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At the request of the Assembly Health Committee, the California Health Benefits Review Program (CHBRP) analyzed Assembly Bill (AB) 1917 (Gordon) Outpatient prescription drugs: cost sharing as introduced, submitting a report to the Legislature on April 25, 2014. AB 1917 has since been amended, most recently on May 23, 2014. On June 9, 2014, the Senate Health Committee requested CHBRP provide an updated cost estimate to CHBRP's original analysis of AB 1917.

CHBRP is not able to provide quantitative estimates of the impact on estimated expenditures as a result of the amendments to AB 1917; the amendments would require fairly extensive adjustments to the Cost Model that cannot be completed in a short timeframe. However, CHBRP is able to provide estimates of the impact on expenditures of adjusting the cost sharing limit from 1/24 of the annual out-of-pocket maximum to 1/12. This is only a part of the amendments made to AB 1917, but provides some scope in the change in expenditures from CHBRP's report on AB 1917 as introduced.

Compared to CHBRP's report on AB 1917, the revised Table 1 below shows that CHBRP estimates amending the cost sharing limit to be 1/12 (as opposed to the original 1/24) would reduce the estimated impact on overall expenditures, reduce the estimated impacts on premium expenditures by payer, and finally, the estimated reduction in enrollee out-of-pocket expenses as result of AB 1917 would not be as great. Again, the revised Table 1 is just reflective of the change in the cost sharing limit from 1/24 to 1/12 of the annual out-of-pocket maximum and not the other amendments made to AB 1917 since CHBRP analyzed the introduced version.

In regards to the bill being amended to just include outpatient prescription drugs that are essential health benefits (EHBs), expenditures would be reduced, but CHBRP is not able to quantify the impact in a week. As for the amendment regarding time-limited prescriptions and not time-limited prescriptions, again, CHBRP is not able to quantitatively say by how much or what the magnitude would be, but it would likely also result in a reduction in expenditures.

Sincerely,

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Table 1. AB 1917's Impacts on Benefit Coverage, Utilization, and Cost, 2015 – Revised Estimates Reflecting Cost Sharing Limited to 1/12 of the Annual Out-of-Pocket Limit

	Premandate	Postmandate	Increase/ Decrease	Change Postmandate
Benefit coverage				
Total enrollees with health insurance subject to state benefit mandates (a)	23,389,000	23,389,000	—	0.00%
Total enrollees with health insurance subject to AB 1917	11,701,000	11,701,000	—	0.00%
Total enrollees with health insurance subject to AB 1917 enrolled in CSRs in Covered California and excluded from the following analysis	730,000	730,000	—	0.00%
Total enrollees with health insurance subject to AB 1917 and included in the following analysis	10,971,000	10,971,000	—	0.00%
Utilization and cost				
Number of enrollees with high cost/specialty prescription drug claims greater than the AB 1917 limit on cost sharing	25,582	0	−25,582	100%
Number of enrollees with prescription drug claims impacted by the AB 1917 limit on cost sharing	25,582	25,927	345	1.35%
Percent of enrollees with prescription drug claims impacted by the AB 1917 limit on cost sharing	0.23%	0.24%	0.003%	1.35%
Average number of prescription drug claims impacted by the AB 1917 limit on cost sharing	5.85	5.92	0.10	1.73%
Average cost sharing per prescription drugs claim impacted by the AB 1917 limit on cost sharing	$408.94	$302.24	−$106.70	−26.10%
Average number of other medical services received by enrollees with at least one prescription drug claim impacted by the AB 1917 limit on cost sharing	167. 38	166.90	−0.48	−0.29%
Average per-claim cost sharing of other medical services exceeding AB 1917 limit on cost sharing	$14.34	$15.78	$1.44	10.02%
Expenditures (b)				
Premium expenditures by payer				
Private employers for group insurance	$54,590,722,000	$54,601,006,000	$10,284,000	0.02%

Table 1. AB 1917's Impacts on Benefit Coverage, Utilization, and Cost, 2015 – Revised Estimates Reflecting Cost Sharing Limited to 1/12 of the Annual Out-of-Pocket Limit (Cont'd)

	Premandate	Postmandate	Increase/ Decrease	Change Postmandate
Expenditures (b) (Cont'd)				
CalPERS HMO employer expenditures (c)	$4,297,494,000	$4,303,120,000	$5,626,000	0.13%
Medi-Cal Managed Care Plan expenditures	$17,504,711,000	$17,504,711,000	$0	0.00%
Enrollees for individually purchased insurance	$16,930,080,000	$16,959,315,000	$29,235,000	0.17%
Enrollees with group insurance, CalPERS HMOs, Covered California, and Medi-Cal Managed Care (a) (d)	$22,232,708,000	$22,238,141,000	$5,433,000	0.02%
Enrollee expenses				
Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.)	$12,867,143,000	$12,859,845,000	−$7,298,000	−0.06%
Total expenditures	$128,422,858,000	$128,466,138,000	$43,280,000	0.03%

Source: California Health Benefits Review Program, 2014.
Notes: (a) This population includes persons with privately funded and publicly funded (e.g., CalPERS HMOs, Medi-Cal Managed care Plans, Healthy Families Program) health insurance products regulated by DMHC or CDI. Population includes enrollees aged 0 to 64 years and enrollees 65 years or older covered by employment sponsored insurance.
(b) Expenditures do not include estimates for Covered California enrollees in CSRs.
(c) Of the increase in CalPERS employer expenditures, about 57% or $3,206,820 would be state expenditures for CalPERS members who are state employees or their dependents.
(d) Premium expenditures by enrollees include employee contributions to employer-sponsored health insurance and enrollee contributions for publicly purchased insurance.
Key: CalPERS HMOs=California Public Employees' Retirement System Health Maintenance Organizations; CDI=California Department of Insurance; CSRs=cost sharing reduction products; DMHC=Department of Managed Health.