



# Benefit Coverage/ Cost/Utilization

Hanh Kim Quach

Principal Analyst, California Health Benefits Review Program  
University of California, Office of the President

California State Legislature  
January 19, 2012



CALIFORNIA  
HEALTH BENEFITS REVIEW PROGRAM

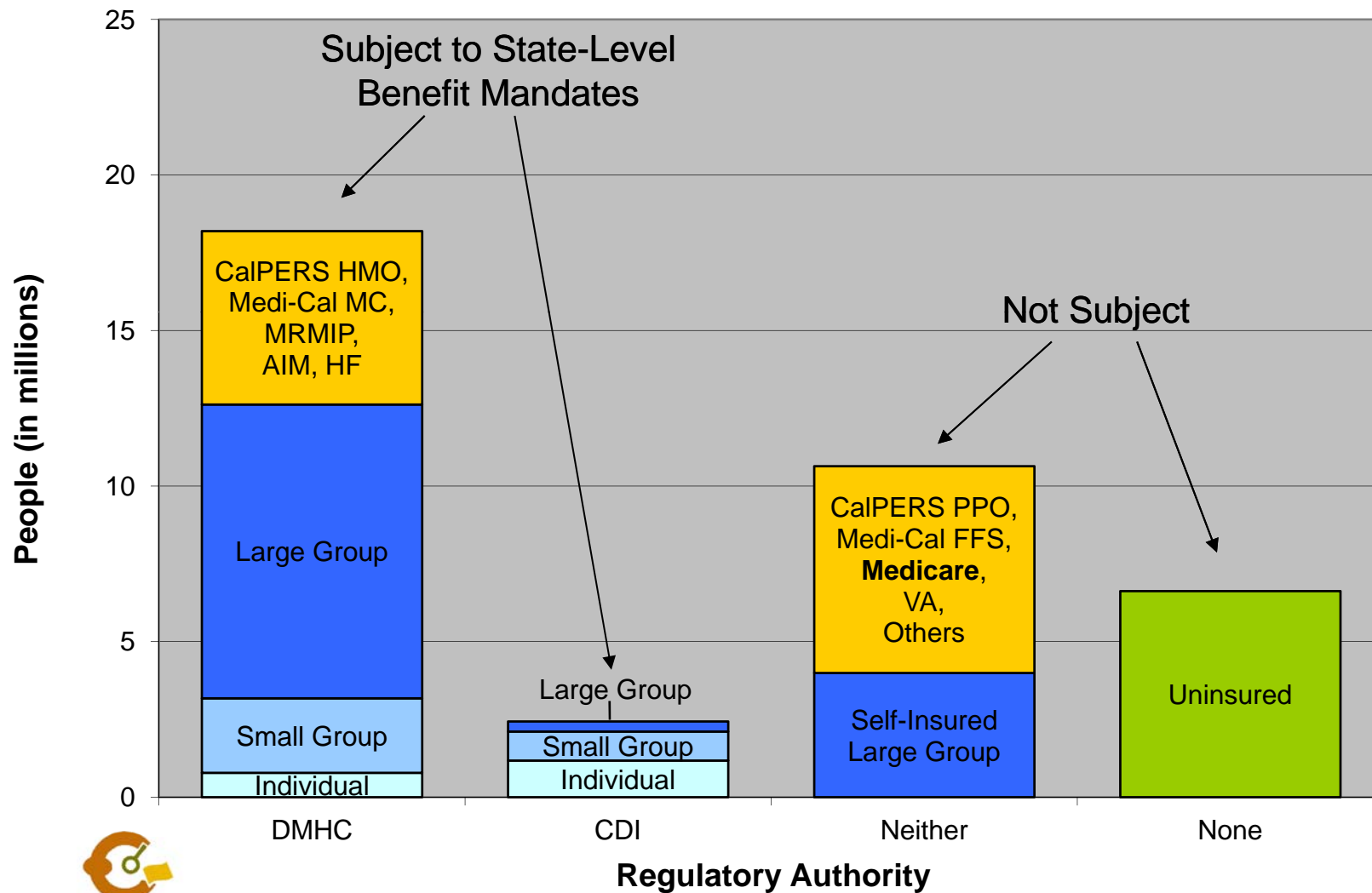


# Benefit Coverage/ Cost/Utilization (BCCU)

- Analyze the *incremental* or *marginal* impact of a proposed mandate in a 12-month period.



## Sources of Health Insurance in California, 2011 – Detailed View



# Baseline Estimates

- Current benefit coverage
  - Current coverage for proposed mandate



# Baseline Estimates (cont'd)

## ➤ Current utilization

- How many enrollees with benefit coverage currently use treatment/service?
- How many enrollees without benefit coverage currently use treatment/service?



# Baseline Estimates (cont'd)

- Current total expenditures
  - Premiums associated with mandate
  - Out-of-Pocket expenses (copayments/deductibles)
  - Non-covered expenses



# Impact of the Mandate

- Benefit coverage
  - Increase? Decrease? Stay the same?
- Utilization
  - Increase? Decrease? Stay the same?
- Cost
  - Increase? Decrease? Stay the same? Shift to other payors?



# BCCU - Sources

## ➤ Datasets

- CA Employer Health Benefits Survey
- CA Health Interview Survey
- Surveys of health plans and insurers
- Commercial Claims Data (Milliman)

## ➤ Published or documented information (peer-reviewed and grey literature)

## ➤ Expert Opinion





**Table 1. SB 136 Impacts on Benefit Coverage, Utilization, and Cost, 2011**

	Before Mandate	After Mandate	Increase/ Decrease	Change After Mandate
<b>Benefit Coverage</b>				
Total enrollees with health insurance subject to state-level benefit mandates (a)	21,902,000	21,902,000	0	0%
Total enrollees with health insurance subject to SB 136	21,902,000	21,902,000	0	0%
Number of enrollees with coverage for counseling				
No coverage	3,843,297	0	-3,843,297	-100%
Mandate-compliant coverage with cost sharing	12,514,703	16,358,000	3,843,297	30.7%
Mandate-compliant coverage, no cost sharing	5,544,000	5,544,000	0	0.0%
Percentage of enrollees with coverage for counseling				
No coverage	17.5%	0.0%	-17.5%	-100%
Mandate-compliant coverage with cost sharing	57.1%	74.7%	17.5%	30.7%
Mandate-compliant coverage, no cost sharing	25.3%	25.3%	0.0%	0.0%
Number of enrollees with coverage for over-the-counter (OTC) treatments				
No coverage	8,329,710	0	-8,329,710	-100%
Mandate-compliant coverage with cost sharing	9,748,290	18,078,000	8,329,710	85.4%
Mandate-compliant coverage, no cost sharing	3,824,000	3,824,000	0	0.0
Percentage of enrollees with coverage for OTC treatments				
No coverage	38.0%	0.0%	-38.0%	-100%
Mandate-compliant coverage with cost sharing	44.5%	82.5%	38.0%	85%
Mandate-compliant coverage	17.5%	17.5%	0.0%	0%
Number of enrollees with coverage for prescription smoking cessation treatments				
No Coverage	279,441	0	-279,441	100.0%
Mandate-compliant coverage with cost sharing	17,798,559	18,078,000	279,441	1.6%

Table 1. SB 136 Impacts on Benefit Coverage, Utilization, and Cost, 2011 (Cont'd)

	Before Mandate	After Mandate	Increase/ Decrease	Change After Mandate
<b>Utilization and Cost</b>				
Number of enrollees who smoke and use:				
Counseling	139,510	152,341	12,831	9.2%
OTC treatments	218,566	261,739	43,173	19.8%
Prescription smoking cessation	72,080	72,540	459	0.6%
Total (at least one or more services)	308,604	343,265	34,660	11.2%
Average cost per course of treatment:				
Counseling	\$200	\$200	\$0	0%
OTC treatments	\$236	\$236	\$0	0%
Prescription smoking cessation	\$240	\$240	\$0	0%
<b>Expenditures</b>				
Premium expenditures by private employers for group insurance	\$52,713,266,000	\$52,725,172,000	\$11,906,000	0.0226%
Premium expenditures for individually purchased insurance	\$6,724,851,000	\$6,730,843,000	\$5,992,000	0.0891%
Premium expenditures by persons with group insurance, CalPERS HMOs, Healthy Families Program, AIM or MRMIP (b)	\$15,173,472,000	\$15,177,073,000	\$3,601,000	0.0237%
CalPERS HMO employer expenditures (c)	\$3,465,785,000	\$3,467,377,000	\$1,592,000	0.0459%
Medi-Cal Managed Care Plan expenditures	\$8,657,688,000	\$8,657,688,000	\$0	0.000%
MRMIB Plan expenditures (d)	\$1,050,631,000	\$1,050,784,000	\$153,000	0.0146%
Enrollee out-of-pocket expenses for covered benefits (deductibles, copayments, etc.)	\$7,548,415,000	\$7,558,116,000	\$9,701,000	0.1285%
Enrollee expenses for noncovered benefits (e)	\$16,548,000	\$0	-\$16,548,000	-100%
<b>Total Expenditures</b>	<b>\$95,350,656,000</b>	<b>\$95,367,053,000</b>	<b>\$16,397,000</b>	<b>0.0172%</b>

Source: California Health Benefits Review Program, 2011.

