

Academic Rigor on a Legislature's Timeline



Letter From The Director

Greetings! Welcome to CHBRP's Summer Newsletter.

We hope that this note finds all of our readers well. The pace in Sacramento has picked up this week, as the Legislature has just returned from its formal Summer (July) recess. It will likely be a very busy month ahead. Roughly 1,350 bills remain to be debated in the Senate and Assembly, including more than 1,000 that are set to be heard by the Appropriations Committees in both houses. And the clock is ticking for these remaining bills: lawmakers have until Saturday, August 31st, to send any remaining bills to Governor Newsom. The Governor's deadline to act (sign or veto) on legislation passed by both houses of the Legislature is September 30th (which will occur before our next newsletter is released at the end of October).



This time of year offers our staff a welcome opportunity to meet with numerous stakeholders, both in person and via virtual meetings. Suggestions, ideas, and feedback are solicited, and we also get insights on how our work informs other analytic efforts, whether by stakeholders, state agencies, or legislative efforts. We have found them to be very helpful and informative. We are always learning from our readers! Numerous suggestions have been made as we continue to try and make our information more accessible and useful to a wide range of very busy readers.

We also continue to focus on CHBRP-related projects with our Task Force and actuaries, as we ready our analytics for the next season. We continue to be available

for questions on our analyses of bills that are still active, and we recently completed an update of our fiscal estimates of AB 3059 (Human Milk), per the Legislature's request.

We hope that all of our readers stay cool this Summer, and our thoughts are with colleagues and friends impacted by this year's fires.

Until next time!

Warmly,
Garen

Updates from CHBRP

CHBRP's Analyses

CHBRP completed 10 analyses in 2024, along with two updated analyses after bills were amended. Additional updates may be requested as bills are amended. Most recently, CHBRP published a letter of the impacts of AB 3059 Human Milk based on June 17th amendments. All completed analyses are available on CHBRP's website.

Take a look at the **"Status of Bills"** page to see the portions of CHBRP analyses that remain relevant after amendments are made to analyzed bills. As several bills from 2023 have been reintroduced, CHBRP's analyses remain useful when discussing potential impacts. This is available on CHBRP's website under Completed Analyses.

Location of Bills Analyzed by CHBRP			
As of August 7, 2024			
	Passed Out of First Chamber	Passed Second Health Committee	Passed Second Appropriations Committee
AB 2028 Medical Loss Ratio			
AB 2180 Cost Sharing*			
AB 2467 Menopause*			
AB 2668 Cranial Prostheses			
AB 2843 Rape and Sexual Assault*			
AB 3059 Human Milk*			
AB 3245 Colorectal Cancer Screening*			
SB 1008 Obesity Treatment Parity*			
SB 1180 Emergency Medical Services*			
SB 1236 Medicare Supplement*			

*Amended since CHBRP published its analysis

Completed Analyses

Status of Bills

Prior Authorization

CHECK OUT NEHI'S NEW REPORT ON PRIOR AUTH!

See the new publication by the Network for Excellence in Health Innovation (NEHI), sponsored by the California Health Care Foundation.

(CHBRP is cited!)

PRIOR AUTHORIZATION FORM

CHBRP

Public policy impact through independent, evidence-based research

The Network for Excellence in Health Innovation (NEHI) has published a **new study** on prior authorization, sponsored by the California Health Care Foundation. It's titled "Improving the Prior Authorization Process: Recommendations for California." Go check it out! You may see a few references to work by yours truly.

Stay Tuned for a New CHBRP Product!

What is a Pharmacy Benefit Manager? What are the sources of state-regulated health insurance in California? Who regulates health insurance in California? What is cost sharing?

CHBRP is thrilled to launch our new products that answer these fundamental questions in the coming weeks! Health Care Nuts and Bolts are 1-2 page infographics that provide a high level overview of complex topics. These documents are a mixture of stand alone features and companion pieces to existing materials. Plus, they are a nice complement to CHBRP's existing **videos**.

Stay tuned for the official launch!

**HEALTH CARE
NUTS AND BOLTS**
with
CHBRP

Recent Presentations

CHBRP was thrilled to present at the AcademyHealth Annual Research Meeting in June about prior authorization in California. Take a look at the poster.

Prior Authorization in California:

An Independent Study at the Request of the California Legislature


The California Legislature requested the California Health Benefits Review Program (CHBRP) conduct an independent study on the use of prior authorization within state-regulated commercial health insurance. The results of this study are the first insight into prior authorization practices in California.

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The California Health Benefits Review Program (CHBRP) provides health insurance-related information at the request of the California legislature. CHBRP assesses the relative effectiveness of government programs, services, and organizations, fiscal and public health impacts. For more information, see www.chbrp.org



1. Healthcare spending in California



Wasteful spending includes unnecessary care, administrative costs, and fraud.

Consequences:

- Fewer resources for other needs
- Adverse patient outcomes
- Missed opportunities for appropriate care

2. Objectives

To provide an independent study on the use of prior authorization in state-regulated commercial health insurance markets, including data on:

1. Number/type of services subject to prior authorization
2. Trends of prior authorization practices (e.g. approvals, denials, modifications)
3. Evidence of its impact on patient outcomes

3. What is prior authorization?

Prior authorization refers to a requirement by health insurers for patients to obtain approval of a service or medication before the care is provided. It is used to:

Ensure patient safety


Evaluate medical necessity

Reduce and control health care spending

Prevent food and obesity

4. Study design

- Detailed survey of the 8 largest commercial health insurers, by enrollment, in California on prior authorization practices
- Review of peer-reviewed and grey literature



~13.5M Californians (~33%) with state-regulated commercial health insurance in 2024

5. Major takeaways

Services

Measurement	Medical Services	Pharmacy
% of all covered services	5%-15%	16%-25%
% of total expenditures	7%-23%	*
% utilization	5%-12%	*

* Limited overlap for services subject to prior authorization between insurers, including: most frequently requested services; most costly services

Trends

Approvals

After initial submission request: Medical Services (75-96%), Pharmacy (44-66%)

After submission of additional requested information: Medical Services (74-93%), Pharmacy (53-65%)

Denials

After initial submission request: Medical Services (0-2%), Pharmacy (0-6%)

As final response to request: Medical Services (1-6%), Pharmacy (0-2%)

Patient Outcomes

- Evidence is relatively limited, with much of what is published focused on prescriptive medications.
- Overall, evidence is mixed, making it challenging to determine whether prior authorization has an impact on health outcomes. Studies demonstrate clear positive and negative impacts of prior authorization.
- Studies generally found that impact on spending related to the medication/service subject to prior authorization was lower, whereas the impact on other health or total expenditures was mixed.
- Clear frustration from patients and providers regarding the process and complexity.
- Less than 5% of denials are appealed for medical services.

6. Policy Implications

- Prior authorization is an imperfect instrument utilized in a myriad of ways, however evidence of effectiveness is limited.
- Robust research remains scant on impacts on patient access to appropriate care. Some studies suggest potential harms.
- There is a need for increased efficiency and transparency of the process, and improved standardization across markets, payers, and health plans.

Achieving the twin goals of improved patient access with affordability utilizing utilization management tools like prior authorization remains difficult to achieve.

[View All Presentations](#)


Task Force and NAC Spotlight

Each newsletter, CHBRP features two Task Force or NAC members and the important work they do outside of CHBRP. See more information about all of our Task Force and NAC members on CHBRP's [website](#).

Deborah Chollet, PhD

Dr. Deborah Chollet is a member of CHBRP's National Advisory Council (NAC). As a member of the NAC, she stays abreast with CHBRP's work in order to review and provide feedback for bill analyses produced by the staff and Task Force. Dr. Chollet finds the variation in the topics requested of CHBRP by the legislature to be interesting. To her, what legislators are willing to propose and ask CHBRP to review illustrates the direction of California's policy concerns. The cost estimates are of particular interest as they give legislators and advocates an idea of the types of health care legislation that could be economically feasible in California.

Dr. Chollet is a senior fellow at Mathematica, focusing primarily on federal contracts analyzing and improving the quality of Medicare Advantage encounter data submitted to the Centers for Medicare & Medicaid Services (CMS). Additionally, she is advising the workplan for a new Medi-Cal state contract. She enjoys that her work exposes her to new situations every day.



Aside from her day-to-day work, Dr. Chollet is also Vice Chair of the board of the D.C. Appleseed Center for Law and Justice. One of the most notable projects she helped catalyze through this organization was prompting a health care organization to meet its charitable and benevolent obligation to improve the health of D.C. residents, specifically by investing in health equity and public health. This was a unique experience where Dr. Chollet's work with D.C. Appleseed was able to call a public organization to its charitable mission as a public citizen.

One of her proudest moments in her career includes driving health policy towards using empirical research. In collaboration with her colleagues, she used data to deconstruct and disabuse the image and stereotype surrounding what uninsured individuals looks like. This made a difference in the national acceptance of programs such as the Affordable Care Act. Additionally, she finds it gratifying to work with up-and-coming health policy professionals. She has been able to build lasting relationships with them as a mentor while learning from them as well.

Jeffrey Lerner, PhD

Dr. Jeffrey Lerner is a member of CHBRP's National Advisory Council (NAC). During the legislative season he provides oversight to the Task Force on the drafted bill analyses of introduced legislation. Additionally, as part of the NAC, he meets with other NAC members in order to discuss policy as well as potential operational improvements.



Dr. Lerner served as a senior executive at the Emergency Care Research Institute (ECRI) for 34 years, becoming President and CEO in 2001 and President Emeritus in 2018. While an executive at ECRI, his organization initially focused on consumer reports for medical technology, evaluating products on a brand and model basis, and later expanded to health services research. Dr. Lerner found it most rewarding that his leadership position allowed him the opportunity to guide ECRI, enabling him to direct their efforts towards public interest work. When he first joined ECRI in 1984, the organization was engineering, and laboratory based. Now their scope has broadened to statistical techniques and meta-analyses for areas such as clinical procedures, drug therapy and genetic tests. It was very rewarding to mold the Institute into an organization with investment into the public interest field in order to make positive societal contributions.

While in active retirement, Dr. Lerner's sentiments regarding public interest remain the same within his personal endeavors. Dr. Lerner believes health policy is one of the many channels for expressing beliefs on how to further improve the function of society. For this reason, he invests his time doing work that will most appropriately serve society. He is involved with a group of cardiologist and related professions conducting head-to-head trials for key drugs used in cardiology with the goal of submission to Patient-Centered Outcomes Research Institute (PCORI). Additionally, Dr. Lerner writes on health care issues in Pennsylvania to educate potential voters on the health care positions of leading political candidates.

Dr. Lerner finds serving on CHBRP's NAC very rewarding as it allows him to collaborate with very motivated individuals that understand the significance of maintaining a rigorous and fact-based operation. Being a member of CHBRP's NAC is very interesting because the work produced by the organization influences the legislature in a way that provides major contributions to policy discussions in California and assists other states as they consider legislation similar to California's.

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