California Health Benefits Review Program

Briefing: Health Insurance Benefit Mandate/Repeal Bills

January 16, 2014
California
Health Benefits
Review Program

CHBRP Overview

Garen Corbett
Director

January 16, 2014
Outline for this Briefing

• Overview of CHBRP

• The Process for Benefit Mandates

• Health Insurance “101” – Primer

• CHBRP’s Approach to Analyzing Mandate Bills
  ◦ Medical Effectiveness Analysis
  ◦ Benefit Coverage, Cost, Utilization Analysis
  ◦ Public Health Analysis
What is CHBRP?

• A program administered by the University of California, but institutionally independent

• Provides timely, evidence-based information to the Legislature

• Charged with analyzing:
  ◦ The 1) medical effectiveness, 2) projected cost, and 3) public health impacts of health insurance benefit mandates or repeals
CHBRP Reports Enhance Understanding

• Leverages broad areas of expertise of University of California faculty and researchers to perform evidence-based analysis
• Neutral – without specific policy recommendations
• Requested to complete each analysis within 60 days
• To date, CHBRP has produced 94 analytic reports or issue analyses, 14 letters, as well as numerous other resources and materials
CHBRP Reports Enhance Understanding

• Health Insurance Benefits:
  ◦ Benefits are tests/treatments/services appropriate for one or more conditions/diseases

• A Health Insurance Benefit Mandate is:
  ◦ A requirement imposed on health insurance (whether publicly financed or privately financed) to cover specific benefits or alters terms and conditions of coverage
How CHBRP Works

• Upon receipt of Policy Committee (or Leadership) request, CHBRP convenes multi-disciplinary, analytic teams

• Each team evaluates:

  ◦ **Medical Effectiveness:** Does a treatment work?

  ◦ **Cost:** Will enrollees use it? How much will it cost?

  ◦ **Public Health:** What impact will this have on the community’s overall health?
CHBRP’s 60-Day Timeline

- Mandate Bill Introduced and Request sent to CHBRP
- Team Analysis
- Vice Chair/CHBRP Director Review
- Final to Legislature
- National Advisory Committee
- Revisions
CHBRP’s Website: www.chbrp.org
California Health Benefits Review Program

Health Insurance “101”

John Lewis
Associate Director
What is Health Insurance?

Insurance against some or all financial loss due to ill health, or, an agreement that a 3\textsuperscript{rd} party will help defray medically necessary health spending.
Estimate: US Health Spending by Age
Health Insurance in California

Health Service Plan Contracts
• Regulated by DMHC
• Subject to CA Health & Safety Code
Health Insurance in California

Health Insurance Policy
- Regulated by CDI
- Subject to CA Insurance Code
# Health Insurance Markets in California

<table>
<thead>
<tr>
<th>DMHC-Regulated Plans</th>
<th>CDI-Regulated Policies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Group</td>
<td>Large Group</td>
</tr>
<tr>
<td>Small Group</td>
<td>Small Group</td>
</tr>
<tr>
<td>Individual</td>
<td>Individual</td>
</tr>
<tr>
<td>Medi-Cal Managed Care</td>
<td>---</td>
</tr>
</tbody>
</table>
What are Benefit Mandates?

They are laws requiring health insurance to:
- Cover screening, diagnosis, or treatment for a condition or disease
- Cover specific treatments or services
- Cover specific types of providers
- Apply specific terms to benefit coverage (such as visit limits, co-pays, etc)
What are Benefit Mandates?

California Health Benefits Review Program

Resource:
Health Insurance Benefit Mandates in California State and Federal Law

January 14, 2014
What are Benefit Mandates?

Federal Laws
• Pregnancy Discrimination Act
• Newborns’ & Mothers’ Health Protection Act
• Women’s Health and Cancer Rights Act
• Mental Health Parity and Addiction Equity Act
• Affordable Care Act
Conclusion

• What is health insurance?
• Who regulates it?
• What is a benefit mandate?
California Health Benefits Review Program

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January 16, 2014
California Health Benefits Review Program

How to Read a CHBRP Report

Laura Grossmann and Hanh Kim Quach
Principal Analysts

January 16, 2014
CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM
CHBRP Report Sections

- Introduction
- Background
- Medical Effectiveness
- Cost Impacts (Benefit Coverage, Utilization, and Cost Impacts)
- Public Health Impacts
- Long Term Impacts
Introduction and Background
What you can find in the Introduction

• Bill interpretation

• Key assumptions: How CHBRP approached analysis of the bill

• How the mandate would interact with:
  ◦ Existing state law and state mandates
  ◦ Existing federal law and federal mandates, including:
    ▪ Affordable Care Act
    ▪ Federal Preventive Services in the ACA
What you can find in the Background Section

- Provides background information on the condition or disease, which can include:
  - A description of the condition or disease;
  - Estimates of how widespread the disease or condition is and of the risk of getting the disease;
  - Information on treatment(s); and
  - The impact of the disease on specific populations.
What does the Medical Effectiveness section tell you?

• Answers the question: “Does scientific evidence indicate whether the treatment works?”
  ◦ Scientific evidence includes:
    ▪ Peer-reviewed publications, (e.g., published randomized control trials and other studies);
    ▪ Other published information, (e.g., clinical guidelines); and
    ▪ Expert opinion.
# Medical Effectiveness Categories of Evidence

<table>
<thead>
<tr>
<th>Clear &amp; Convincing</th>
<th>Preponderance of Evidence</th>
<th>Ambiguous / Conflicting</th>
<th>Insufficient Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>It works.</td>
<td>It seems to work.</td>
<td>The evidence cuts both ways.</td>
<td>There is not enough evidence to determine whether it does or does not work.</td>
</tr>
<tr>
<td>OR</td>
<td>OR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>It doesn’t work.</td>
<td>It seems not to work.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
New this year! – Summary Graphic
Report Examples

Summary of findings regarding embryo cryopreservation.
There is a preponderance of evidence that embryo cryopreservation is an effective method of fertility preservation measured by three different outcomes: successful thawing of embryos; successful implantation of embryos; and resulting live births.

Summary of findings regarding ovarian transposition.
There is insufficient evidence as to the effectiveness of ovarian transposition in fertility preservation. A grade of insufficient evidence indicates that there is not enough evidence available to know whether or not a treatment is effective—it does not indicate that a treatment is not effective. Despite this, it stands to reason that under specific circumstances, females undergoing pelvic radiation where there is a high risk of ovarian failure may want to consider ovarian transposition as a method of fertility preservation.
Cost Impact Analysis
Why Cost Impact Analysis?

• Would more enrollees receive coverage (for the treatment/service)?
• Would more enrollees (now with coverage) use the treatment/service?
• How much more could this cost?
  ◦ Employers?
  ◦ Enrollees?
  ◦ State?

• Is this how California wants to spend its health care dollars?
Cost Impact Analysis Answers Policymakers’ Questions

- Cost Impact Analysis measures *incremental change* in three areas:
  - **Coverage:** Will more enrollees have coverage for the treatment/service?
  - **Utilization:** Now that enrollees have coverage for the treatment/service, will demand and use of the treatment/service change?
  - **Cost:** What is the change in total cost – taking into account *both* the change in coverage and change in utilization of a treatment/service.
Important to Note About Cost Impact Analysis

- **Estimates:** They are estimates.

- **12-month timeframe:** They reflect a world 12 months after enactment of the benefit.

- **Affects only state-regulated health insurance:** Not all enrollees with health insurance will be affected, only those with state-regulated health insurance, or insurance specified in the proposed mandate.
CHBRP Analyzes Incremental Impact on State-Regulated Health Insurance

* None = Uninsured
** Neither = Federally regulated

Source: California Health Benefits Review Program, 2013
Results of CHBRP Cost Impact Analysis

Three “standard” tables in most reports:

• **Table 1**
  “Impacts on Benefit Coverage, Utilization, and Cost, 2015”
  • Found at the end of Executive Summary.

• **Table “X”**
  “Per Member Per Month Premiums and Total Expenditures by Market Segment, California, 2015.”
  • Found at the end of the *Benefit Coverage, Utilization, and Cost* Section

• **Table “Y”**
  “Impacts of the Mandate on Per Member Per Month Premiums and Total Expenditures by Market Segment, California, 2015.”
  • Found at the end of the *Benefit Coverage, Utilization, and Cost* Section
Table 1. AB/SB XX Impacts on Benefit Coverage, Utilization, and Cost, 2015

<table>
<thead>
<tr>
<th>Benefit coverage</th>
<th>Premandate</th>
<th>Postmandate</th>
<th>Increase/Decrease</th>
<th>Change Postmandate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total enrollees with health insurance subject to state benefit mandates (a)</td>
<td>25,899,000</td>
<td>25,899,000</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Total enrollees with health insurance subject to SB/AB XXX</td>
<td>25,899,000</td>
<td>25,899,000</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Percentage of enrollees with coverage for the mandated benefit</td>
<td>90%</td>
<td>100%</td>
<td>-10%</td>
<td>11%</td>
</tr>
<tr>
<td>Number of enrollees with coverage for the mandated benefit</td>
<td>23,309,100</td>
<td>25,899,000</td>
<td>(2,589,900)</td>
<td>11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Utilization and Cost</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of enrollees using benefit</td>
<td>25,899,000</td>
<td>25,899,000</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Average per-unit cost</td>
<td>$855.52</td>
<td>$855.52</td>
<td>$0</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Expenditures by Payer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private employers for group insurance</td>
<td>$78,385,161,000</td>
<td>$78,387,130,000</td>
<td>$1,969,000</td>
<td>0.0025%</td>
</tr>
<tr>
<td>CalPERS HMO employer expenditures (c)</td>
<td>$4,016,233,000</td>
<td>$4,016,233,000</td>
<td>$0</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Medi-Cal Managed Care Plan expenditures</td>
<td>$12,480,492,000</td>
<td>$12,480,492,000</td>
<td>$0</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Enrollees for individually purchased insurance</td>
<td>$13,639,719,000</td>
<td>$13,640,224,000</td>
<td>$505,000</td>
<td>0.0037%</td>
</tr>
<tr>
<td>Enrollees with group insurance, CalPERS HMOs, Covered California, and Medi-Cal Managed Care (b)</td>
<td>$21,272,946,000</td>
<td>$21,273,465,000</td>
<td>$519,000</td>
<td>0.0024%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enrollee Expenses</th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.)</td>
<td>$14,462,198,000</td>
<td>$14,459,659,000</td>
<td>-$2,539,000</td>
<td>-0.0176%</td>
</tr>
<tr>
<td>Enrollee expenses for noncovered benefits (d)</td>
<td>$6,500,000</td>
<td>$6,500,000</td>
<td>$0</td>
<td>0.0000%</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$144,263,249,000</td>
<td>$144,263,703,000</td>
<td>$454,000</td>
<td>0.0003%</td>
</tr>
</tbody>
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Table 1. Summarizes CHBRP Findings

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<td>(2,589,900)</td>
<td>11%</td>
</tr>
</tbody>
</table>

Utilization and Cost

| Number of enrollees using benefit | 25,899,000 | 25,899,000 | 0 | 0% |
| Average per-unit cost | $855.52 | $855.52 | $0 | 0% |

Expenditures

<table>
<thead>
<tr>
<th>Premium Expenditures by Payer</th>
<th></th>
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<td>$519,000</td>
<td>0.0024%</td>
</tr>
</tbody>
</table>

| Enrollee Expenses | | | | |
| Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.) | $14,462,198,000 | $14,459,659,000 | -$2,539,000 | -0.0176% |
| Enrollee expenses for noncovered benefits (d) | $6,500,000 | $6,500,000 | $0 | 0.0000% |

Total expenditures | $144,263,249,000 | $144,263,703,000 | $454,000 | 0.0003% |
Change in Total and Aggregate Expenditures by Category Postmandate

- Employer premium expenditures: $1,969,000
- Individual premium expenditures: $505,000
- Employee premium expenditures: $519,000
- Out-of-pocket expenses for covered benefits: -$2,539,000
- Net change in expenditures: $454,000
### TABLE Y. Impacts of the Mandate on Per Member Per Month Premiums and Total Expenditures by Market Segment, California,

<table>
<thead>
<tr>
<th>Enrollee Counts</th>
<th>DMHC-Regulated</th>
<th>CDI-Regulated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Privately Funded Plans</td>
<td>Publicly Funded Plans</td>
<td>Privately Funded Plans</td>
</tr>
<tr>
<td>(by Market) (a)</td>
<td>Large Group</td>
<td>Small Group</td>
<td>Individual</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Privately Funded Plans (DMHC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(by Market) (a)</td>
<td>Large Group</td>
<td>Small Group</td>
<td>Individual</td>
</tr>
<tr>
<td>MCMC HMOs (b)</td>
<td>11,289,000</td>
<td>2,479,000</td>
<td>1,029,000</td>
</tr>
<tr>
<td>MCMC (65+) (c)</td>
<td>854,000</td>
<td>5,203,000</td>
<td>688,000</td>
</tr>
<tr>
<td>MCMC (65+) (d)</td>
<td>539,000</td>
<td>1,315,000</td>
<td>1,877,000</td>
</tr>
<tr>
<td>Total</td>
<td>11,856,000</td>
<td>3,764,000</td>
<td>2,916,000</td>
</tr>
<tr>
<td>Privately Funded Plans (CDI)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(by Market) (a)</td>
<td>Large Group</td>
<td>Small Group</td>
<td>Individual</td>
</tr>
<tr>
<td>CalPERS (Under 65)</td>
<td>11,023,883</td>
<td>2,479,000</td>
<td>1,029,000</td>
</tr>
<tr>
<td>MCMC (65+) (d)</td>
<td>854,000</td>
<td>5,203,000</td>
<td>688,000</td>
</tr>
<tr>
<td>MCMC (65+) (d)</td>
<td>538,696</td>
<td>1,304,827</td>
<td>1,874,807</td>
</tr>
<tr>
<td>Total</td>
<td>11,616,583</td>
<td>3,986,827</td>
<td>2,937,807</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Premium Costs</th>
<th>DMHC-Regulated</th>
<th>CDI-Regulated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Privately Funded Plans</td>
<td>Publicly Funded Plans</td>
<td>Privately Funded Plans</td>
</tr>
<tr>
<td>(by Market) (a)</td>
<td>Large Group</td>
<td>Small Group</td>
<td>Individual</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------</td>
<td>-------------</td>
<td>------------</td>
</tr>
<tr>
<td>Enrollee Expenses for covered benefits</td>
<td>$0.01</td>
<td>$0.01</td>
<td>$0.01</td>
</tr>
<tr>
<td>(deductibles, copays,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenditures</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Postmandate Percentage Change</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent change insured premiums</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Percent Change total expenditures</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM
Public Health Impacts
What you can find in the Public Health Impacts section

• The potential value of a proposed health benefit mandate – what health outcomes are improved at what cost

• Draws on:
  ◦ Estimates of how widespread the disease or condition is and mortality data; and
  ◦ The results of the medical effectiveness review and the cost impact analysis.

• Presents findings on:
  ◦ The one year health effects of the benefit mandate;
  ◦ The impact on gender and racial disparities; and
  ◦ The impact on premature death and economic loss.
## Public Health Impacts Conclusions

<table>
<thead>
<tr>
<th>Quantitative</th>
<th>Qualitative</th>
<th>No Impact</th>
<th>Unknown Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tobacco Cessation Services</strong></td>
<td><strong>Maternity Services</strong></td>
<td><strong>Cancer Related Lumpectomy</strong></td>
<td><strong>Fail First for Pain Drugs</strong></td>
</tr>
<tr>
<td>+5,000 quitters and +40,000 life years</td>
<td>Less infant mortality and fewer pre-term births</td>
<td>Coverage mandated – no utilization change &amp; no PH impact</td>
<td>Effect unknown – PH impact of change unknown</td>
</tr>
</tbody>
</table>
Long Term Impacts
Balancing Perspectives

• Estimates reflect 12-month timeframe:
  They reflect a world 12 months after enactment of the benefit.

• Mandates are in effect longer than 12 months:
  The benefits and costs of a mandate do not often accrue until many years after a mandate has been enacted.
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Wrap-up
CHBRP Report Sections Wrap-up

• Introduction

• Background

• Medical Effectiveness

• Cost Impacts (Benefit Coverage, Utilization, and Cost Impacts)

• Public Health Impacts

• Long Term Impacts
California Health Benefits Review Program

Briefing: Health Insurance Benefit Mandate/Repeal Bills

January 16, 2014