Sent via E-mail to info@hbex.ca.gov and Peter.Lee@hbex.ca.gov

August 1, 2012

Howard A. Kahn
Chief Executive Officer

Peter V. Lee
Executive Director
California Health Benefit Exchange
2535 Capitol Oaks Drive, Suite 120
Sacramento, CA 95833

Re: Comments on Qualified Health Plan Recommendations and Other Feedback

Dear Peter:

On behalf of L.A. Care Health Plan ("L.A. Care"), I would like to thank you for taking the time to meet with Laura Jaramillo and me on July 13th to discuss key Qualified Health Plan ("QHP") recommendations and other policy decisions pending consideration by the Health Benefit Exchange ("Exchange"). We are pleased to learn that the Exchange is interested in facilitating the participation of Local Initiative plans as QHPs, and we appreciate the opportunity to provide you with feedback that reflects how some of the recommended policies may impact Local Initiative plans' ability to participate in the Exchange.

L.A. Care's comments on the QHP recommendations are addressed in the requested *QHP Policies and Strategies Response Form* (attached). Additionally, listed below is feedback on another pending policy under consideration by the Exchange.

> **Individual Market: Agent Payment Options**
> *Recommended by Exchange - Option A: Plans Pay Agents (commission based on market terms)*
>
> L.A. Care supports this recommendation. However, to ensure regional commercial plans do not have an unfair competitive advantage over smaller plans (or Local Initiative plans) that cannot pay high agent commission fees, and/or encourage steerage, L.A. Care recommends that the Exchange set commission fee limits for QHP products. Additionally, L.A. Care recommends that the Exchange require agent payment transparency to the consumer, as this could greatly minimize steerage problems.

L.A. Care looks forward to continued discussions with you and your staff as the Exchange develops and implements operational policies and QHP requirements. Thank you for your consideration of our comments and recommendations.

Sincerely,

Howard A. Kahn

Enc.

CC: John Wallace, Chief Operating Officer, L.A. Care
Tim Reilly, Chief Financial Officer, L.A. Care
Cherie Fields, Director of Government Affairs, L.A. Care
Laura Jaramillo, Director of Product Management, L.A. Care

California Health Benefit Exchange: Stakeholder Questions

Qualified Health Plan Policies and Strategies to Improve Care, Prevention and Affordability

The California Health Benefit Exchange welcomes your input on Qualified Health Plan policies and strategies under consideration. The policies and strategies are laid out in a Board Recommendation Brief available on the Exchange website. Please use the table below to provide your input. We welcome data and references as well as written comments. Please submit your comments to the Exchange at info@hbex.ca.gov no later than **Monday, August 6, 2012**.

Name	Organization	Email	Phone
Howard A. Kahn, CEO	**L.A. Care Health Plan**	**hkahn@lacare.org**	**213/694-1250 x4102**

Input Requested	Comments
Section 5: Active Purchaser	Issue 1: Metal Level Tiers of QHP Bids **Recommended by Exchange - Option A: Require all metal tiers per Qualified Health Plan** While public health plans, like L.A. Care, that have traditionally focused strictly on government-sponsored products will be disadvantaged by this requirement due to the lack of experience in the commercial market, L.A. Care supports the recommendation that any issuer that does not sell commercial products outside the Exchange, will be permitted to sell its QHPs solely through the Exchange, and that it would not be required to participate in both the individual and SHOP Exchanges.
Section 5B: Rating Issues	Issue 1: Standardization of Family Structure Rating Factors **Recommended by Exchange - Option C: Standardize allowable rate tiers, tier composition, and tier ratios to be used by all insurers.** L.A. Care agrees with this recommended option. The consumer surveys and focus groups sponsored by the Exchange have revealed that some of the features consumers are looking for when purchasing health insurance are both simplicity and the ability to compare health plans. Standardization of the family structure definition and related factors would not only lead to simplification and premium comparability for consumers, but it would also minimize pricing manipulations by issuers. L.A. Care further recommends that if the HHS Proposed Rule to "vary premiums among no more than four different types of family composition that are commonly used…" is adopted as final, the Exchange either disallow issuers to combine tiers, or place strict restrictions when doing so. Lastly, to prevent adverse selection against the Exchange, L.A. Care recommends that the Exchange continue working with legislative and/or regulatory bodies to apply the same standards to non-Exchange plans offering products outside the Exchange.

Input Requested	Comments
Section 5B: Rating Issues	Issue 2: Standardization of Age Factors **Recommended by Exchange - Option B: Standardize age factors to be used by all issuers.** L.A. Care agrees with this recommended option. However, like other health plans, L.A. Care is concerned that the 3:1 maximum age-based rate variation will increase premiums for young consumers to an unattractive level, adversely impacting the take-up rate, Exchange risk pool and market stability. This would be particularly problematic if non-Exchange plans are not required to use the same age factors. To that end, L.A. Care recommends that to the extent allowed, the 3:1 maximum age-based rate variation requirement be phased-in over a two to three (2-3) year period. Additionally, it is critical that non-Exchange issuers be required to use the same standardized age factors so that adverse selection is not created against the Exchange. L.A. Care encourages the Exchange to continue working with legislative and/or regulatory bodies on this critical issue.
Section 5B: Rating Issues	Issue 3: Requirement that Issuers Cover Entire Geographic Regions **Recommended by Exchange - Option C: Require issuers to cover the entire region for which they are licensed in order to offer coverage through the Exchange but allow regional plans to offer sub-regional products if the Exchange intends to select a sub-regional plan for the same geographic area.** L.A. Care agrees with this recommended option and appreciates that this option gives specific consideration to Local Initiative plans, which commonly serve limited geographic areas. As noted under the "Active Purchaser Stakeholder Perspectives" section, stakeholders and consumers have emphasized the importance of having "meaningful choice of health plans" and have called on the Exchange to avoid offering only "look-alike" health plans. While some Local Initiative plans may face initial challenges if they are developing commercial products for the first time, Local Initiative plans also offer unique benefits and are clearly distinct from the typical commercial issuer. For example, many Local Initiative plans (including L.A. Care) are the designated Community Provider Plan (CPP) under the Healthy Families Program (HFP), a designation that requires that the plan have the highest percentage of "Traditional & Safety Net Providers" in their network (a definition comparable to Essential Community Providers) in their respective county. As such, Local Initiative plans are best positioned to meet Essential Community Provider requirements, no matter how broad or narrow the definition is ultimately adopted. Additionally, as non-profit community-driven public health plans, it is within our mission to include provider networks that deliver culturally and linguistically appropriate care to the populations that we serve. Lastly, Local Initiative plan participation in the Exchange would accomplish an automatic alignment with Medi-Cal managed care and HFP health plans which would be a major continuity of care advantage for consumers who may experience income variations and may need to change from an Exchange product to a government-sponsored product.

Input Requested	Comments
Section 5B: Rating Issues	Issue 4: Allowable Rate Adjustment for Tobacco Use **Recommended by Exchange - Option C: Conduct further research on the pros and cons of requiring a limited (e.g. 5%) rate-up for tobacco use that would be waived if the enrollee participates in a smoking cessation program.** L.A. Care agrees with this recommended option. We share your concern that because low income tobacco users will bear a disproportionate burden of the higher premiums, enrollment in the Exchange could become a barrier if premiums are deemed unaffordable by tobacco users. Additionally, without directly analyzing and modeling the potential impact of a rate increase on the impacted population, even a modest rate-up of five percent (5%) could be perceived as a hardship on the poor who tend to be high users of tobacco products. Nonetheless, assuming the research findings reveal that consumers would tolerate a rate adjustment or otherwise justify this type of an increase, and legislation does not prohibit the use of it, L.A. Care supports the Exchange's recommendation to employ personal accountability for this personal habit which creates tremendous cost increases which are ultimately borne by all enrollees. L.A. Care further recommends starting with a limited five percent (5%) rate-up, but phasing up the percentage over time (3-4 years) with sufficient advance notice to consumers. Lastly, L.A. Care supports the recommendation to waive the rate increase if enrollees participate in a smoking cessation program.
Section 5C: Plan Design Standardization	Issue 1: Standardization of Cost Sharing Provisions **Recommended by Exchange - Option B: Standardize the major cost-sharing components of benefit plan and allow limited customization.** L.A. Care agrees with this recommended option. As noted above, consumers have expressed a high preference for simplicity and the ability to compare health plans. This option will accomplish both. Issue 2: Standardization of Benefit Exclusions and Limits **Recommended by Exchange - Option B: Standardize the major benefit limits and exclusions in benefit plans and allow limited customization.** L.A. Care agrees with this recommended option. As noted above, consumers have expressed a high preference for simplicity and the ability to compare health plans. This option will accomplish both.

Input Requested	Comments
Section 5F: Provider Network Access: Essential Community Provider Standards	Issue 1: Definition of Essential Community Providers **Recommended by Exchange - Option B: Exchange incorporates minimum standard above and broadens the list of essential Community Providers to include physicians, clinics, hospitals which have demonstrated service to Medi-Cal, low-income and medically underserved population.** L.A. Care requests that this requirement be deemed as met for that geographic area by any approved QHP which was designated by MRMIB as the Community Provider Plan (CPP) for Benefit Year 2012-13. As noted above, the CPP designation requires that a plan have the highest percentage of "Traditional & Safety Net Providers" in their contracted network (a definition comparable to Essential Community Providers) in their respective county. Issue 2: Definition of "sufficient" participation of Essential Community Providers **Recommended by Exchange - Option B: Demonstrate minimum proportion of networks overlap among Qualified Healthy Plan and Medi-Cal Managed Care, Healthy Families Program networks and/or independent physician providers serving high volume of Medi-Cal patients in their practices.** L.A. Care agrees with this recommended option, but encourages the Exchange to provide further clarification the required "minimum proportion of networks overlap." Additionally, for any Local Initiative plan that participates in the Exchange, L.A. Care requests that this requirement be deemed as met.
Section 5F: Provider Network Access: Essential Community Provider Standards	Issue 2: Payment rates to Federally Qualified Health Centers **Recommended by Exchange - Option C: Encourage inclusion of FQHCs in Qualified Health Plan networks and require payment at fair compensation by the Qualified Health Plan defined as rates no less than the federally applicable rates of the issuer.** L.A. Care agrees with this recommended option; however, to encourage FQHC participation in the Exchange, L.A. Care also recommends that the Exchange consider administering supplemental PPS payments to FQHCs, as is done by DHCS for Medi-Cal managed care members (at a minimum for the subsidized population). FQHCs play a critical role in serving medically underserved and low income populations and by virtue of their mission and federal grantee status, FQHCs cannot turn patients away due to their inability to pay for services. Other community providers on the other hand, may opt not to accept new low-income patients. Supplemental PPS payments to FQHCs would ensure that access and continuity of care is available in a culturally and linguistically appropriate manner in the most underserved communities, as enrollees move from Exchange products to government-sponsored products.

Input Requested	Comments
Section 6B: Accreditation Standards and Reporting for Qualified Health Plans	**Recommended by Exchange - Option B: Require reporting of CAHPS and HEDIS measures consistent with Medi-Cal Managed Care specifications and NCQA Health Plan Accreditation by 2014; Commendable NCQA Accreditation required by 2015.** L.A. Care agrees that Option B is preferable to Options A or C. However, L.A. Care recommends a modification to Option B. Instead of requiring plans to achieve a "Commendable" accreditation status, we recommend that the Exchange require plans to achieve and maintain "Acceptable" status. NCQA defines "Acceptable" *as a plan that delivers high quality care and service, and whose systems for consumer protection and quality improvement meet NCQA's standards.* By requiring plans to have an "Acceptable" rating, the Exchange is still ensuring Californians are enrolled in a plan that achieved a high quality rating by NCQA. Furthermore, the Exchange is not limiting itself when deciding which plans will participate in the Exchange. In addition, L.A. Care recommends that each plan's NCQA accreditation status be listed in a prominent manner in the enrollment and outreach materials, including a definition of "*Excellent*", "*Commendable*", and "*Acceptable*" so that consumers can consider the specific NCQA rating as part of an informed decision when choosing a health plan.

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