

AMENDED IN ASSEMBLY APRIL 27, 2016

AMENDED IN ASSEMBLY APRIL 6, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 1764**

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**Introduced by Assembly Member Waldron**

February 3, 2016

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An act to amend Section 127660 of the Health and Safety Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 1764, as amended, Waldron. California Health Benefit Review Program: financial impacts.

Existing law, until July 1, 2017, requests the University of California to establish the California Health Benefit Review Program to assess, among other things, legislation that proposes to mandate or repeal a mandated benefit or service, as defined. Existing law requests the University of California to prepare a written analysis with relevant data on public health, medical, financial, and other impacts of that legislation, as specified.

Existing law requests the University of California to provide the analysis to the appropriate policy and fiscal committees of the Legislature, as specified, and to submit a report to the Governor and the Legislature regarding the implementation of these provisions by January 1, 2017. Existing law establishes the Health Care Benefits Fund in the State Treasury to effectively support the University of California and its work in implementing these provisions. *The California Health*

*Benefit Review Program has been reauthorized since its predecessor was established in 2002.*

This bill would additionally request the University of ~~California~~ *California, commencing July 1, 2017*, to include in its analysis, as part of the financial impacts of the above legislation, relevant data on the impact of coverage or repeal of coverage of the benefit or service on anticipated costs or savings estimated upon implementation for the 2 subsequent state fiscal years and, if applicable, for the 5 subsequent state fiscal years, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 127660 of the Health and Safety Code  
2     is amended to read:  
3     127660. (a) The Legislature hereby requests the University of  
4     California to establish the California Health Benefit Review  
5     Program to assess legislation proposing to mandate a benefit or  
6     service, as defined in subdivision (d), and legislation proposing to  
7     repeal a mandated benefit or service, as defined in subdivision (e),  
8     and to prepare a written analysis with relevant data on the  
9     following:  
10    (1) Public health impacts, including, but not limited to, all of  
11    the following:  
12    (A) The impact on the health of the community, including the  
13    reduction of communicable disease and the benefits of prevention  
14    such as those provided by childhood immunizations and prenatal  
15    care.  
16    (B) The impact on the health of the community, including  
17    diseases and conditions where disparities in outcomes associated  
18    with the social determinants of health as well as gender, race,  
19    sexual orientation, or gender identity are established in  
20    peer-reviewed scientific and medical literature.  
21    (C) The extent to which the benefit or service reduces premature  
22    death and the economic loss associated with disease.  
23    (2) Medical impacts, including, but not limited to, all of the  
24    following:  
25    (A) The extent to which the benefit or service is generally  
26    recognized by the medical community as being effective in the

1 screening, diagnosis, or treatment of a condition or disease, as  
2 demonstrated by a review of scientific and peer-reviewed medical  
3 literature.

4 (B) The extent to which the benefit or service is generally  
5 available and utilized by treating physicians.

6 (C) The contribution of the benefit or service to the health status  
7 of the population, including the results of any research  
8 demonstrating the efficacy of the benefit or service compared to  
9 alternatives, including not providing the benefit or service.

10 (D) The extent to which mandating or repealing the benefits or  
11 services would not diminish or eliminate access to currently  
12 available health care benefits or services.

13 (3) Financial impacts, including, but not limited to, all of the  
14 following:

15 (A) The extent to which the coverage or repeal of coverage will  
16 increase or decrease the benefit or cost of the benefit or service.

17 (B) The extent to which the coverage or repeal of coverage will  
18 increase the utilization of the benefit or service, or will be a  
19 substitute for, or affect the cost of, alternative benefits or services.

20 (C) The extent to which the coverage or repeal of coverage will  
21 increase or decrease the administrative expenses of health care  
22 service plans and health insurers and the premium and expenses  
23 of subscribers, enrollees, and policyholders.

24 (D) The impact of this coverage or repeal of coverage on the  
25 total cost of health care.

26 (E) ~~The~~ *Commencing July 1, 2017*, the impact of this coverage  
27 or repeal of coverage on anticipated costs or savings estimated  
28 upon implementation for the following periods:

29 (i) The two subsequent state fiscal years.

30 (ii) If applicable, the five subsequent state fiscal years through  
31 a longer-range estimate.

32 (F) The potential cost or savings to the private sector, including  
33 the impact on small employers as defined in paragraph (1) of  
34 subdivision (l) of Section 1357, the Public Employees' Retirement  
35 System, other retirement systems funded by the state or by a local  
36 government, individuals purchasing individual health insurance,  
37 and publicly funded state health insurance programs, including  
38 the Medi-Cal program and the Healthy Families Program.

1 (G) The extent to which costs resulting from lack of coverage  
2 or repeal of coverage are or would be shifted to other payers,  
3 including both public and private entities.

4 (H) The extent to which mandating or repealing the proposed  
5 benefit or service would not diminish or eliminate access to  
6 currently available health care benefits or services.

7 (I) The extent to which the benefit or service is generally utilized  
8 by a significant portion of the population.

9 (J) The extent to which health care coverage for the benefit or  
10 service is already generally available.

11 (K) The level of public demand for health care coverage for the  
12 benefit or service, including the level of interest of collective  
13 bargaining agents in negotiating privately for inclusion of this  
14 coverage in group contracts, and the extent to which the mandated  
15 benefit or service is covered by self-funded employer groups.

16 (L) In assessing and preparing a written analysis of the financial  
17 impact of legislation proposing to mandate a benefit or service and  
18 legislation proposing to repeal a mandated benefit or service  
19 pursuant to this paragraph, the Legislature requests the University  
20 of California to use a certified actuary or other person with relevant  
21 knowledge and expertise to determine the financial impact.

22 (4) The impact on essential health benefits, as defined in Section  
23 1367.005 of this code and Section 10112.27 of the Insurance Code,  
24 and the impact on the California Health Benefit Exchange.

25 (b) The Legislature further requests that the California Health  
26 Benefit Review Program assess legislation that impacts health  
27 insurance benefit design, cost sharing, premiums, and other health  
28 insurance topics.

29 (c) The Legislature requests that the University of California  
30 provide every analysis to the appropriate policy and fiscal  
31 committees of the Legislature not later than 60 days, or in a manner  
32 and pursuant to a timeline agreed to by the Legislature and the  
33 California Health Benefit Review Program, after receiving a request  
34 made pursuant to Section 127661. In addition, the Legislature  
35 requests that the university post every analysis on the Internet and  
36 make every analysis available to the public upon request.

37 (d) As used in this section, “legislation proposing to mandate a  
38 benefit or service” means a proposed statute that requires a health  
39 care service plan or a health insurer, or both, to do any of the  
40 following:

1 (1) Permit a person insured or covered under the policy or  
2 contract to obtain health care treatment or services from a particular  
3 type of health care provider.

4 (2) Offer or provide coverage for the screening, diagnosis, or  
5 treatment of a particular disease or condition.

6 (3) Offer or provide coverage of a particular type of health care  
7 treatment or service, or of medical equipment, medical supplies,  
8 or drugs used in connection with a health care treatment or service.

9 (e) As used in this section, “legislation proposing to repeal a  
10 mandated benefit or service” means a proposed statute that, if  
11 enacted, would become operative on or after January 1, 2008, and  
12 would repeal an existing requirement that a health care service  
13 plan or a health insurer, or both, do any of the following:

14 (1) Permit a person insured or covered under the policy or  
15 contract to obtain health care treatment or services from a particular  
16 type of health care provider.

17 (2) Offer or provide coverage for the screening, diagnosis, or  
18 treatment of a particular disease or condition.

19 (3) Offer or provide coverage of a particular type of health care  
20 treatment or service, or of medical equipment, medical supplies,  
21 or drugs used in connection with a health care treatment or service.