



Appendix 7: CHBRP Funding Process and Operating Costs

In order to effectively support the California Health Benefits Review Program (CHBRP), Section 127662 of the Health and Safety Code provides that:

- The Health Care Benefits Fund (HCBF) be established in the State Treasury;
- Each health plan and each health insurer be assessed an annual fee for which the total annual assessment not exceed \$2 million;
- The California Department of Managed Health Care (DMHC) assess health plans.
- Health plans be notified of the assessment on or before June 15 of each year;
- The California Department of Insurance (CDI) assess health insurers;
- Health insurers be notified of the assessment in accordance with the notice for the annual assessment or quarterly premium tax revenues;
- Assessed fees be paid on an annual basis no later than August 1 of each year; and
- DMHC and CDI forward the assessed fees to the Controller for deposit in the Health Care Benefits Fund following their receipt.

This appendix details the process by which DMHC and CDI determine the amount to assess health plans and insurers for a given fiscal year. The annual amounts transferred into the HCBF are equal to the total assessments less whatever amount was not collected by DMHC or CDI.

Regulator Assessments and Transfers into the Health Care Benefits Fund

1. During the spring, CHBRP provides the following pieces of information to DMHC:
 - a. Actual expenditures for the previous fiscal year;
 - b. Projected expenditures for the remainder of that fiscal year; and
 - c. Projected budget for the next fiscal year.
2. Based on the information provided in step #1, in the spring, DMHC determines the total amount to be transferred to the HCBF for the next fiscal year.
3. Simultaneously, DMHC calculates the percentage share it and CDI are required to collect and transfer to the HCBF.
 - a. The CDI and DMHC percentage shares are based on the market shares of the privately insured population enrolled in health plans regulated by DMHC versus the privately insured population enrolled in preferred provider organizations or fee-for-services insurance policies regulated by CDI.

- b. The market shares were determined in 2002 and are set at: 87.6% for DMHC and 12.4% for CDI. For example, if the total amount CHBRP may receive by law is \$2 million, the maximum both Departments would be required to assess and transfer into the HCBF would be calculated as follows:

Assessment Shares (Example)

DMHC portion	87.6%	\$1,752,000
CDI portion	12.4%	\$248,000
Total	100%	\$2,000,000

4. DMHC notifies health plans of the amount they will be assess, usually by mid-June.
5. CDI notifies health insurers of the amounts they will be assessed, usually by October.
6. DMHC transfers collected funds to the HCBF, usually by September. CDI transfers collected funds to the HCBF, usually in December and in March.

Summary of CHBRP Expenditures

The following tables provide a summary of the actual funding provided to CHBRP since the program's last reauthorization, and then provides detail for the 2010–2011 through 2013–2014 fiscal years (FY). Please note the 2013–2014 FY details are projected expenditures. Prior year expenditures may be found in prior implementation reports on CHBRP's website.

Table 7-1. CHBRP Operating Costs and Assessment Share, Fiscal Years 2011–2014

Fiscal Year	Operating Costs (a)	DMHC Share (b)	CDI Share (b)
2010–2011	\$1,896,851.00	\$1,595,467.31	\$235,945.84
2011–2012	\$1,995,314.00	\$1,616,070.99	\$223,589.70
2012–2013	\$1,999,176.00	\$1,751,278.18	\$247,897.82
2013–2014	\$1,999,736.00	(c)	(c)

Source: California Health Benefits Review Program, 2013.

Notes:

- (a) These amounts reflect the actual amounts transferred into the HCBF, not the actual amounts assessed on plans and insurers by DMHC and CDI. Slight differences in the amount assessed and the amount transferred are due to differences in the amounts assessed and actually collected by DMHC and CDI.
- (b) The CDI and DMHC percentage shares are based on the market shares of the privately insured population enrolled in health plans regulated by DMHC versus the privately insured population enrolled in preferred provider organizations or fee-for-services insurance policies regulated by the CDI. The market shares were determined in 2002 and are set at: 87.6% for DMHC and 12.4% for CDI.
- (c) Transfers for 2013–2014 have not yet taken place

Table 7-2. CHBRP Average Expenditures by Category

Category	FY 2009–2014
Salary, wages, benefits (a)	31%
Actuarial services (b)	15%
Payments to campuses (c)	45%
Other (d)	9%
Total	100%

Source: California Health Benefits Review Program, 2013.

Notes:

- (a) Salaries, wages, and benefits for central offices operations.
- (b) CHBRP's authorizing statute requires use of actuarial services to conduct the cost impact analyses.
- (c) Campus payments are for services provided by the faculty and researchers to conduct the medical effectiveness, cost impact, and public health impact analyses, and for reviews.
- (d) This includes payments for travel, workshops, staff training, advisory council services, content expert services, librarian services, editorial services, website hosting, supplies and equipment, and other vendor payments.