PLAN MANAGEMENT AND DELIVERY SYSTEM REFORM ADVISORY COMMITTEE

January 13, 2015

AGENDA

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Plan Management and Delivery System Reform Advisory Group
Meeting and Webinar
Tuesday, January 13th, 2015, 10:00 a.m. to 12:15 p.m.

Berryessa Conference Room
Covered California
1601 Exposition Boulevard, Sacramento, CA 95815

January Agenda Items	Suggested Time
Welcome and Agenda Review	10:00 – 10:05 (5 min.)
Advisory Group Membership	10:05 – 10:25 (20 min.)
Open Enrollment and Renewal update	10:25 – 10:45 (20 min.)
2016 Certification and Recertification	10:45 – 11:15 (30 min.)
Standard Benefit Design 2016	11:15 – 11:45 (30 min)
Consumer Education	11:45 – 12:00 (15 min)
Wrap-Up and Next Steps	12:00 – 12:15 (15 min.)

Send public comments to qhp@hbex.ca.gov

ADVISORY GROUP MEMBERSHIP

Advisory Group Membership

- Many thanks to all who applied! We appreciate the contributions of all our members and participants. Your input is crucial to successful development of the Exchange.
- Membership will be announced later this week.
- The 2015-2016 group will commence for the first time at the February meeting.

RECOMMENDED QUALIFIED HEALTH PLAN RECERTIFICATION AND NEW ENTRANT POLICIES

2016 QHP INDIVIDUAL APPLICATION POLICY RECOMMENDATION

- Covered California would consider for inclusion in the Covered California marketplace new carrier entrants that are either Medi-Cal managed care plans or newly licensed plans since August 2012. These carriers may apply for inclusion Regions 1 – 19. Final selection will be based on the following:
  - Increase in consumer choice relative to provider network, product offered, enrollment projections, and the plan's administrative capacity and premium
- New carrier entrants that are not Medi-Cal Managed care plans or new licensed plans may apply for inclusion in the Covered California marketplace in Regions 1, 9, 11,12, and 13 where currently members have limited plan choice. Based on the intention of existing carriers to expand for complete coverage in regions 3 and 6, increasing carrier choice to at least 3 plans, these regions were removed from previous discussion in December.
- Final selection will be based on the following:
  - Covered California will give first consideration to 2015 contracted QHPs who propose to expand coverage to the same counties/regions where there are less than three carriers before accepting new entrants
  - Increase in plan choice related to specified zip codes in the application
  - Increase in consumer choice relative to provider network, product offered, enrollment projections, and the plan's administrative capacity and premium.

POLICIES FOR 2016 CERTIFICATION AND RECERTIFICATION - INDIVIDUAL

New Entrant Applications

- Applicants who qualify based on approved criteria would complete new 2015 application

Recertification Applications

- QHPS certified for 2015 would complete abridged recertification application

Benefit Designs

- 2016 benefit designs would apply to all participating plans (building on and reaffirming the value of standard benefit designs for consumers)
- Carriers would not be permitted to offer "alternate benefit designs"

Product Changes (e.g., from PPO to HMO)

- Product changes for existing carriers would be considered with Covered California applying the factors it considers for new plan selection when allowing such changes

Network Changes

- Expansion of networks would be considered and expressly encouraged in some regions

ADDITIONAL PROPOSED POLICIES FOR 2016 CERTIFICATION AND RECERTIFICATION - SHOP

New Entrant Applications

- New applicants will be considered (revised 2015 application)
- New applicants will be considered for an effective date of 10/15 – 12/15 or 01/16

Recertification Applications

- QHPs certified for 2015 would complete abridged recertification application

Benefit Designs

- 2016 benefit designs would apply to all participating plans (building on and reaffirming the value of standard benefit designs for consumers)
- Alternate benefit designs would be considered

Product Changes (e.g., from PPO to HMO)

- Product changes would be considered with Covered California similarly applying the factors it considers for new plan selection when allowing such changes

Network Changes

- Expansion of networks would be considered

ADDITIONAL PROPOSED POLICIES FOR 2016 CERTIFICATION AND RECERTIFICATION - DENTAL

New Entrant Applications

- No new applicants for entry

Recertification Applications

- QDPs certified for 2015 would complete abridged recertification application

Benefit Designs

- Standard benefit changes unlikely

Product Changes (e.g., from PPO to HMO)

- Product changes would be considered

Network Changes

- Expansion of networks would be considered

STANDARD BENEFIT DESIGN 2016

COVERED CALIFORNIA

KEY CONSIDERATIONS IN DESIGNS OFFERED

The plan designs on the following pages represent an aggregation of workgroup, plan, and committee input. Primary considerations to the recommendations are:

- Design meets Target Actuarial Value (AV) as computed with the 2016 Proposed AV Calculator
  - Ideally, allow margin in the 2016 AV for each metal tier to allow for future year flexibility
- Generally increases transparency in cost and allows for easier comparison by benefit line across all metal tiers
- Lessen barriers to general care needs in Bronze plan
- Maintains aligned incentives between members, provider, and plans on quality and cost for benefits that generally have a wide variation in cost for the service
- Are operationally feasible for both Covered California and Qualified Health Plans (QHPs) to implement
- As medical treatments, services, and cost/quality tools evolve over the coming years, we have the ability to further refine benefit offerings

RECOMMENDED DESIGN CHANGES FOR 2016

Bronze

- Benefit sets both Deductible and Max Out of Pocket (MOOP) at $6,500
  - Implication: With exception of next two bullets, all other services are paid by enrollee until MOOP is hit (no coinsurance or copays will apply)
    - Added Specialist Visit to services where cumulative first three visits do not apply to the deductible (in addition to PCP, Mental Health Outpatient, and Urgent Care)
    - Removed deductible application to Lab and OP Rehab/Speech/OP Occ

Standard Silver and Cost Share Reduction (CSR) Silver plans

- Combined the Copay and Coinsurance plan designs into a single Silver offering (similar to Bronze)
  - Prior to this change, there are only five benefit categories with different cost sharing between the coinsurance and copay Silver plan
  - Reduces Cost Sharing Reduction (CSR) Silver plans from six to three
- Moderate increases in Deductible, MOOP, Primary Care, and Specialist cost sharing as needed to meet AV calculations
- Facility and Physician/Surgeon fees now have a consistent application for the Deductible and Coinsurance
- Imaging coinsurance was replaced with a $250 copay for CT, MRI, and PET Scans

RECOMMENDED DESIGN CHANGES FOR 2016

Gold

- Reduction in Max Out of Pocket from $6,250 to $6,200
- Increased office visit copays for primary care and specialist visits by $5
- Increased lab by $5

Platinum

- No benefit changes recommended from 2015 benefit design

Changes in AV are outlined below:

	Bronze	Silver 70 Copay	Silver 70 Coinsurance	Gold Copay	Gold Coinsurance	Platinum Copay [2]	Platinum Coinsurance [2]
Target +/- 2.0%	60.0	70.0	70.0	80.0	80.0	90.0	90.0
Current 2015 AV	60.6	69.9	70.3	78.6	78.8	88.0	88.1
2016 AV	63.7	71.0	71.3	81.4	81.2	88.9	88.6
With Recommended Benefit Changes	61.2	Combined Silver [1] 70.5		81.0	80.3	89.9	88.6

Notes:
1. Recommendation is to combine Silver plans into one Silver plan in 2016
2. No Change is being recommended for the two Platinum plans

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RECOMMENDED DESIGN CHANGES FOR 2016

Specialty Drugs

- Covered California will work with regulators, health plans, and advocates through an ad hoc committee to review the current specialty drug designs across all metal plans to insure consumer access for appropriate pharmacy treatment for chronic conditions

- Staff recommends approving the 2016 benefit design as presented with the expectation that staff will either bring forward in March recommend action and/or clarity on what regulatory provisions are needed to be in place for the 2016 benefit year for compliance

- If further changes are recommended to the specialty drug benefit design, regulations will be amended and plans will be asked to adjust pricing as appropriate

Additional Updates to 2016 Benefit Designs for Consumer and QHP Clarity

Increased Standardization

- **Definitions**: Enhanced endnote definitions to expand/include: “Specialist”, “Other Practitioner Visit”, new “Outpatient Services Visit”, and “Residential Substance Use Disorder Treatment”
- **Different terms**: Changed “Brand drug deductible” to “Pharmacy Deductible”
- **Billing**: Explicitly stated that members cannot be charged more than the actual cost of the service

Increased Clarity

- **ER**: ER Services fee clarified to be ER Facility Fee, and added a separate line item for ER physician fee
- **Deductibles**: Added Family Deductibles and Family MOOPs to design documents so they are clearly stated; HSA plan deductible accumulation more clearly defined
- **Hospice**: No charge for Hospice services in any non-High Deductible Health Plans (HDHP) plan design, removed the application of deductible note for clarity

Updates to Benefit Designs Since December Discussion (no change to AV)

Mental Health Parity

- Mental Health Substance Use Disorder (MH/SUD) inpatient stay deductibles for facility and physician fees are now aligned with medical/surgical inpatient stay deductibles
- Created MH/SUD outpatient sub-classification to allow for compliance with federal mental health parity financial analysis
- Office Visits separated from Other Outpatient Items and Services
- Added endnote describing possibility of non-standardized MH/SUD benefits based on individual plans' financial analysis calculations as required by the Mental Health Parity regulations

SHOP 2016 Benefit Design Update

SHOP

- SHOP Silver coinsurance and copay plan designs are not combined as with Individual

To achieve SHOP Silver AV requirements and comply with state law:

- SHOP Silver medical deductible set to $1500 and pharmacy deductible set to $500 to comply with state law ($2000 maximum small group individual deductible)
- Increased out-of-pocket maximum to $6500 (allows for purchase of pediatric dental with $350 MOOP)
- Increased preferred brand drugs from $50 to $55
- Increased non-preferred brand drugs from $70 to $75
- SHOP Silver HSA plan - increased deductible from $1500 to $2000

(Please refer to the 2016 Standard Benefit Design handout for more information)

Proposed 2016 Portfolio: Bronze/Silver/CSRs Side-by-Side

		Bronze 60	Silver 70	Silver 73	Silver 87	Silver 94
	Coinsurance (what Enrollee pays)	30%	20%	20%	15%	10%
	Deductible	$6,500 (Integrated)	$2,250	$1,900	$550	$75
	Brand Drug Deductible	N/A	$250	$250	$50	$0
	Max Out of Pocket (MOOP)	$6,500	$6,250	$5,450	$2,250	$2,250
Not Subject to Deductible unless noted otherwise.	Primary Care Visit	$70 Ded waived for 1st 3 visits *	$45	$40	$15	$5
	Specialist Visit	$90 Ded waived for 1st 3 visits *	$70	$55	$25	$8
	Imaging (CT/PET Scans, MRIs)	$0 after Ded	$250	$250	$100	$50
	Laboratory Tests	$40 (DNA)	$35	$35	$15	$8
	MH: Outpatient	$70 Ded waived for 1st 3 visits *	$45	$40	$15	$5
	Home Health Care	$0 after Ded	$45	$40	$15	$3
	OP Rehab/Speech and OP Occ	$70 (DNA)	$45	$40	$15	$5
	Outpatient and OP Professional Serv	$0 after Ded	Coinsurance	Coinsurance	Coinsurance	Coinsurance
	Durable Medical Equipment	$0 after Ded	Coinsurance	Coinsurance	Coinsurance	Coinsurance
	Urgent Care	$120 Ded waived for 1st 3 visits *	$90	$80	$30	$6
	X-rays and Diagnostic Imaging	$0 after Ded	$65	$50	$25	$8
	Generics	$0 after Ded	$15	$15	$5	$3
Subject to Deductible unless noted otherwise.	ER Services	$0 after Ded	Ded + $250	Ded + $250	Ded + $75	Ded + $30
	Inpatient Services: Facility	$0 after Ded	Ded + Coins	Ded + Coins	Ded + Coins	Ded + Coins
	Inpatient Services: Physician/Surgeon	$0 after Ded	Ded + Coins	Ded + Coins	Ded + Coins	Ded + Coins
	MH: Inpatient	$0 after Ded	Ded + Coins	Ded + Coins	Ded + Coins	Ded + Coins
	Skilled Nursing Facility	$0 after Ded	Ded + Coins	Ded + Coins	Ded + Coins	Ded + Coins
	Preferred Brand Drugs	$0 after Ded	Ded + $50	Ded + $45	Ded + $20	Ded + $10
	Non-preferred Brand Drugs	$0 after Ded	Ded + $70	Ded + $70	Ded + $35	Ded + $15
	Specialty Drugs	$0 after Ded	Ded + Coins	Ded + Coins	Ded + Coins	Ded + Coins
	2016 Actuarial Value	**61.19**	**70.53**	**72.91**	**86.89**	**93.93**

DNA = Deductible does not apply.

* Total of three visits cumulative across benefits lines with deductible waived for initial visits.

Proposed 2016 Portfolio: All Standard Plans Side-by-Side

		Bronze 60	Silver 70	Gold Copay [1]	Gold Coins [1]	Platinum Copay [1]	Platinum Coins
	Coinsurance (what Enrollee pays)	30%	20%	20%	20%	10%	10%
	Deductible	$6,500 (Integrated)	$2,250	0	0	$0	$0
	Brand Drug Deductible	N/A	$250	0	0	$0	$0
	Max Out of Pocket (MOOP)	$6,500	$6,250	$6,200	$6,200	$4,000	$4,000
Not Subject to Deductible unless noted otherwise.	Primary Care Visit	$70 Ded waived for 1st 3 visits *	$45	$35	$35	$20	$20
	Specialist Visit	$90 Ded waived for 1st 3 visits *	$70	$55	$55	$40	$40
	Imaging (CT/PET Scans, MRIs)	$0 after Ded	$250	$250	Coinsurance	$150	Coinsurance
	Laboratory Tests	$40 (DNA)	$35	$35	$35	$20	$20
	MH: Outpatient	$70 Ded waived for 1st 3 visits *	$45	$35	$35	$20	$20
	Home Health Care	$0 after Ded	$45	$30	Coinsurance	$20	Coinsurance
	OP Rehab/Speech and OP Occ	$70 (DNA)	$45	$35	$35	$20	$20
	Outpatient and OP Professional Serv	$0 after Ded	Coinsurance	$600	Coinsurance	$250	Coinsurance
	Durable Medical Equipment	$0 after Ded	Coinsurance	Coinsurance	Coinsurance	Coinsurance	Coinsurance
	Urgent Care	$120 Ded waived for 1st 3 visits *	$90	$60	$60	$40	$40
	X-rays and Diagnostic Imaging	$0 after Ded	$65	$50	$50	$40	$40
	Generics	$0 after Ded	$15	$15	$15	$5	$5
Subject to Deductible unless noted otherwise.	ER Services	$0 after Ded	Ded + $250	$250	$250	$150	$150
	Inpatient Services: Facility	$0 after Ded	Ded + Coins	$600/day up to 5 days	Coinsurance	$250/day up to 5 days	Coinsurance
	Inpatient Services: Physician/Surgeon	$0 after Ded	Ded + Coins		Coinsurance		Coinsurance
	MH: Inpatient	$0 after Ded	Ded + Coins	$600/day up to 5 days	Coinsurance	$250/day up to 5 days	Coinsurance
	Skilled Nursing Facility	$0 after Ded	Ded + Coins	$300/day up to 5 days	Coinsurance	$150/day up to 5 days	Coinsurance
	Preferred Brand Drugs	$0 after Ded	Ded + $50	$50	$50	$15	$15
	Non-preferred Brand Drugs	$0 after Ded	Ded + $70	$70	$70	$25	$25
	Specialty Drugs	$0 after Ded	Ded + Coins	Coinsurance	Coinsurance	Coinsurance	Coinsurance
	2016 Actuarial Value	**61.19**	**70.53**	**81.05**	**80.34**	**89.91**	**88.59**

DNA = Deductible does not apply.

* Total of three visits cumulative across benefits lines with deductible waived for initial visits.

[1] Items in Red denote changes made after detailed actuarial review completed 1-9-15.

CONSUMER EDUCATION

Consumer Education

- What are the crucial topics for consumer website messaging, to ensure display and understanding of benefits is as clear as possible for consumers?
- Considering timing, what is order of importance?
  - Specialty drugs (creating ad hoc group at this meeting to provide recommendation for March Board)
  - CSR education
  - Glossary of health insurance terms and how to factor into plan choice
  - Bronze plan financial risk versus the other plan options

QUESTIONS

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WRAP-UP AND NEXT STEPS