# Key Findings

## Analysis of California Assembly Bill 2204
## Sexually Transmitted Diseases

Summary to the 2019–2020 California State Legislature, April 14, 2020

CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM

## AT A GLANCE

For commercial/CalPERS enrollees in plans and policies regulated by Department of Managed Health Care (DMHC) or California Department of Insurance (CDI), the version of California Assembly Bill 2204 analyzed by CHBRP would require coverage of sexually transmitted disease (STD) services provided by out-of-network clinics that receive state/county funds for STD services to be reimbursed at in-network rates and subject only to in-network cost sharing.

1. CHBRP estimates that, in 2020, of the 21.7 million Californians enrolled in state-regulated health insurance, 13.4 million will have insurance subject to AB 2204.
2. Benefit coverage. At baseline, 28% of commercial/CalPERS enrollees have coverage for out-of-network clinics at out-of-network reimbursement and cost-sharing and 72% have coverage that generally limits out-of-network services to emergency or out-of-area situations. Postmandate, 100% would have AB 2204 compliant coverage.
3. Utilization. Postmandate, 38,581 commercial/CalPERS enrollees will shift from in-network providers to out-of-network clinics and 45,558 more will access STD testing and treatment at those out-of-network clinics.
4. Expenditures. Expenditures would increase by $9,668,000 (0.0074%).
5. Medical effectiveness. There is clear and convincing evidence that: (1) the recommended tests and treatments effectively cure or manage STDs; (2) if left untreated, STDs can lead to serious health complications; and (3) treatment of STDs reduces transmission.
6. Public health. Cure or management of STDs would lead to better health outcomes as well as reduced transmission, less premature death, and reduced economic loss.

## CONTEXT[1]

Sexually transmitted diseases (STDs) are caused by a pathogen (e.g., bacterium, virus, or other microorganism) transmitted via direct sexual contact with an infected partner. Timely testing and treating of STDs improves health outcomes and reduces transmission to noninfected partners.

For the four STDs with required reporting to the Centers for Disease Control and Prevention (CDC), California is among the highest for chlamydia (13th), gonorrhea (14th), adult syphilis (3rd), and congenital syphilis (5th). Other STDs prevalent in California include herpes, human papillomavirus (HPV), hepatitis B, and human immunodeficiency virus (HIV).

Californians may obtain STD screening, testing, and treatment from a variety of locations and settings throughout the state, some of which receive state/county funds to support STD testing and treatment.

The 13.4 million commercial/CalPERS enrollees in plans and policies regulated by the Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI) have varied coverage for STD services when provided by a clinic that is out-of-network for the enrollee's plan or policy:

- 0% have coverage that reimburses out-of-network clinics at in-network rates with in-network cost sharing.
- 28% have coverage that reimburses out-of-network clinics at currently established out-of-network rates with out-of-network cost sharing.
- 72% have coverage that generally only reimburses out-of-network clinics under emergency circumstances or when the enrollee is out-of-area for all in-network providers.

[1] Refer to CHBRP's full report for full citations and references.

Medi-Cal beneficiaries enrolled in DMHC-regulated plans[2] have coverage for STD services at out-of-network clinics at Medi-Cal fee-for-service rates.

## BILL SUMMARY

AB 2204 would define a list of STDs and a list of relevant tests and treatments by reference to the 2015 CDC STD guidelines issued, which were reviewed and reaffirmed in 2019.

For the identified tests and treatments, AB 2204 would require group and individual plans and policies regulated by DMHC and CDI to cover STD services when provided by "noncontracting health facilities." AB 2204 would require and that these facilities be reimbursed at in-network rates; and would require that enrollees pay only in-network cost-sharing rates.

AB 2204 references licensed noncontracting (with the particular health plan or insurer) health facilities that are contractors with the state or county to provide clinical STD services. In this analysis, these will be referred to as "clinics with state/county STD contracts."

Because AB 2204 specifies "group and individual" plans and polices, the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans would not be subject to AB 2204's requirements.[3]

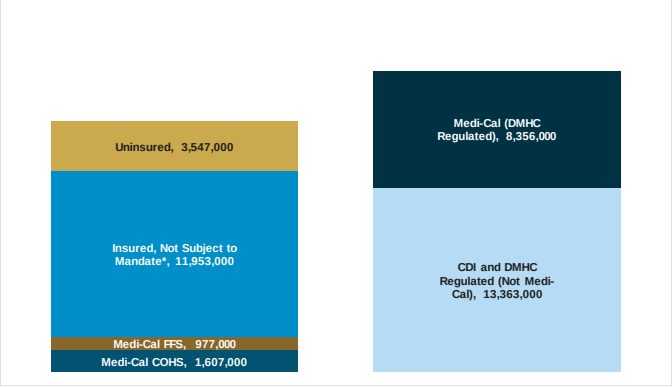
In order to analyze the impacts of AB 2204, CHBRP has made several analytic assumptions, including the following:

- Because AB 2204 specifies testing and treatment for STDs, CHBRP has assumed that AB 2204 would not impact coverage for prevention services, such as the human papillomavirus (HPV) vaccine or pre-exposure prophylaxis (PReP) or post-exposure prophylaxis (PEP) antiretroviral medications (ARVs) for human immunodeficiency virus (HIV).
- Because AB 2204 specifies tests and treatments related to STDs, CHBRP has assumed that the bill would affect coverage for tests and treatments related to the disease, and would not be relevant to tests and treatment related to further complications (such as the opportunistic infections that may occur among HIV-positive persons).
- Because AB 2204 specifies the CDC's STD guidelines, which focus on early tests and treatments, CHBRP has assumed that AB 2204 would not affect coverage for services that may be relevant later in a disease progression (such as hospitalization for hepatitis).

**If any of the assumptions listed above is incorrect, the impact of the bill could be greater by orders of magnitude.**

Additionally, AB 2204 specifies that its benefit coverage requirements are applicable to out-of-network services provided by clinics with state/county STD funds. A variety of federal, state, and county funds support STD testing and treatment. At the state level (but sometimes with federal support), sources range from fee-for-service reimbursement by the state's Family PACT program to county establishment of public STD clinics. The clinics referenced by AB 2204 may also access federal funding, such as the Human Resources Service Agency's reduced drug costs program or (through state or local health departments) STD control funds from the Centers for Disease Control. Given the variety of funding sources available, and the variation of sources to which particular clinics may be attached, CHBRP cannot ascertain the number of such clinics that would be affected by AB 2204, but has assumed those that exist would be able to absorb the extra utilization that could be the result of passage of AB 2204 into law.

**Figure A. Health Insurance in CA and AB 2204**




*Source:* California Health Benefits Review Program, 2020.
*Notes:* * Medicare beneficiaries, enrollees in self-insured products, etc.

[2] As do those enrolled in County Organized Health System managed care programs and those in the fee-for-service program.

[3] Personal communication, W. White, California Department of Health Care Services, March 2020.

# IMPACTS

## Medical Effectiveness

The CDC STD Treatment Guidelines referenced by AB 2204 are the undisputed standard of care for the testing and treatment of STDs. These guidelines present *clear and convincing* evidence that:

- The recommended tests and treatments effectively cure or manage the listed STDs;
- Untreated, the listed STDs can lead to serious health complications; and
- Treatment of the listed STDs reduces transmission.

## Benefit Coverage, Utilization, and Cost

As noted above, baseline benefit coverage varies for commercial/CalPERS enrollees. Postmandate, 100% would have benefit coverage that includes in-network cost sharing and reimbursement for STD tests and treatments provided by some out-of-network clinics (those receiving state/county STD funds). Almost all — over 94% — commercial/CalPERS enrollees have a pharmacy benefit regulated by DMHC or CDI that covers both generic and brand-name outpatient prescription medications. Though such enrollees would still have no pharmacy benefit when receiving care from an in-network provider, they would gain benefit coverage from AB 2204 for outpatient medications for STDs when accessed through some out-of-network clinics. Although CHBRP cannot estimate the amount, there would be some additional administrative costs for those plans and policies (to create outpatient medication coverage applicable only when accessed through some out-of-network clinics).

### Utilization

AB 2204 will lead to an overall increase of STD services driven by reducing cost sharing for enrollees as well as increasing funding for such services at some STD clinics (those with state/county STD funding). Additionally, because STD services will have lower cost sharing at a broader range of locations, it will be more convenient for many enrollees to receive such services.

Antiretroviral medications as treatment (not prevention) for HIV-positive enrollees are included in this analysis. Because these medications have a very different utilization pattern (lifetime use, rather than the more common single-filled prescription) and much higher unit cost (average of $1,965 for a 1-month supply), they are presented separately from the other STD services.

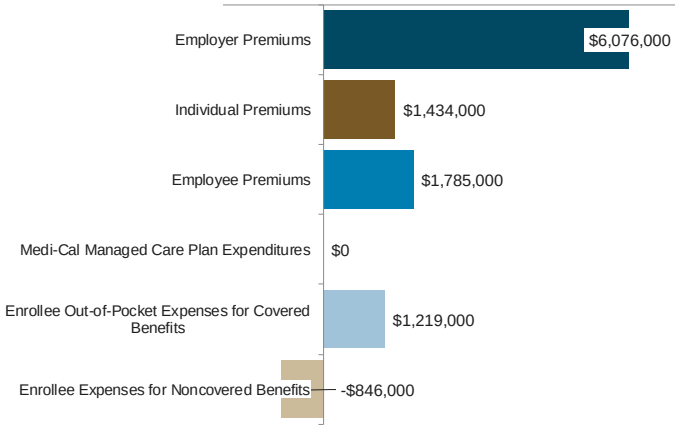
At baseline, 24,951 HIV-positive commercial/CalPERS enrollees use HIV medications received from an in-network provider. Given the high unit costs and the higher applicable cost sharing, no measurable number of enrollees are estimated to use out-of-network providers or to self-pay for these medications. Postmandate, an estimated 749 enrollees would shift to using some out-of-network STD clinics for accessing their HIV medications.

For other tests and treatments related to common STDs (including office visits, diagnostic tests, antibiotic prescriptions, and minor surgeries), CHBRP estimates that currently, 1,286,605 commercial/CalPERS enrollees use in-network providers, 80,164 enrollees use out-of-network clinics covered by insurance, and 428,868 enrollees self-pay. Commercial/CalPERS enrollees (and others) commonly choose to conceal their insurance status and self-pay for STD tests and treatments due to privacy concerns, particularly in relation to other family members that may share their health insurance. Postmandate, 86,819 more enrollees will use STD services at some out-of-network STD clinics. CHBRP also projects a decrease in the use of in-network providers for STD services by 38,581, as people shift to using STD clinics now that the cost sharing would be the same. There will with a smaller decrease of 2,680 enrollees using services at an out-of-network STD clinic through self-pay.

### Expenditures

As noted in Figure B, for all enrollees in plans and policies regulated by DMHC and CDI, AB 2204 would increase expenditures by $9,668,000 (0.0074%).

**Figure B. Expenditure Impacts of AB 2204**




*Source:* California Health Benefits Review Program, 2020.

### Medi-Cal

As noted above, the structure of the mandate in AB 2204 exempts from compliance the health insurance of Medi-Cal beneficiaries enrolled in DMHC-regulated plans, so it would not impact Medi-Cal.

### CalPERS

For CalPERS, AB 2204 would increase premium expenditures by $1,785,000 (0.0112%).

### Number of Uninsured in California

Because the expenditure impact is less than 1%, no measureable impact on the number of uninsured is projected.

## Public Health

In the first postmandate year, an additional 45,558 commercial/CalPERS enrollees with newly compliant benefit coverage would seek medically effective testing and treatment for STDs.

Testing and treatments for STDs recommended by the CDC promote:

- Infection cure rates of 92% to 100% based on the type of STD (e.g., chlamydia cure rates of 97% to 98%);
- Viral replication suppression — leading to reduction, elimination, and/or shortened duration of related symptoms as well as decreased infectiousness; and
- Reduced transmission to noninfected persons.

Given the anticipated increase in utilization, there will be an increase in the number of individuals tested, diagnosed, and treated for STDs, and subsequent decreases in undesirable short- and long-term health outcomes.

## Long-Term Impacts

Over the long term, increases in STD tests and treatments are known to improve a person's health and to reduce the spread of STDs throughout the population.

Such increases can:

- Improve related long-term outcomes. For example, a reduction in the prevalence of syphilis can lead to a reduction in congenital syphilis (transmitted from mother to child at birth), which can mean a reduction in adverse health outcomes among both mother and infant.
- Reduce premature death, a result clearly related to congenital syphilis, HPV-related cancers, hepatitis B, and HIV.
- Reduce economic loss (consisting of direct medical costs as well as the indirect costs related to a reduction in productivity due to premature mortality):
    - For each case of syphilis, approximately $734 in direct and $144 in indirect costs would be avoided per individual case prevented.
    - For each case of congenital syphilis, approximately $8,6146 in direct and $77,526 in indirect costs would be avoided per individual case prevented.
    - For each case of gonorrhea, approximately $440 in direct and $219 in indirect costs would be avoided per individual case prevented among females.
    - For each case of chlamydia, approximately $404 in direct and $190 in indirect costs would be avoided per individual case prevented among females.
    - For each case of HIV, approximately $250,000 in direct and $1.1 million in indirect costs would be avoided per individual case prevented.

## Essential Health Benefits and the Affordable Care Act

AB 2204 would alter the terms and conditions of existing benefit coverage, but would not require coverage for a new benefit and so appears unlikely to exceed the definition of essential health benefits in California.

**At the time of this CHBRP analysis, there is substantial uncertainty regarding the impact of the COVID-19 pandemic on premium rates and health plan enrollment, including how the pandemic will impact healthcare costs in 2021. Because the variance of potential outcomes is significant, CHBRP does not take these effects into account as any projections at this point would be speculative, subject to federal and state decisions and guidance currently being developed and released. In addition, insurers', providers', and consumers' responses are uncertain and rapidly evolving to the public health emergency and market dynamics.**