State of Implementation Webinar Series

States Sprint Toward a Benchmark Plan Decision
Monday, September 24th 3:00-4:30pm ET

Call-in #: 800-736-4610

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@statereforum

Support for this project was provided by a grant from the Robert Wood Johnson Foundation
# Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
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<tr>
<td>3:00 – 3:05pm</td>
<td><strong>Introduction</strong></td>
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<tr>
<td></td>
<td>Elizabeth Cronen, NASHP</td>
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<td>3:05 – 3:25pm</td>
<td><strong>Overview of State Progress on Essential Health Benefits</strong></td>
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<td>Sonya Schwartz and Chris Cantrell, NASHP</td>
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<td>3:25 – 4:00pm</td>
<td><strong>Panel Discussion with States</strong></td>
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<td>Moderator: Elizabeth Cronen, NASHP</td>
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<td>Panelists:</td>
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<td>• Jon Hager, Nevada</td>
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<td>• Jeanene Smith, Oregon</td>
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<td>4:00 – 4:25pm</td>
<td><strong>Question and Answer</strong></td>
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<td>*Use the chat feature to submit your questions</td>
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<tr>
<td>4:25 – 4:30pm</td>
<td><strong>Wrap-up</strong></td>
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Overview of State Progress on Essential Health Benefits

Sonya Schwartz
Project Director, State Refor(u)m
National Academy for State Health Policy
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Chris Cantrell
Policy Analyst
National Academy for State Health Policy
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The Basics

Under the ACA, beginning in 2014, all non-grandfathered plans in the individual and small group markets will be required to cover essential health benefits (EHB).

- Affects plans inside and outside of the exchange
- Basic health program (if state adopts)
- Does not affect self-insured, large group, or grandfathered health plans.
# The Basics

The ACA requires that the EHB include services in 10 categories:

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<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Ambulatory patient services</td>
<td>2. Emergency Services</td>
</tr>
<tr>
<td>4.</td>
<td>Maternity and newborn care</td>
<td>5. Prescription drugs</td>
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<td>7.</td>
<td>Laboratory services</td>
<td>8. Hospitalization</td>
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<td>10.</td>
<td>Mental health and substance use disorder services, including behavioral health treatment</td>
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Scope of EHB

• EHB’s scope includes the list of services to be paid for by a plan and limits on numbers of visits and services.

• EHB’s scope does not include:
  – terms and conditions of coverage
  – how those terms and conditions are administered
EHB Bulletin & FAQ

States must choose from four benchmark plan types

1. the largest plan by enrollment in any of the three largest small group insurance products in the State’s small group market;
2. any of the largest three State employee health benefit plans by enrollment;
3. any of the largest three national FEHBP plan options by enrollment; or
4. the largest insured commercial non-Medicaid Health Maintenance Organization (HMO) operating in the State.

States must indicate which services need to be supplemented and how state will supplement.

Benchmark plan serves as a reference, of both the scope of services and any limits offered by a “typical employer plan.”
EHB Bulletin & FAQ

• For 2014 and 2015, states do not have to defray the costs of state-mandated benefits included in a benchmark plan.

• States must select a benchmark plan by Q3 2012 (September 30th).
  – If a state does not select a benchmark plan, the default benchmark plan is the largest small group plan in the state.

• The benchmark plan states select will go into effect for plan years 2014 and 2015.
  – HHS intends to reassess in the benchmark plan process for 2016.
# EHB v. Medicaid Benchmark Options

<table>
<thead>
<tr>
<th>Essential Health Benefits Benchmark Options</th>
<th>Medicaid Benchmark Plan Options</th>
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</thead>
<tbody>
<tr>
<td><strong>Federal EE Plan</strong></td>
<td>1 of 3 largest by enrollment</td>
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<tr>
<td><strong>State EE Plan</strong></td>
<td>1 of 3 largest by enrollment</td>
</tr>
<tr>
<td><strong>Commercial HMO</strong></td>
<td>The largest in the state’s commercial market by enrollment</td>
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<tr>
<td><strong>Small Group/HHS Secretary Approved</strong></td>
<td>One of the largest small group plans in the state by enrollment</td>
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Tracking State EHB Progress

- **31** states formed EHB workgroups
- **31** states conducted benchmark plan analyses
- **27** states held public comment periods

Visit statereforum.org/state-progress-on-essential-health-benefits
20 states have analyzed benchmark plan options

11 states have analyzed benchmark plan options and made preliminary recommendations for a benchmark plan

Note: Based on a chart, “State Progress on Essential Health Benefits,” statereforum.org. State activity is based on resources shared publicly on State Refor(u)m.
# State Benchmark Plan Recommendations

<table>
<thead>
<tr>
<th>State</th>
<th>Plan Type</th>
<th>Benchmark Plan Recommendation</th>
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<tbody>
<tr>
<td>CA</td>
<td>Small Group</td>
<td>Kaiser Small Group HMO</td>
</tr>
<tr>
<td>CO</td>
<td>Small Group</td>
<td>Kaiser Ded/CO HMO1200D</td>
</tr>
<tr>
<td>DC</td>
<td>Small Group</td>
<td>BlueCross BlueShield CareFirst Blue Preferred</td>
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<tr>
<td>DE</td>
<td>Small Group</td>
<td>BlueCross BlueShield Small Group EPO Plan</td>
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<tr>
<td>NV</td>
<td>Small Group</td>
<td>Small Employer HMO Plan</td>
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<tr>
<td>OR</td>
<td>Small Group</td>
<td>PacificSource Preferred CoDeduct</td>
</tr>
<tr>
<td>RI</td>
<td>Small Group</td>
<td>United Health Care Choice Plus</td>
</tr>
<tr>
<td>UT</td>
<td>State Employee Plan</td>
<td>Utah Basic Plus State Employee Plan</td>
</tr>
<tr>
<td>VA</td>
<td>Small Group</td>
<td>Anthem Small Group PPO</td>
</tr>
<tr>
<td>VT</td>
<td>Small Group</td>
<td>BlueCross BlueShield Vermont</td>
</tr>
<tr>
<td>WA</td>
<td>Small Group</td>
<td>Regence Innova Small Employer Plan</td>
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Benefit Design Issues

• Pediatric Dental/Vision
  – Many states selecting their CHIP pediatric dental benefit as a supplemental plan

• Habilitative Services
  – At parity with rehabilitation?
  – Many states waiting on further federal guidance

• Mental Health and Substance Use Disorder Services Parity
Looking Forward

• September 30th deadline for selecting a benchmark plan
• Final federal regulation pending
  – Remaining questions?
    • Habilitation services
    • Multi-state plans
• Implications for Medicaid benchmark plan unknown
Resources

- State Reform EHB Chart
- Essential Health Benefits Discussion
- EHB Documents
- State Network EHB Template
What benchmark plan did your state choose and why?
Selected Plans

• No selection yet
• Exchange Board recommended
  – Health Plan of Nevada POS (1st of 3 small group)
    • Supplement with CIHP Dental
  – State of Nevada Self-funded plan (1st of 3 state)
  – Hometown Health HMO (3rd of 3 state)
Essential Health Benefits
Workgroup & Process

• The EHB Workgroup was established by the Governor and chartered by the ORHIX Board and the OHPB in April 2012.

• The Workgroup included representation from the following:
  – Majority of the major commercial health plans
  – Insurance agents/brokers
  – Mental Health & Dental care representative
  – County representative
  – Public, including Consumer advocates & Small business owners
  – Liaisons from the OHPB and the Exchange Corporation Board.

• The Oregon Health Policy Board and the Oregon Health Insurance Exchange met jointly to review the Workgroup’s work, then developed the final recommendation for the Governor.
Workgroup’s Final Recommendation

Request for endorsement of the EHB Workgroup’s final recommendation was forwarded to the ORHIX Board and the OHPB as follows:

The recommended benchmark plan is the PacificSource Preferred CoDeduct small group plan. Supplements are as follows:

- **Pediatric Vision** – The federal BlueVision “High Plan” as it was the required supplement to be used for these services.
- **Pediatric Dental** – HealthyKids dental package.
- **Prescription Drugs** – Regence Innova’s Rx package recommended as the federally outlined default. Later HHS guidance allowed the use PacificSource’s rider for Rx drug benefits as the majority purchasing the Preferred CoDeduct plan also purchase the rider.
- **Habilitative Services** – Workgroup prefers to work on defining “parity” in terms of developing a habilitative services package similar to that of rehabilitative services packages.
Did your state conduct an analysis of benchmark plan options? What did you learn?
Actuarial Analysis

• Side by Side benefit and formulary comparison

• Estimated cost indexed to cheapest plan
  – 3.5% difference in cost among the ten plans

• Review of mandates
  – Actuarially equivalent number of services to replace dollar amounts
Benchmark Plan Analysis

• Wakely, an actuarial consulting firm working with the Oregon Insurance Division, conducted the plan analysis and provided a side-by-side comparison of the federally-prescribed plan options.

• Highlighted to the Workgroup the major differences in benefit coverage, primarily those that would impact premium costs.

• Provided relative cost comparisons to estimate premium impacts, including impact on an individual and a family of four.

• Included, by Workgroup request, comparison with Oregon’s High-risk Pool, most common individual plan, and OHP Standard.
How did your state incorporate stakeholder feedback into your process and what did you learn from them?
Stakeholder Feedback

• Public comment for Exchange Advisory Committee (24) & Board (17)
  – Universally requested using most comprehensive plan
• Division of Insurance stake holder meetings
  – Scheduled for this week
Public Comment Opportunities

The EHB Workgroup's final recommendation went out for public comment through July 30, 2012. Opportunities for public comment were available throughout the Workgroup process:

• EHB Workgroup meetings were open for public attendance.
• Public comment was submitted via the EHB Workgroup website or submitting it to staff.
• Public comment and testimony was also submitted at the Exchange Corporation Board’s and the OHPB’s Board’s monthly meetings or through their respective processes.
• All the public comment was collected for review by the Oregon Health Policy and Oregon Health Insurance Exchange, and passed on to the Governor with their final joint recommendation.
What were some of the most difficult benefits to address?
Habilitation Conundrum

- State mandated coverage of ABA for Autism ($36,000, no service limit)
- Not covered in Federal Plans
  - Estimated state cost
    - 2014: $1.3 M - $4.3 M
    - 2015: $1.5 M - $5.1 M
- Satisfies habilitative requirement(?)
- Supplementing habilitative not required
  - Offered at parity with rehabilitative
  - Plans decide
Workgroup Discussions

The EHB Workgroup discussed the impact of certain benefits on the overall cost of a benchmark plan and its impact on the small group and individual market. Key decision points included:

- Using decision-making principles focused on federal requirements, health equity, and limiting marketplace disruptions.
- Considering the overall affordability of the benchmark plans and the relative impacts to premiums.
- Comparing the benchmark plans with plans currently offered in the individual market, the Oregon Medical Insurance Pool, and the Oregon Health Plan (Medicaid) plan.
- Understanding the initial EHB benchmark plan can be re-evaluated in two years.
“Essential” versus “Affordable” Discussion

The benefit differences with the most impact on premiums that also had a great deal of discussion in Oregon’s process included:

- Alternative Medicine – Acupuncture & Chiropractic
  - Including workforce issues such as use of naturopaths, etc inside a plan’s network
- Infertility treatment services
- Dental – Preventive and Basic for adults
- Bariatric Surgery

Also many issues around:
- Habilitative services
- Medical Management within a benefit
Addressing Balance Across the Benefits

- Bariatric surgery, adult dental and alternative medicine benefits were felt to be important and have the potential to result in long-term savings for health plans.
- However, the Workgroup focused on the immediate premium impacts, and the plans offering these benefits were considered too costly for many Oregonians.
- It is recommended that Oregon assess potential long-term impacts and provide that information to stakeholders for future consideration.
How will your decision on a benchmark plan for the private market influence choices for the Medicaid benchmark plan?
Essential Health Benefits in Medicaid

• Oregon’s Medicaid Advisory Committee (MAC) is just beginning the work on a Medicaid Benchmark for the 2014 Expansion.

• Currently Oregon’s Medicaid expansion population, parents and single adults up to 100% FPL, have a limited package, OHP Standard which uses the Prioritized List as its limitations and exclusions

• Will compare the set of choices, including the commercial EHB benchmark just chosen

• Also will consider the adult OHP Plus package, currently offered to the mandatory adult Medicaid populations

• The MAC will put their recommendation forward to the Oregon Health Policy Board

• Strong interest in maintaining an evidence-based design
What do states and the federal government need to be thinking about regarding EHB moving forward?
Additional Issues

• What is discriminatory?
• Timeline for selection
  – Final determination in December? What if HHS determines a plan is discriminatory?
• Future state mandates
• Reduction to optional benefits due to price sensitivity
• EHB Selection for 2016?
The Governor’s Endorsement

In September 2012, Governor Kitzhaber approved the Workgroup’s recommendation as endorsed by the ORHIX Board and the OHPB in August 2012, but noted the following:

- The Workgroup had tight parameters around their charge due to federal regulations and constraints that did not allow the consideration of value-based benefit design in determining the benchmark plan.

- The State has a strong interest in revisiting the Essential Health Benefit as soon as it is permissible under federal regulation, as would like to see a more value, evidence-based benefit, in keeping with Oregon’s long history in this area.

- Oregon hopes to enjoy the flexibility of being able to assess how the EHB can be optimally designed to remove barriers to needed care, and leverage change in the health delivery system to ensure Oregonians get the right care at the right time and in the right setting.
Knowledge Network

Experts will be available to answer your questions! Post them now on State Refor(u)m in our Essential Health Benefits discussion

Laura Grossmann
Principal Analyst
California Health Benefits Review Program
statereforum.org/user/lauragrossmann

Dustin Arnette
Regulatory Analyst
Celtic Insurance Company
statereforum.org/user/dustinarnette

http://www.statereforum.org/discussions/essential-health-benefits
Question and Answer

Submit your questions in the chat box on the left
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- Ask questions
- Share documents
- Stay up to date on implementation activity
- Connect with peers
- Showcase your states progress
NASHP 25th ANNUAL STATE HEALTH POLICY CONFERENCE

OCTOBER 15-17, 2012
BALTIMORE, MARYLAND

Register at www.nashpconference.org

Join us for a benefit design pre-conference on Monday, October 15th