) Of the increase in CalPERS employer expenditures, about 56.7% or \$749,000 would be state expenditures for CalPERS members who are state employees or their dependents.

(c) Enrollee premium expenditures include contributions to employer-sponsored health insurance, health insurance purchased through Covered California, and contributions to Medi-Cal Managed Care.

(d) Includes only those expenses that are paid directly by enrollees or other sources to providers for services related to the mandated benefit that are not currently covered by insurance. This only includes those expenses that will be newly covered postmandate. Other components of expenditures in this table include all health care services covered by insurance.

Key: CalPERS HMOs = California Public Employees' Retirement System Health Maintenance Organizations; CDI = California Department of Insurance; DMHC = Department of Managed Health Care.

**Table 2.** Postmandate Impacts of the Mandate on Per Member Per Month Premiums and Total Expenditures by Market Segment, California, 2018

	DMHC-Regulated						CDI-Regulated			Total
	Privately Funded Plans (by Market) <sup>(a)</sup>			Publicly Funded Plans			Privately Funded Plans (by Market) <sup>(a)</sup>			
	Large Group	Small Group	Individual	CalPERS HMOs <sup>(b)</sup>	MCMC (Under 65) <sup>(c)</sup>	MCMC (65+) <sup>(c)</sup>	Large Group	Small Group	Individual	
<b>Enrollee counts</b>										
Total enrollees in plans/policies subject to state mandates <sup>(d)</sup>	9,138,000	2,805,000	3,840,000	861,000	6,331,000	561,000	309,000	731,000	579,000	25,155,000
Total enrollees in plans/policies subject to AB 1763	6,776,000	2,365,000	3,516,000	861,000	0	0	282,000	722,000	142,000	14,664,000
<b>Premium costs</b>										
Average portion of premium paid by employer	\$0.0916	\$0.1220	\$0.0000	\$0.1281	\$0.0000	\$0.0000	\$0.0456	\$0.3383	\$0.0000	\$18,613,000
Average portion of premium paid by employee	\$0.0225	\$0.0634	\$0.4441	\$0.0320	\$0.0000	\$0.0000	\$0.0121	\$0.1263	\$0.0088	\$26,610,000
Total premium	\$0.1142	\$0.1853	\$0.4441	\$0.1601	\$0.0000	\$0.0000	\$0.0576	\$0.4646	\$0.0088	\$45,223,000
<b>Enrollee expenses</b>										
Enrollee expenses for covered benefits (deductibles, copays, etc.)	-\$0.0928	-\$0.1408	-\$0.3433	-\$0.1250	\$0.0000	\$0.0000	-\$0.0389	-\$0.3607	-\$0.0041	-\$35,365,000
Enrollee expenses for benefits not covered <sup>(e)</sup>	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0
<b>Total expenditures</b>	<b>\$0.0213</b>	<b>\$0.0446</b>	<b>\$0.1007</b>	<b>\$0.0351</b>	<b>\$0.0000</b>	<b>\$0.0000</b>	<b>\$0.0187</b>	<b>\$0.1039</b>	<b>\$0.0047</b>	<b>\$9,859,000</b>
<b>Postmandate percent change</b>										
Insured premiums	0.0193%	0.0369%	0.0998%	0.0261%	0.0000%	0.0000%	0.0082%	0.0744%	0.0023%	0.0333%
<b>Total expenditures</b>	<b>0.0033%</b>	<b>0.0074%</b>	<b>0.0179%</b>	<b>0.0054%</b>	<b>0.0000%</b>	<b>0.0000%</b>	<b>0.0023%</b>	<b>0.0128%</b>	<b>0.0009%</b>	<b>0.0064%</b>

*Source:* California Health Benefits Review Program, 2016.

*Notes:* (a) Includes enrollees with grandfathered and nongrandfathered health insurance, inside and outside the exchange.

(b) As of September 30, 2013, 57.5%, or 462,580 CalPERS members were state retirees, state employees, or their dependents. CHBRP assumes the same ratio for 2018.

(c) Medi-Cal Managed Care Plan expenditures for members over 65 include those who are also Medicare beneficiaries. This population does not include enrollees in COHS.

(d) This population includes both persons who obtain health insurance using private funds (group and individual) and through public funds (e.g., CalPERS HMOs, Medi-Cal Managed Care Plans). Only those enrolled in health plans or policies regulated by the DMHC or CDI are included. Population includes all enrollees in state-regulated plans or policies aged 0 to 64 years, and enrollees 65 years or older covered by employer-sponsored health insurance.

(e) Includes only those expenses that are paid directly by enrollees or other sources to providers for services related to the mandated benefit that are not currently covered by insurance. This only includes those expenses that will be newly covered, postmandate. Other components of expenditures in this table include all health care services covered by insurance.

*Key:* CalPERS HMOs = California Public Employees' Retirement System Health Maintenance Organizations; CDI = California Department of Insurance; DMHC = Department of Managed Health Care