

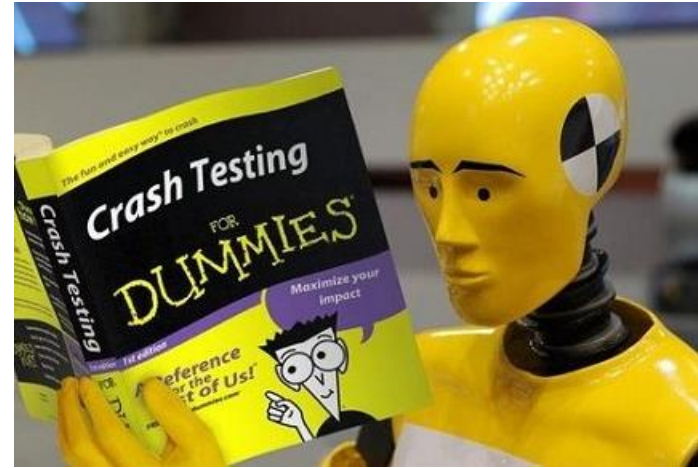


## **Covered California Certified Agent Webinar**

March 1, 2019

# Why Patient-Centered Benefit Designs and an Individual Mandate Are Just Like Seat Belts!

When it comes to having health care, don't be a dummy.



***Fact: Most people that drive do not have accidents.***

*But when they do, they are more likely to avoid major injury because of federal standards for seat belt and air bag design and a requirement to wear seat belts.*

# Why do we have standards?



Seatbelts cut the risk of serious

**INJURY BY 50%**



Seatbelts reduce the risk of

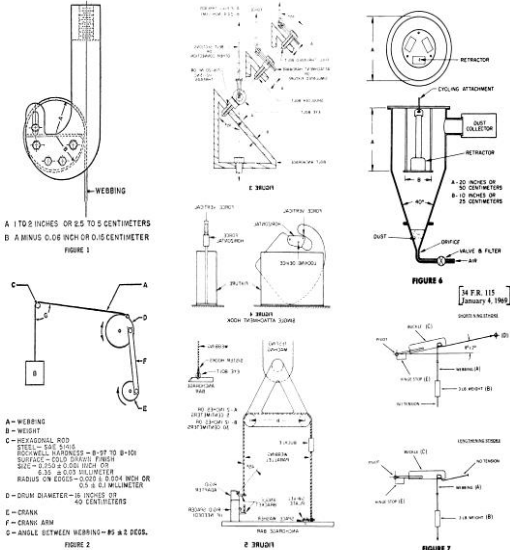
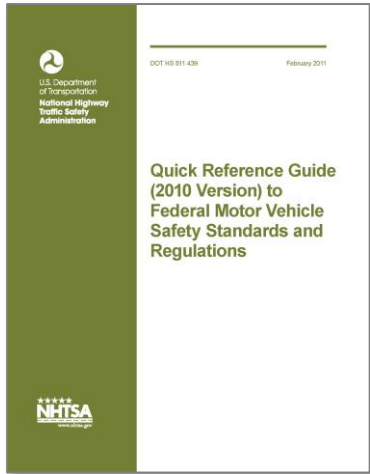
**DEATH BY 45%**

## Before federal standards



***There were no laws requiring use of seat belts or design standards 50 years ago. Dummies, and people, didn't survive accidents.***

# Federal standards for seat belts were created:



# Just like patient-centered benefit designs:



## 2019 Patient-Centered Benefit Designs and Medical Cost Shares

Benefits in blue are NOT subject to a deductible. Benefits in blue with a white corner are subject to a deductible after the first three visits.

Coverage Category	Minimum Coverage	Bronze	Silver	Enhanced Silver 73	Enhanced Silver 87	Enhanced Silver 94	Gold	Platinum
Percent of cost coverage	Covers 0% until out-of-pocket maximum is met	Covers 60% average annual cost	Covers 70% average annual cost	Covers 73% average annual cost	Covers 87% average annual cost	Covers 94% average annual cost	Covers 90% average annual cost	Covers 90% average annual cost
Cost-sharing Reduction Single Income Range	N/A	N/A	N/A	\$24,281 to \$30,350 (p>200% to ≤250% FPL)	\$18,211 to \$24,280 (p>150% to ≤200% FPL)	up to \$18,210 (100% to ≤150% FPL)	N/A	N/A
Annual Wellness Exam	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Primary Care Visit	After first 3 non-preventive visits, full cost per instance until out-of-pocket maximum is met	\$75*	\$40	\$35	\$15	\$5	\$30	\$15
Urgent Care		\$75*	\$40	\$35	\$15	\$5	\$30	\$15
Specialist Visit		\$105*	\$80	\$75	\$25	\$8	\$55	\$30
Emergency Room Facility	Full cost per service until out-of-pocket maximum is met	Full cost until deductible is met	\$350	\$350	\$100	\$50	\$325	\$150
Laboratory Tests	Full cost per service until out-of-pocket maximum is met	\$40	\$35	\$35	\$15	\$8	\$35	\$15
X-Rays and Diagnostics	Full cost until deductible is met	\$75	\$75	\$30	\$8	\$55	\$30	\$30
Imaging		\$300	\$300	\$100	\$30	\$275 copay or 20% coinsurance***	\$75 copay or 10% coinsurance***	
Tier 1 (Generic Drugs)		\$15**	\$15**	\$5 or less	\$5 or less	\$5 or less	\$15 or less	\$5 or less
Tier 2 (Preferred Drugs)	Full cost per script until out-of-pocket maximum is met	\$55**	\$50**	\$20**	\$10 or less	\$55 or less	\$15 or less	\$15 or less
Tier 3 (Non-preferred Drugs)		\$80**	\$75**	\$35**	\$15 or less	\$75 or less	\$25 or less	
Tier 4 (Specialty Drugs)		20% up to \$250** per script	20% up to \$250** per script	15% up to \$150** per script	10% up to \$150 per script	20% up to \$250 per script	10% up to \$250 per script	
Medical Deductible	N/A	Individual: \$6,300 Family: \$12,600	Individual: \$2,500 Family: \$5,000	Individual: \$2,300 Family: \$4,400	Individual: \$650 Family: \$1,300	Individual: \$75 Family: \$150	N/A	N/A
Pharmacy Deductible	N/A	Individual: \$500 Family: \$1,000	Individual: \$200 Family: \$400	Individual: \$175 Family: \$350	Individual: \$50 Family: \$100	N/A	N/A	N/A
Annual Out-of-Pocket Maximum	\$7,900 individual only	\$7,550 individual \$15,100 family	\$7,550 individual \$15,100 family	\$6,300 individual \$12,600 family	\$2,600 individual \$5,200 family	\$1,000 individual \$2,000 family	\$7,200 individual \$14,400 family	\$3,350 individual \$6,700 family

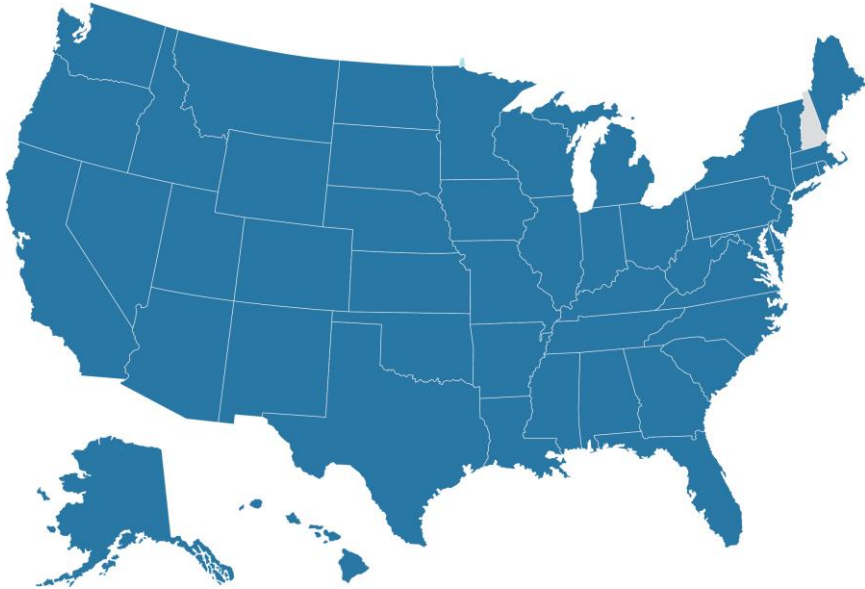
After federal standards: most of us still don't have bad accidents, just like most of us don't use much health care even though we have insurance.



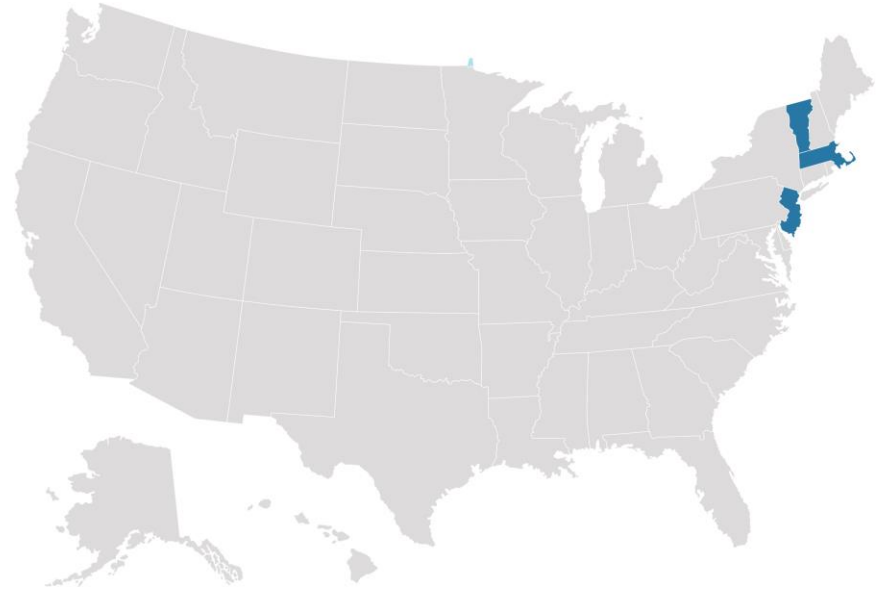
***But today, seat belt restraints and air bags prevent serious injury, and people walk away from accidents.***

***And... for those with insurance coverage, they get the care they need.***

# The “Mandate” to do what’s right.



*Today 49 states require adults to wear seat belts — although New Hampshire, the “live free or die” state, is the only U.S. state that does not.*



*Today after federal repeal, only three states and the District of Columbia have a mandate or penalty to have health insurance: (Massachusetts, New Jersey, Vermont)*



# Potential Agent Payment Standards as part of Qualified Health Plan Contracts

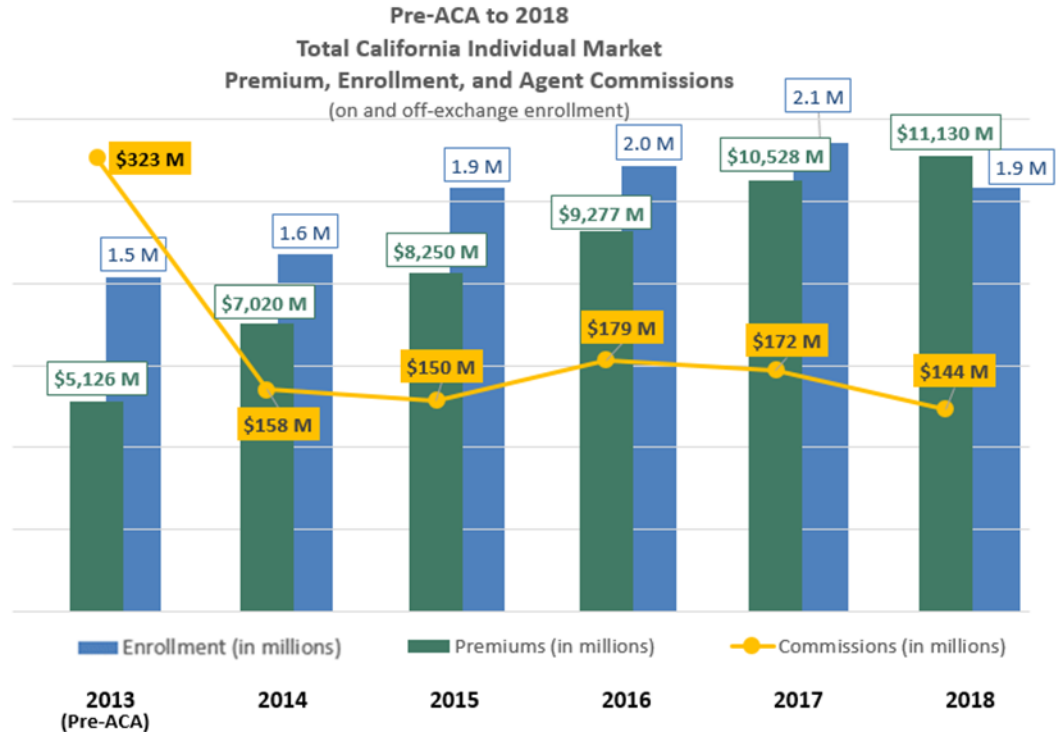
# COVERED CALIFORNIA EVALUATION OF AGENT COMMISSIONS

One out of two Covered California consumers rely on certified insurance agents for assistance. Because agents serve an important role in helping Californians enroll in and use their health plan benefits, Covered California conducted an evaluation of agent compensation programs. We identified four key takeaways for further exploration:

1. Looking at agent compensation as one component of total acquisition costs and impact to consumers
2. Evaluating adequacy of compensation programs
3. Recognizing the value to the independent agent channel to have predictable revenue streams to plan and invest in their operations
4. Ensuring agent incentives align with consumer protections

# AGENT COMMISSION TRENDS IN CALIFORNIA, 2013-2019

- Consumer demand for decision-support from agents has remained steady while agent compensation has declined
- Agents earned 7% of premium in 2013 and 2.4% of premium in 2018



# 2019 SURVEY OF HEALTH PLAN COMMISSION PROGRAMS

Health Plan	2013 Agent Commission		2019 Agent Commission	
	Commission per member per month dollar amount	Commission percentage of premium	Commission per member per month dollar amount	Commission percentage of premium
Highest Plan			\$25	4.2%
Lowest Plan			\$5	0.9%
<b>All Plans Weighted AVG</b>	<b>\$20</b>	<b>7%</b>	<b>\$11</b>	<b>1.7%</b>

# POTENTIAL ACTIONS COVERED CALIFORNIA IS CONSIDERING REGARDING AGENT COMPENSATION

- Evaluate various options to today's agent compensation models
  - Minimum agent commission requirement
  - Set rules or limits on agent commission decreases
  - Take no action
  
- Bring recommendation to Board in March 2019

# COMMENTS ON POTENTIAL AGENT PAYMENT STANDARDS AS PART OF QUALIFIED HEALTH PLAN CONTRACTS

Covered California welcomes comments on this item.

Please submit comments by March 8, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting. Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [QHP@covered.ca.gov](mailto:QHP@covered.ca.gov)

# CERTIFIED AGENT POLICIES REGARDING NON-AFFORDABLE CARE ACT COMPLIANT PRODUCTS

# CONSUMER PROTECTION POLICY RECOMMENDATION ABOUT NON-AFFORDABLE CARE ACT PRODUCTS

There are many health care products being marketed today to consumers that are not compliant with the Affordable Care Act and its consumer protection provisions. Unlike the rest of the nation, California has taken measures to protect consumers from many of these products including short-term medical plans, but there are some non-insurance products being sold in California that pose significant financial risk to consumers.

## Health Care Sharing Ministry Plans

- ❑ Exempt from complying with Affordable Care Act
- ❑ Faith-based membership organizations that pool resources to cover costs
- ❑ No guarantee of solvency
- ❑ No contractual obligation to reimburse health care costs
- ❑ No governmental oversight



# TAKING A CLOSER LOOK AT HOW HEALTH CARE SHARING MINISTRY PLANS WORK

	Covered California Health Net HMO Standard Silver Plan	Aliera <i>AlieraCare Plus Plan</i>	Liberty <i>Liberty Complete Plan</i>	Christian Care Ministry <i>Medi-Share Plan</i>
Deny Coverage for Health Status	No	Yes	Yes	Yes
Coverage for Pre-Existing Conditions	Yes	No	No	No
Minimum Essential Benefit Coverage	Yes	No	No	No
Enrollment Fee	No	\$125	\$13	\$50
Agent Commission	2.6%	15-20%	15-20%	15-20%
Monthly Premium	\$351 without subsidy \$220 with subsidy	\$193	\$299	\$281

# COVERED CALIFORNIA SILVER PLAN BENEFITS COMPARED TO HCSM BENEFITS

	Covered California Health Net HMO Standard Silver Plan	Aliera Alieracare Plus Plan	Liberty Liberty Complete Plan	Christian Care Ministry Medi-Share Plan
Lifetime Maximum	Unlimited	\$250,000 per incident \$1,000,000 lifetime	\$1,000,000 per incident	None
Annual Out-of-Pocket Maximum	\$7,550	\$7,500	None	None
Annual Deductible	\$2,500	\$5,000	\$1,000	\$1,750
Primary Care Office Visit	Unlimited	3 annual visits	1 annual visit	Not Covered
Emergency Room	\$350 copay	\$500 copay	Variable	Variable
Prescription Drugs	Copays after \$200 Rx deductible	Not Covered / Discount Card	Not Covered / Discount Card	Variable
Maternity	20% coinsurance after deductible	Not Covered	Variable	Variable

# CURRENT STATUS OF SHARING MINISTRY PLANS NATIONALLY AND IN CALIFORNIA

- Nationally, approximately 1,000,000 consumers are reported enrolled in health care sharing ministry plans
- Current estimate is that 100,000 Californians have enrolled (CA represents 10% of US population)
- The pool of funding for ministry plans grew from \$98.5 MM in 2010 to nearly \$600 MM in 2016 (Alliance for Healthcare Sharing Ministries)
- Californian consumers are being targeted by extensive marketing and media campaigns in the last year the scope of which is hard to measure
- Vast majority of CCA Certified Agents do not sell Sharing Ministry plans (88%), but they are currently being sold by 12% of the agents

# POTENTIAL ACTIONS COVERED CA COULD TAKE TO PROTECT CONSUMERS

- Covered CA is considering ways to ensure that consumers make fully-informed decisions:
  - Prohibit Covered California Certified Agents from selling Sharing Ministry plans
  - Require Covered California Certified Agents to provide clear information about the risks and benefits of Sharing Ministry plans before enrolling consumer (including that the plan is not a Covered CA plan and full agent commission disclosure)
  - Take no action
- Covered CA intends to take action and will bring recommendation to Board in March 2019

# COMMENTS ON AGENT COMMISSIONS AND SHARING MINISTRY PLANS

Covered California welcomes comments on these items.

Please submit comments by March 8, 2019 so that staff have ample time to review and consider the comments in advance of their making final recommendations to the Board for action at the March 14<sup>th</sup> meeting.

Comments to the Board will be accepted up to and including the day of the board meeting.

Please send your comments to: [OutreachandSales@covered.ca.gov](mailto:OutreachandSales@covered.ca.gov)

# APPENDIX

# HEALTH CARE SHARING MINISTRY PLANS RESOURCES

## Alera Healthcare

- [Company Website](#)
- [Plans Brochure](#)

## Liberty HealthShare

- [Company Website](#)
- [Program Options](#)

## Christian Care Ministry

- [Company Website](#)
- [Medi-Share Guidelines](#)