California Health Benefits Review Program (CHBRP) & its Adoption of the CalSIM Model

Providing the State Legislature with Independent Analysis

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Outline for CHBRP Section

- Brief Overview of CHBRP and Our Role
- CalSIM is a key tool in our Toolkit
  - How we are adapting our Model to meet unprecedented changes for Jan 1, 2014 markets
  - How we are developing a baseline model for a marketplace not yet in existence
  - ACA = Actuarial Competency Act
  - CalSIM supports a new approach to CHBRP’s Cost Methodology for Developing a Baseline Actuarial Model
What is CHBRP?

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

- Created by law to provide timely, independent, evidence-based information to the Legislature to assist in decision-making.

- Charged to analyze medical effectiveness, cost, and public health impacts of health insurance benefit mandates or repeals.

- Requested to complete each analysis within 60 days without bias or policy recommendations.
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
What are Benefit Mandates?

- A benefit mandate is:
  - A requirement imposed on health insurance (whether publicly financed or privately financed) to cover specific benefits

- Specific Benefit requirements may be for:
  - Specific treatments, specific services, or conditions/diseases
What have we done?

- 85 Reports or Issue Analyses, 14 Letters
- Two major implementation reports
- Journal articles
- Briefings and workshops with legislative staff, public, associations
- Created a national model and example
Cost Impact Analysis

Per our legislative charge, CHBRP's Cost Team addresses the following:

1. Will more enrollees have coverage for benefit/treatment?
2. How will utilization change now that the benefit/treatment is covered?
3. What is the marginal/incremental change in cost as a result of the change in coverage and change in utilization of the benefit/treatment?
Step 1: Establishing a Baseline

- Before estimating the marginal impacts, CHBRP develops a baseline

- CHBRP’s Baseline Actuarial Model estimates:
  - How many people in CA have state-regulated coverage?
  - What are total health expenditures?
    - Premiums
    - Cost-sharing (copayments, deductibles)
Use of CalSIM in CHBRP Baseline

- The California Simulation of Insurance Markets (CalSIM) is used to project health insurance status of Californians aged 64 and under in 2014.
- The microsimulation model projects the effects of the ACA on firms and individuals.
- Relies on many of the same underlying data sources that CHBRP’s model has relied on.
Use of CalSIM in CHBRP Baseline

- Projecting the Effects of the Affordable Care Act in 2014 and then the impacts of legislation in this new world

- CHBRP’s analyses address the marginal effects of a proposed bill—specifically, how the proposed mandate would impact benefit coverage, utilization, costs, and public health…
  - Holding all other factors constant
Life Cycle of CHBRP Cost Model

Fall 2012: Develop 2013 Cost Model
- Planning/Data Updates occur in Sept - Dec 2012

Spring 2013: Analytical season
- Legislation introduced by February 2013
- Analysis completed by May 2013

Early 2014: Proposed mandates go into effect
- Relied on CHBRP 2013 analysis

ACA takes effect January 1, 2014

We Are Here
Sources for CHBRP
2014 Baseline Estimates

**Snapshot of state population**
- California Health Interview Survey

**Health coverage at CA firms**
- California Employer Health Benefits Survey

**What does health insurance cost?**
- California Employer Health Benefits Survey
- Survey of 7 largest carriers (97% of market)

**Who do public programs cover?**
- Administrative information from state agencies

**CalSIM**
**ACA Impacts**
CHBRP’s Premium Trend Estimates

- Normal two-step process to estimate premium:
  - Start with *total cost of health care* paid by everyone (Premiums, cost-sharing, claims)
  - Add health care inflation trend

- With ACA, add an extra multiplier to account for:
  - Essential Health Benefits (EHBs)
  - Adjustments for Age Rating, Health Status rating
  - Minimum Actuarial Value requirements, among other provisions
Recap

- CalSIM is helping CHBRP better simulate a post-1/1/2014 world...
- Allowing CHBRP to better estimate what impacts a piece of proposed legislation might have
- Another tool and utility for policymakers
Website: www.chbrp.org