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

*Providing the State Legislature with
Independent Analysis*

Garen Corbett, MS, Director
University of California, Office of the President
California Health Policy Forum
January 25, 2013



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


We Are Here


ACA takes effect
January 1, 2014



Sources for CHBRP

2014 Baseline Estimates

Snapshot of state population

- California Health Interview Survey

CaSIM

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)

ACA Impacts

Who do public programs cover?

- Administrative information from state agencies

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

The screenshot shows the homepage of the California Health Benefits Review Program (CHBRP). At the top left is the logo, which features a magnifying glass over a map of California, with the text "CALIFORNIA HEALTH BENEFITS REVIEW PROGRAM" and the tagline "Providing Objective Legislative Analysis". To the right of the logo is a search bar with the text "Search CHBRP.org" and a "Search" button. Further right are social media icons for LinkedIn and Twitter, labeled "Social Hubs". Below the search bar is a dark blue navigation menu with the following items: "Home", "About CHBRP", "Completed Analysis", "Recent Requests", and "Contact". Underneath the navigation menu is a row of four images: the California State Capitol building, another view of the Capitol, a group of people, and a gavel. Below this row is a large grey rectangular area. On the left side, there is a vertical sidebar with four red buttons: "Home", "About CHBRP", "Completed Analyses", and "Recent Requests". The main content area on the right is titled "Whats New..." and features a "ANNUAL REPORT 2012" graphic. The text next to the graphic reads: "CHERP has posted its presentations from its recent panel at the International Society on Priorities in Health Care (ISPHC)". Below this text is a red "More" button. To the right of the "Whats New..." section is a "MAILING LIST" sign-up box with the text "ADD ME to the MAILING LIST" and a "Click here" button. Below the mailing list box is a "Latest Tweets" section.