

# California Health Benefits Review Program

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## Analysis of California Assembly Bill (AB) 1831 Topical Ophthalmic Refills

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A Report to the 2015-2016 California State Legislature

April 11, 2016

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# Key Findings:

## Analysis of California Assembly Bill (AB) 1831 Topical Ophthalmic Refills

Summary to the 2015-2016 California State Legislature, May 2016



### AT A GLANCE

Assembly Bill (AB) 1831 (introduced February 2016) would prohibit denial of refill coverage for covered topical ophthalmic products (TOPs) at and after 70% of predicted use.

**Enrollees covered.** CHBRP estimates that in 2017, 25.2 million Californians will have health insurance that would be subject to AB 1831.

- **Benefit coverage.** The terms of coverage for 85% of enrollees would change, where coverage had been available for TOPs refills at and after 75% to 85% of projected use, refills would be covered at 70% of projected use.
- **Utilization.** Due to earlier refills, annual utilization of TOPs would increase by 0.5%.
- **Expenditures.** An increase of 0.0007% (premiums and cost sharing) would occur.
- **EHBs.** The mandate would alter the terms but not require new benefit coverage and so would not exceed EHBs.
- **Medical effectiveness and public health.** There is insufficient evidence to suggest that the limited number of additional days of adherence made possible by AB 1831 would measurably impact the effectiveness of treatment or related health outcomes.

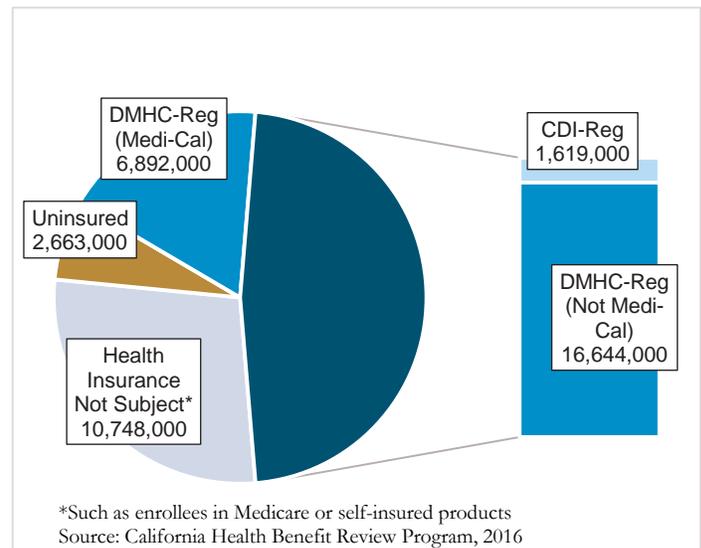
### Background

Topical ophthalmic products (TOPs), which include eye drops and ointments, are prescribed for both acute and chronic conditions, but AB 1831 would most likely affect only patients who require multiple refills to treat chronic diseases and conditions, including ocular hypertension, glaucoma, uveitis, and chronic dry eye disease. TOPs are applied to the eyes as drops or small amounts of ointment. TOPs are not dispensed in a pre-set, quantifiable dose (such as a pill). Accidental over-use or wastage (too many drops at once or drops outside of the eye) can result in early exhaustion: exhaustion before the projected period of use for a bottle or tube of TOPs.

### BILL SUMMARY

AB 1831 would be relevant to the 25.2 million Californians who have health insurance regulated by the California Department of Managed Health Care (DMHC) or the California Department of Insurance (CDI).

Figure 1. Health Insurance in CA and AB 1831



For enrollees who have outpatient prescription drug (OPD) benefit regulated by DMHC or CDI, AB 1831 would prohibit refill coverage denials for TOPs at and after 70% of predicted of use.

### IMPACT OF AB 1831

#### *Benefit Coverage, Utilization, and Cost*

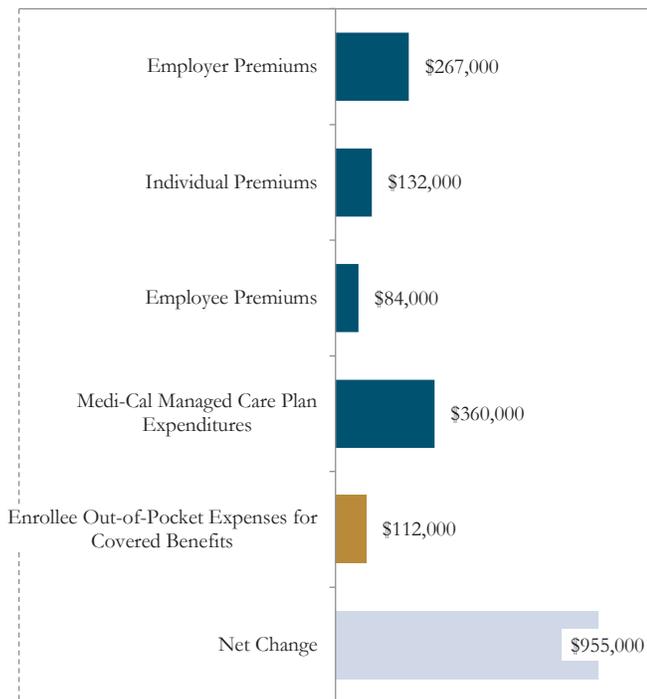
Currently, 15% of enrollees have benefit coverage compliant with AB 1831, refills for TOPs at and after 70% of projected use. The remaining 85% of enrollees have coverage for TOPs refills at and after 75 to 85% of projected use. Although not all enrollees with affected health insurance would use of the earlier refill coverage,

AB 1831 would require refill coverage for a 30-day TOPs prescription at/after day 21 (instead of at/after day 23 or day 26).

CHBRP expects that, on average, the postmandate possibility of earlier refill coverage would result in one additional refill per year among enrollees with a chronic condition and changed benefit coverage.

AB 1831 would be expected to increase total expenditures (premiums and cost sharing) by 0.0007% in the 12 months following implementation of the mandate. Figure 2 presents details of the expected expenditure impacts.

**Figure 2. Expenditure Impacts of AB 1831**



### Medical Effectiveness and Public Health Impacts

Along with accidental overuse and wastage, systematic adherence to a treatment regimen contributes to early bottle exhaustion. Therefore, AB 1831 is mostly likely to improve adherence among typically adherent patients.

There is insufficient evidence to suggest that the limited number of additional days (often as few as 1-3 days) of

adherence made possible by AB 1831 would measurably impact the effectiveness of treatment.

For this reason, CHBRP does not project a measurable impact on the population's health outcomes within the first year of the bill's passage into law.

### Long-Term Impacts

As is the case for the first year, there is insufficient evidence to suggest that the limited number of additional days of adherence made possible by AB 1831 would measurably impact health outcomes in the years following the bill's passage into law. However, the average age of Californians has been increasing, and is expected to continue to do so. Resulting increases in age-related chronic eye conditions may lead to greater use of TOPs and so to greater use of the earlier refills that AB 1831 would require.