CALIFORNIA
HEALTH BENEFITS REVIEW PROGRAM

June 8, 2006

The Honorable Wilma Chan
California State Assembly, 16th District
State Capitol
Sacramento, CA 95814
Via email: Assemblymember.Chan@assembly.ca.gov

Dear Assemblymember Chan:

In response to Assembly Health Committee Consultant Melanie Moreno's request of May 31, 2006, this letter is intended to provide clarification on the California Health Benefits Review Program's *Analysis of Assembly Bill 264-Amended: Pediatric Asthma Self-Management Training and Education Services for Children at High Risk* transmitted to the Legislature on May 25, 2006. Specifically, Ms. Moreno asked that we clarify our description of the current coverage levels for the mandated services, as well as the coverage and utilization information on which our cost impact analysis was based.

Coverage for the Mandated Benefit
CHBRP analyzed the March 27th amended version of AB 264. This version of AB 264 would amend current law to require pediatric asthma self-management training and education services. As noted in the report, Knox-Keene licensed health plans are required to provide preventive health services, including "effective health education services." In response to the CHBRP coverage survey, all health plans reported delivering some type of health education service for the pediatric population with asthma. Therefore, the CHBRP report indicated all children enrolled in Knox-Keene plans had coverage for some type of asthma-related education (Table 1, p 6).

Current law, however, does not mandate how or where these educational interventions are to occur. AB 264 as amended, requires at a minimum, that health plans cover group education, home-based education, and school based education. Although health plans do not explicitly exclude patient education in these alternative settings, they do not typically cover patient education through home-based or school-based interventions. Based on health plan's response to the CHBRP coverage survey, (representing about 93% of enrollees in Knox-Keene licensed health care plans), not all HMOs cover educational services in these alternative settings (Table 4, p. 42):

- about half (56%) of the enrolled children have coverage for group education,
- about 8% have coverage for home-based education, and
- none currently have coverage for school-based education.

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The estimate of the population with current coverage for education in the group, home and school-based settings mandated by AB 264 (as amended on March 27, 2006) in the May 25, 2006 report (Table, 4 pg. 42) is different than the estimates provided in the March 3, 2006 report (Table 2, pg. 30). The estimates in the May 25, 2006 report cited above are based on plans' response to a CHBRP's carrier survey on AB 264 (3/27/06 version) weighted by their membership. The estimates in the March 3, 2006 report were based on plan's response to CHBRP carrier survey on AB 264 (2/27/06 version) without weighting the response by the plans' membership. Therefore, the estimate of the population covered in the March 25, 2006 is representative of the enrollees covered for educational services in the settings as specified in AB 264 (3/27/06 version).

Cost Impact Estimates

The cost impact estimates for AB 264, as amended, took into account that coverage for educational services occurring in these three settings, and their subsequent utilization, would increase. The cost increase was based on a 10 percentage point increase in educational services used by high-risk children through group classes, home-based visits, or school-based education. This estimate was derived based on the utilization of other preventive services for children and the anticipated effect of increased awareness on the part of both providers and patients that education and training services are covered for children with pediatric asthma. The per-unit cost was based on the average costs of (1) a set of group education classes, or (2) a combination of one group education session and one home-based visit or school-based education intervention. Among these three educational settings, the average per-unit cost was estimated to be $150 per child at high-risk.

As noted in the report, the estimate of the 10 percentage point increase in utilization includes the assumed effects of passage of AB 2185, as well as the proposed mandate. Because the effective date for AB 2185, which mandated coverage of medical devices for asthma, was January 2005, data are not yet available to assess the impacts of AB 2185 separately from AB 264.

It is important to note that the cost impact estimate of AB 264 (as amended on March 27th) is approximately $1 million, while CHBRP's cost impact estimate of AB 264 (as amended February 27, 2006) was approximately $5 million. The difference in these cost estimates is primarily because of the change in target population which resulted in fewer children being eligible for coverage of pediatric asthma education and training (i.e., 134,000 "high risk" children vs. 503,000 with symptomatic asthma). The March 27th version of AB 264 required that the educational services be directed at children at "high risk" rather than children with "symptomatic asthma", as required by AB 2185. As noted in the analysis, CHBRP identified "high-risk" children as those who reported having been treated in an emergency room for their asthma and/or having daily or weekly symptoms of asthma. CHBRP identified children with "symptomatic asthma" as those who had been diagnosed with asthma and experienced asthma symptoms in the last year. The offsets associated with other health care costs (reduced emergency room visits and hospitalizations) are much greater for children at high-risk than those who are symptomatic.

My colleagues and I appreciate the opportunity to answer your questions and will be happy to respond to any additional questions you may have. Please feel free to contact me at your convenience.

Sincerely,

Jeffrey Hall
Acting Director, CHBRP
Director, Legislation and Policy
Office of Health Affairs

cc: Senator Jackie Speier, Chair, Senate Committee on Banking, Finance and Insurance
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Assemblymember Fabian Nunez, Speaker of the Assembly
Assemblymember Kevin McCarthy, Floor Leader, Assembly Republican Caucus
Assemblymember Russ Bogh, Chair, Assembly Republican Caucus
Senator Dave Cox, Vice Chair, Senate Committee on Banking, Finance, and Insurance
Assemblymember Greg Aghazarian, Vice Chair, Assembly Committee on Health
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JH/cd