

Date of Hearing: May 18, 2022

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 2024 (Friedman) – As Amended April 28, 2022

Policy Committee: Health

Vote: 12 - 1

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

SUMMARY:

This bill requires a health care service plan (health plan) contract or health insurance policy issued, amended, or renewed on or after January 1, 2023, to provide coverage for screening mammography, medically necessary diagnostic or supplemental breast examinations, or testing for screening or diagnostic purposes upon referral by specified professionals. This bill prohibits a health plan contract or health insurance policy issued, amended or renewed on or after January 1, 2023, from imposing cost sharing for screening mammography, medically necessary or supplemental breast examinations, or testing.

FISCAL EFFECT:

- 1) The California Health Benefits Review Program (CHBRP) estimates aggregate premiums for commercial and California Public Employees' Retirement System (CalPERS) health plans and insurance policies would increase by \$5,386,000 annually, and total net annual expenditures by \$43,742,000, or 0.0293%, for commercial enrollees in plans regulated by the Department of Managed Health Care (DMHC) and policies regulated by the California Department of Insurance (CDI).
- 2) CHBRP estimates aggregate premiums for all persons purchasing individual market plans and policies through Covered California would increase by \$25,687,000.
- 3) CHBRP states no effect would be expected on the premiums paid to enroll Medi-Cal beneficiaries in DMHC-regulated plans, because their coverage generally includes no cost sharing.
- 4) Estimated costs to CDI in the thousands to low tens of thousands of dollars per year in fiscal years (FY) 2022-23 and 2023-24 (Insurance Fund).
- 5) Estimated costs to DMHC in the hundreds of thousands of dollars per year in FYs 2022-23 and 2023-24 (Managed Care Fund).

COMMENTS:

- 1) **Purpose.** According to the author, early access to breast cancer diagnosis and treatment can save lives. In California alone, 31,720 women will be diagnosed with breast cancer this year and 4,690 women will die from the disease in 2022. The federal Affordable Care Act (ACA) gives millions of women access to preventative screening mammography. An estimated 16%

of women screened with modern digital mammography require follow-up imaging. Unfortunately, if the results of a screening mammogram require a follow-up exam, the patient will likely face significant out-of-pocket (OOP) costs, even with health insurance, before even beginning treatment. A recent study commissioned by the Susan G. Komen Foundation found the OOP costs for diagnostic breast imaging to be high in California, ranging from \$265 for a diagnostic mammogram to more than \$3,000 for a breast MRI. When patients are unable to afford their share of the cost for diagnostic imaging, many delay care or forego follow-up tests until the cancer has spread to other parts of her body, making it much deadlier and much more costly to treat. The author concludes that reducing OOP costs for diagnostic imaging improves access to care and will lead to more patients receiving early detection services and critical follow-up care.

- 2) **Breast Cancer.** According CHBRP, breast cancer occurs predominantly in females. The annual breast cancer incidence rate in California is 122 per 100,000 or approximately 32,000 new cases diagnosed annually. The American Cancer Society estimates a breast cancer death rate of 19 per 100,000 or about 4,700 breast cancer deaths annually in California. Differences in breast cancer incidence and mortality by race and ethnicity persist. Mortality rates from breast cancer are highest among Non-Hispanic Black women. After decreasing for 20 years, the National Cancer Institute characterizes the breast cancer death rate in the United States and California as stable. In California, 71% of breast cancer is diagnosed in the early stages of localized disease, which carries a 99% 5-year survival rate. California reports that 68% of women aged 45 years and older are up to date on recommended mammography.
- 3) **CHBRP Analysis of Costs.** CHBRP states this bill would increase total net annual expenditures by \$43,742,000, or 0.0293%, for commercial/California Public Employees' Retirement System (CalPERS) enrollees in DMHC-regulated plans and CDI-regulated policies. This is due to a \$117,550,000 increase in total health insurance premiums paid by employers and enrollees for newly covered benefits, adjusted by a decrease of \$73,808,000 in enrollee expenses for covered or non-covered benefits, or both, which includes a \$1,018,000 increase in cost sharing for the additional biopsies that will be performed. Changes in premiums as a result of this bill would vary by market segment. Among DMHC-regulated plans, CHBRP estimates that postmandate, premiums will increase by \$0.5343 per member per month (PMPM) for large-group plans. Among small-group and individual DMHC plans, premiums will increase by an estimated \$0.6719 PMPM and \$1.0437 PMPM, respectively.

Among CDI-regulated policies, CHBRP estimates that postmandate, premiums will increase by \$0.6114 PMPM for large-group policies. Among small-group and individual CDI policies, premiums will increase by an estimated \$0.9243 PMPM and \$0.9364 PMPM, respectively. Among enrollees in publicly funded DMHC-regulated plans, impacts would vary. For CalPERS enrollees in DMHC-regulated plans, the elimination of cost sharing for breast imaging, postmandate, will increase utilization, so premiums are expected to increase by \$0.2236 PMPM.

For Medi-Cal beneficiaries in DMHC-regulated plans, because these enrollees have no cost sharing at baseline and utilization is not expected to change postmandate, there would be no impact.