Plan Management Advisory Workgroup Meeting

Plan Management Advisory Committee
August 10, 2023

AGENDA

Time	Topic	Presenter
10:00 – 10:05	Welcome and Agenda Review	Rick Krum
10:05 – 11:00	Preview of Attachments 1, 2, and 4 of the 2025 Model contract.	EQT
11:00 – 11:55	CSR Reconciliation	James DeBenedetti
11:55 – 12:00	Open Forum	All

2025 PLAN YEAR AMENDMENT ATTACHMENT 1 AND ATTACHMENT 2 PROPOSED REVISIONS

Taylor Priestley MPH, MSW
Deputy Director, Health Equity and Quality Transformation Division

PLAN YEAR 2025 AMENDMENT APPROACH

- Covered California is proposing several revisions to the Plan Year 2025 Attachments 1, 2, and 4 to clarify or add to the 2023-2025 contract requirements
- Covered California's approach to the Plan Year 2025 amendment includes:
  - Looking at approaches to incorporate health equity and disparities reduction into the Quality Transformation Initiative (QTI)
  - Proposing revisions consistent with Covered California’s key priority areas for the 2023-2025 contract refresh
  - Clarifying existing requirements and performance standards
  - Continued alignment with other public purchasers and organizations, especially DHCS, CalPERS, and NCQA

SUMMARY OF PROPOSED 2025 REVISIONS

Attachment 1 Advancing Equity, Quality, and Value

Article 1 - Equity and Disparities Reduction and Article 6 - Certification, Accreditation, and Regulation

- Adding language to address NCQA HEA compliance requirements by year-end 2025 if not already achieved
- Adding language to include NCQA HPA compliance requirements by year-end 2025 if not already achieved
- Updates to the Patient Level Data (PLD) File measures resulting from QRS measures changes

Attachment 2 Performance Standards with Penalties

Healthcare Evidence Initiative (HEI) Data and Patient Level Data (PLD) Submissions Data Submission specific to HEI

- Clarification of requirements in Performance Standard 9

2025 PLAN YEAR AMENDMENT
ATTACHMENT 1 ADVANCING EQUITY, QUALITY AND VALUE PROPOSED CONTRACT REVISIONS

PROPOSED 2025 ATTACHMENT 1 CHANGES

ARTICLE 1 - EQUITY AND DISPARITIES REDUCTION

Notable Changes to Draft Attachment 1	Rationale
1.04.1 Health Equity Accreditation Update language to include NCQA HEA achievement requirements by year-end 2024	To clarify 2025 compliance timeline for Contractors who missed earlier requirement to achieve NCQA HEA
1.02.1 Monitoring Disparities: Patient Level Data File (PLD) Updates to measures list	Measures changes resulting from QRS measures updates

PROPOSED 2025 ATTACHMENT 1 CHANGES

ARTICLE 6 - CERTIFICATION, ACCREDITATION, AND REGULATION

Notable Changes to Draft Attachment 1	Rationale
6.01.1 NCQA Health Plan Accreditation Update language to include NCQA HEA and HPA achievement requirements by year-end 2024	To clarify 2025 compliance timeline for Contractors who missed earlier requirement to achieve NCQA HPA

2025 PLAN YEAR AMENDMENT
ATTACHMENT 2 PERFORMANCE STANDARDS WITH PENALTIES
PROPOSED CONTRACT REVISIONS

PROPOSED 2025 ATTACHMENT 2 CHANGES (1 OF 3)

HEALTHCARE EVIDENCE INITIATIVE (HEI) DATA AND PATIENT LEVEL DATA (PLD) SUBMISSIONS PERFORMANCE STANDARD 9 – DATA SUBMISSION SPECIFIC TO HEI

Notable Changes to Draft Attachment 2	Rationale
Standard 9.1 Update contract language to support the HEI Submission Schedule	To clarify current requirements
Standard 9.2 No changes	
Standard 9.3 Changes submission requirements to include encounter records instead of drug claims; remove provider type	To clarify current requirements
Standard 9.4 Removal of Tax ID Number (TIN) submission requirements; clarifies the penalty applies if submissions do not represent an individual provider	To clarify current requirements

PROPOSED 2025 ATTACHMENT 2 CHANGES (2 OF 3)

HEALTHCARE EVIDENCE INITIATIVE (HEI) DATA AND PATIENT LEVEL DATA (PLD) SUBMISSIONS PERFORMANCE STANDARD 9 – DATA SUBMISSION SPECIFIC TO HEI

Notable Changes to Draft Attachment 2	Rationale
Standard 9.5 Removal of Tax ID Number (TIN) submission requirements; clarifies the penalty applies if submissions do not represent an individual provider	To clarify current requirements
Standard 9.6 Clarification to account for differences in financial validation across different product types	To clarify current requirements
Standard 9.7 Clarifies penalty will apply if submissions do not match a current or prior enrollment record	To clarify current requirements

PROPOSED 2025 ATTACHMENT 2 CHANGES (3 OF 3)

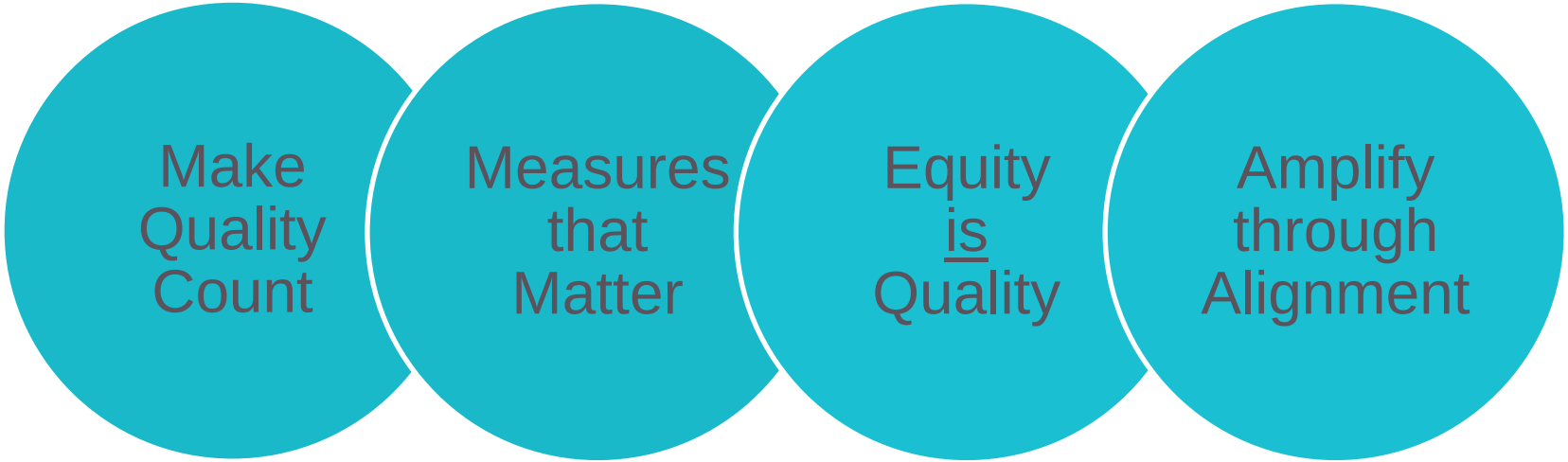
HEALTHCARE EVIDENCE INITIATIVE (HEI) DATA AND PATIENT LEVEL DATA (PLD) SUBMISSIONS PERFORMANCE STANDARD 9 – DATA SUBMISSION SPECIFIC TO HEI

Notable Changes to Draft Attachment 2	Rationale
Standard 9.8 Clarification that matching to known insurance product is only measured on enrollment file records	To clarify current requirements
Standard 9.9 No changes	
Standard 9.10 No changes	

QUALITY TRANSFORMATION INITIATIVE (QTI) UPDATES

S. Monica Soni, MD
Chief Medical Officer, Health Equity and Quality Transformation Division

Aiming High: Quality Transformation Initiative



0.8% up to maximum of 4% premium at risk for…

...a small set of clinically important measures…

…stratified by race/ethnicity…

…selected in concert with other public purchasers.

Quality Transformation Initiative Overview

Direct and substantial financial incentives for QHP issuers to improve health care quality and to reduce health disparities.

Program anchored in principle that payments from issuer underperformance on QTI measures will be used to **improve health outcomes** for Covered California enrollees.

QTI measure set:

- Controlling High Blood Pressure
- Hemoglobin A1c (HbA1c) Control (<8.0%)
- Colorectal Cancer Screening
- Childhood Immunization Status (Combo 10)
- Depression Screening and Follow-Up for Adolescents and Adults (reporting only)
- Pharmacotherapy for Opioid Use Disorder (reporting only)

All measures will be stratified by race/ethnicity for reporting only in initial years. Quality payments tied to reducing health disparities for the QTI measure set will begin once a methodology has been established in 2025 or 2026.

QTI Measure Updates

- *Final 2023 Call Letter for the QRS and QHP Enrollee Experience Survey: Transition of the HbA1c Control for Patient with Diabetes measure: HbA1c Control (<8.0%) to HbA1c Poor Control (>9.0%)*
- Covered California proposal:

- QHP will supply Covered California with the HbA1c control (<8.0%) and HbA1c poor control (>9.0%) measures data using plan-reported Patient Level Data (PLD) files
- HbA1c control (<8.0%) measure will be used for QTI scoring until HbA1c Poor Control (>9.0%) measure has an established QRS benchmark
- MY2021 remains the benchmark year for HbA1c control (<8.0%) for the current contract (MY2023-25)

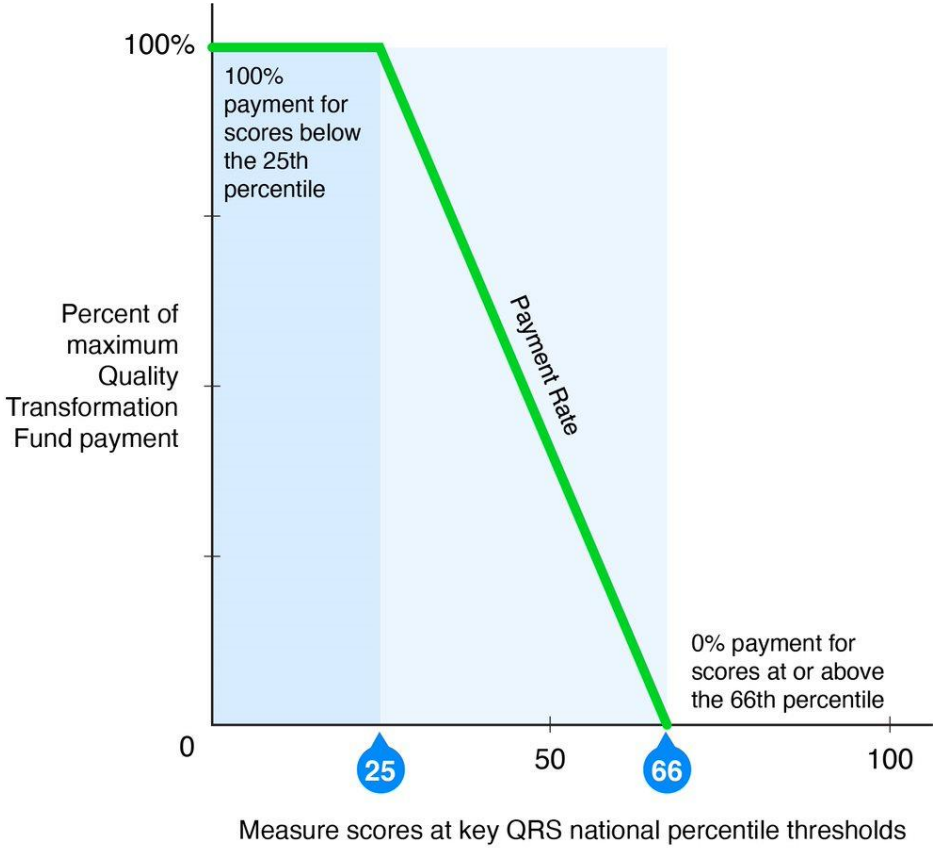
Original QTI measure set:

- Controlling High Blood Pressure
- **Hemoglobin A1c (HbA1c) Control (<8.0%)**
- Colorectal Cancer Screening
- Childhood Immunization Status (Combo 10)
- Depression Screening and Follow-Up for Adolescents and Adults (reporting only)
- Pharmacotherapy for Opioid Use Disorder (reporting only)

All measures will be stratified by race/ethnicity for reporting only in initial years. Quality payments tied to reducing health disparities for the QTI measure set will begin once a methodology has been established in 2025 or 2026.

QTI Payment Structure

- Premium at risk for payment (0.8% in PY2023, 1.8% in PY2024, 3% max. in PY2025, 4% max. in PY2026)
- Full per measure payment if the measure score is below the 25th national percentile
- Per measure payment at a declining constant rate for each measure score between the 25th and 66th national percentile
- No payment if the measure score is at or above the 66th national percentile



Guiding Principles: Use of Funds

Centered on goal to improve health outcomes for Covered California enrollees

Equity First: funds will preferentially focus on areas with the largest identified gaps in health and quality

Direct: use of funds leads directly to measurable improvements in quality and outcomes for enrollees and is related to QTI core measure performance

Evidence-based: use should be grounded in approaches that have existing proof points that they will improve quality or outcomes

Additive: funds should be used to advance quality in a currently underfunded or neglected arena rather than replace or be redundant to currently funded programs

Guiding Principles: Mechanism of Administration for Payments

Centered on goal to improve health outcomes for Covered California enrollees

Transparency: clarity and visibility of decision making; use and impact of funds is easy to record

Degree of Oversight: ability of Covered California to maximize impact to enrollees and ensure accountability in use of funds

Ease of Implementation: degree of simplicity or complexity of implementation and administration by Covered California and issuers

Budget Impact: degree of impact to Covered California and issuer operating budget

NEXT STEPS

- ❑ The draft 2025 Attachments 1, 2, and 4 will be presented to Plan Management Advisory Workgroup Meeting on September 14, 2023, for review and discussion
- ❑ Public comment cycle open from September 14 through October 13, 2023
- ❑ The draft 2025 Attachments 1, 2, and 4 will be presented to the Board in January 2024 for review and discussion
- ❑ Please send questions and comments to pmdcontractsunit@covered.ca.gov

PROPOSED 2024 CALIFORNIA ENHANCHED COST-SHARING REDUCTION PROGRAM DESIGN UPDATE

OVERVIEW OF THE PROGRAM DESIGN PROVISIONS FOR CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM

- The 2024 California Enhanced Cost-Sharing Reduction Program Design Document specifies the following elements for the proposed California enhanced CSR program:

  1. Establishes income eligibility for the California enhanced CSR program.
  2. Specifies the qualified health plan (QHP) features of the California enhanced CSR variants.
  3. Establishes per member per month payment rates, payable to the QHP issuers, for each plan design that will be offered through the California enhanced CSR program and a QHP issuer payment reconciliation process.
  4. Defines key terms related to the California enhanced CSR program.

CHANGES MADE TO THE DRAFT PROGRAM DESIGN DOCUMENT PRESENTED IN JULY

- The August final draft of the 2024 California Enhanced Cost-Sharing Reduction Program Design Document finalizes an average statewide interim monthly per member per month (PMPM) rate of 60 percent of the full PMPM specified the document. Carriers will be paid the interim rate throughout the year and will reconcile costs after the close of the benefit year to claim or repay the difference between the interim rate and actual benefit costs.
- No other substantive changes were made to the July draft.

OPEN FORUM

APPENDIX

PROPOSED 2024 AFFORDABILITY PROGRAM ELIGIBILITY AND BENEFITS

2024 PLANNING CONSIDERATIONS

Covered California staff considered the following in developing the proposed eligibility and benefits for plan year 2024:

- Maximize consumer benefit with 2024 appropriation, building a solid foundation for program expansion in plan year 2025
  - Prior benefit modeling and cost estimates were developed using the 2023 actuarial value calculator and enrollment estimates and had to be updated[1]
- Recognize operational constraints in making changes for 2024 plan year:
  - Expansion of eligibility for cost-sharing reduction (CSR) plans would require system changes and significant testing
  - Benefits must be programmed into the eligibility and enrollment system for carrier testing in July and August and renewal beginning in October
  - Carriers must develop and regulators must re-review benefit designs and plan filings in July and August
- Ensure a fiscally-prudent program design in recognition of the fixed $82.5 million appropriation

[1] For example, eliminating deductibles in CSR products and expanding CSR eligibility to individuals up to 400% FPL was projected to cost $72 million using 2023 benefit costs but would cost more than $105 million when updated for 2024 benefit costs and projected enrollment.

PROPOSED APPROACH TO 2024 ELIGIBILITY AND BENEFIT DESIGNS

In consideration of the planning factors, Covered California proposes the following eligibility and benefit design approach for 2024:

- Maintain eligibility for cost-sharing reduction benefits at the current levels for individuals with income up to 250% FPL;
- Eliminate deductibles in all Silver CSR plans;
- Revert planned cost-sharing increases for generic drugs and maximum out-of-pocket in the Silver 87 CSR plan; and
- Increase the value of the Silver 73 CSR plan to approximate the Gold level of coverage by reducing copays for primary and emergency care to Gold levels, reducing the copay for specialist visits and lowering the maximum out-of-pocket amount.

2024 REVISED CSR PATIENT-CENTERED ENHANCED DESIGNS

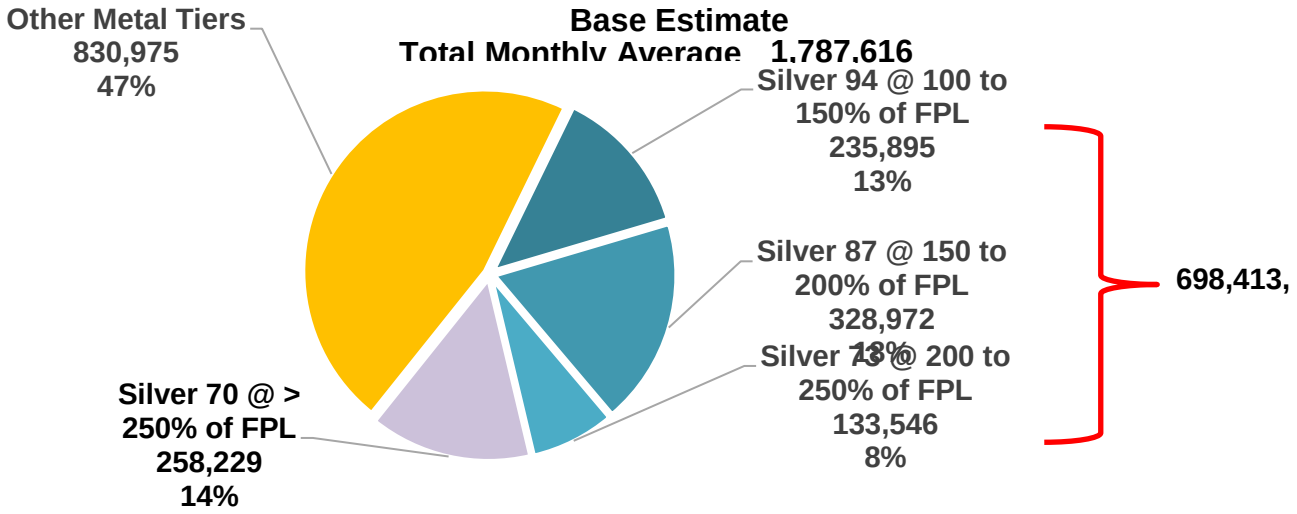
Benefit	Above 200 up to 250%				Above 150 up to 200%				100% up to 150% FPL			
	2024 Federal Silver 73		California Enhanced CSR Silver 73		2024 Federal Silver 87		California Enhanced CSR Silver 87		2024 Federal Silver 94		California Enhanced CSR Silver 94	
	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount	Ded	Amount
Deductible												
Medical Deductible		$5,400		$0		$800		$0		$75		$0
Drug Deductible		$150		$0		$50		$0		$0		$0
Coinsurance (Member)		30%		30%		20%		20%		10%		10%
MOOP		$7,550		$6,100		$3,150		$3,000		$1,150		$1,150
ED Facility Fee		$450		$350		$150		$150		$50		$50
Inpatient Facility Fee	X	30%		30%	X	20%		20%	X	10%		10%
Inpatient Physician Fee		30%		30%		20%		20%		10%		10%
Primary Care Visit		$50		$35		$15		$15		$5		$5
Specialist Visit		$90		$85		$25		$25		$8		$8
MH/SU Outpatient Services		$50		$35		$15		$15		$5		$5
Imaging (CT/PET Scans, MRIs)		$325		$325		$100		$100		$50		$50
Speech Therapy		$50		$35		$15		$15		$5		$5
Occupational and Physical Therapy		$50		$35		$15		$15		$5		$5
Laboratory Services		$50		$50		$20		$20		$8		$8
X-rays and Diagnostic Imaging		$95		$95		$40		$40		$8		$8
Skilled Nursing Facility	X	30%		30%	X	20%		20%	X	10%		10%
Outpatient Facility Fee		30%		30%		20%		20%		10%		10%
Outpatient Physician Fee		30%		30%		20%		20%		10%		10%
Tier 1 (Generics)		$19		$15		$6		$5		$3		$3
Tier 2 (Preferred Brand)	X	$55		$55	X	$25		$25		$10		$10
Tier 3 (Nonpreferred Brand)	X	$85		$85	X	$45		$45		$15		$15
Tier 4 (Specialty)	X	20%		20%	X	15%		15%		10%		10%
Tier 4 Maximum Coinsurance		$250		$250		$150		$150		$150		$150
2024 AV (Final 2024 AVC)		**73.95**		**79.52**		**87.86**		**88.76**		**94.93**		**94.74**
Enrollment as of July 2023		128,845				318,258				221,763		

- State enhanced CSR plans are built on the three existing income-based CSR plans specified by the ACA.
- Previously-adopted 2024 CSR designs are displayed for reference.
- Covered California staff will request approval of these CSR benefit designs as part of the 2024 Patient Centered Benefit Designs at the July 20th Board meeting.

KEY:	X	Subject to deductible
		Decreased member cost from 2024 SBD

COVERED CALIFORNIA

ESTIMATED TOTAL CSR ENHANCEMENT COSTS



Total Costs for 2024 State Enhanced CSR by Enrollment Forecast

Item	High Budget Enrollment Projection	Base Budget Enrollment Projection	Low Budget Enrollment Projection
Av. Monthly Enrollment	726,454	698,413	672,152
Total Composite Monthly Costs	$6,713,739.67	$6,454,585.00	$6,211,890.73
Total Composite Annual Costs	**$80,564,876.00**	**$77,455,020.02**	**$74,542,688.79**

Covered California anticipated average monthly enrollment of 1,787,618 for its base-budget and 1,718,477 for its low-budget.

It is expected that the proposed state enhancements will impact about 39% (i.e., individuals with FPL levels at 250% or below picking eligible silver plans) of total average monthly enrollment across the low and base budget scenarios.

Total annual cost of enhancements are $80.6 million under the high-budget, $77.5 under the base-budget and $74.5 million under the low-budget. The differences derive from enrollment volume estimate variations across budget scenarios.

Most of enrollment volume variations across budget scenarios derive from anticipated Medi-Cal Unwind inflows from July 2023 to June 2024.

PROGRAM PAYMENT

PROGRAM PAYMENT PARAMETERS

- Covered California will pay for program benefits through a statewide per member per month (PMPM) payment rate for each of the three CSR plan variants (i.e., Silver 94, 87, and 73 will each have a PMPM rate based on the value of the enhanced benefits).
- Covered California will make an interim payment (e.g., X% of the PMPM on a monthly basis) throughout the benefit year based on carrier's CSR enrollment.
- Covered California will conduct a final reconciliation following the close of the benefit year.
- If a carrier's total cost for program benefits exceeds the carrier's total PMPM payment, Covered California will consider claims for additional payment up to but not in excess of the plan year appropriation of $82.5 million. Covered California will specify reconciliation timing and process.

PROPOSED 2024 CALIFORNIA ENHANCHED COST-SHARING REDUCTION PROGRAM DESIGN

OVERVIEW OF THE PROGRAM DESIGN PROVISIONS FOR CALIFORNIA ENHANCED COST-SHARING REDUCTION PROGRAM

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  3. Establishes per member per month payment rates, payable to the QHP issuers, for each plan design that will be offered through the California enhanced CSR program and a QHP issuer payment reconciliation process.
  4. Defines key terms related to the California enhanced CSR program.

- Covered California staff will finalize payment methodology needed for Program Design Document and request approval at the August Board meeting.

2024 PROGRAM DESIGN APPROVAL STEPS

- State budget appropriation
- Covered California Board adopts 2024 California Enhanced CSR Program Design Document
- Covered California provides notification of the program design to the Joint Legislative Budget Committee (JLBC)
- Program is effective 10 days after notification to JLBC

KEY MILESTONES FOR LAUNCHING THE 2024 STATE ENHANCED COST-SHARING REDUCTION PROGRAM

Milestone	Estimated Timeframe
Discuss Draft 2024 Program Design Document and Revised 2024 Patient-Centered Benefit Designs – July Plan Management Advisory Committee	July 13, 2023
Discuss Draft 2024 Program Design Document – July Board Meeting	July 20, 2023
Adopt 2024 Revised Patient-Centered Benefit Designs – July Board Meeting	July 20, 2023
Plan Load and System Testing for the 2024 Plan Year	July – August 2023
Adopt 2024 Program Design Document – August Board Meeting	August 17, 2023
Discuss Draft Affordability Crosswalk Regulations – August Board Meeting	August 17, 2023
Provide Notification of Adopted 2024 Program Design to Joint Legislative Budget Committee	Following August Board Meeting
Adopt Draft Affordability Crosswalk Regulations – September Board Meeting	September 21, 2023
CalHEERS Update for the 2024 Plan Year	September 2023
2024 Renewals Begin	October 2023
Beginning planning discussion for 2025	Fall 2023