

**Summary of Changes to SHOP Recommendations for California Health Benefit Exchange**

| Preliminary Recommendations (dated July 19 <sup>th</sup> )                            |   | Final Recommendations (August 23 <sup>rd</sup> Board Meeting) |   |
|---|---|---|---|
| Table of Contents Section, Issue number (where applicable) and Title                  | Recommendation  | Summary of Changes(s) to Recommendation                       | Description of Change(s) to Recommendation  |
| <b>2. Guidelines for QHP and SHOP Selection</b>                                       | N/A   | Modified language   | <ul style="list-style-type: none"> <li>• Clarify the importance of consumer affordability for premium and at point of care</li> <li>• Add “sexual orientation” as element for assuring access to care</li> <li>• Add changes in administrative processes that reduce burden on plans, providers and consumers</li> </ul>  |
| 3.A. SHOP and Individual Exchange QHP Alignment                                       | Recommendation: Partial alignment of Issuers and Benefit Plan Offerings (Options A2 and B2)   | No Change to Recommendation                                   |   |
| 3.A.1 – Extent to which issuers participate in both the Individual and SHOP Exchange  | Staff recommends partial alignment for both plans and benefit designs (Options B)   | No Change to Recommendation                                   |   |
| 3.A.2 – Extent to which products are aligned in both the Individual and SHOP Exchange | Staff recommended partial alignment for both plans and benefit designs (Options B)  | No Change to Recommendation                                   |   |
| 3.B.1 – Extent of Employer and Employee Choice  | Revised Recommendation: All small employers (2 - 50 employees) choose a coverage tier and employees choose among the offered plans (Option 3). Additionally, employers with 10 - 50 employees also have the option to operate under a Paired Choice with Limited Tier Options | Change to Recommendation                                      | <ul style="list-style-type: none"> <li>• Recommendation: The Exchange staff recommends Options A, and B. Small business employers with 2-50 employees choose the coverage tier, and employees choose among the offered plans (Option A) Larger employers (10 - 50 employees) will also have the option to choose a Paired Choice Plus approach (Option B).</li> <li>• Further comment is requested for Option C, employers choose an issuer and employees choose across metal tiers.</li> <li>• Added Table to illustrate options</li> <li>• Added Rationale for recommendations and options not recommended</li> </ul> |

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|  | approach (Option 6)  |   | <ul style="list-style-type: none"> <li>• Changes to order of options to void confusion; Options were numbered 1-6, now A-F</li> <li>• Corrected Names of Options to match throughout document and PowerPoint (e.g. "Paired Choice Plus" was changed to "Paired/Defined Choice with Limited Tier" to be consistent</li> <li>• Added Milliman actuarial input for reference</li> </ul>  |
| 3.C. – SHOP Agent and General Agent Strategy                         | Recommendation: Option 2 (Exchange Matches Commission and Pays) or Option 3 (Exchange Sets and Pays Commission)  | Change to Recommendation                                      | <ul style="list-style-type: none"> <li>• Recommendation: Payment of Commissions to Agents: Option B. Match commissions (Exchange pays): Exchange matches issuer commissions and administer payments to brokers and agents.</li> <li>• Recommendation: Exchange use of General Agent for SHOP: Option B: SHOP contracts with some General Agents through a bid process (2-4 General Agents)</li> <li>• Edited language to ensure consistency of terminology</li> </ul> |
| 3.C.1 – Payment of Commissions to Agents                             | Recommendation: Exchange will provide "market competitive" agent payment levels (Option 2). Since there is no consistent market standard for agent commissions, the exchange cannot match. | Modified Language   | <ul style="list-style-type: none"> <li>• Edits to Table - Agent Payment Operational Considerations</li> <li>• Eliminated redundant or irrelevant language not applicable for our recommendation</li> <li>• Added new considerations for agent contracts (e.g. vesting language, graded commission schedules, special promotions and broker of record changes.)</li> </ul>   |
| 3.C.2 – Use of General Agents in the SHOP Exchange                   | Revised Recommendation: Meet with GA's and Plan Issuers to review above options; Establish QHP Review Board to evaluate general agent standards or bids if Option 2 or 3 is selected.      | Modified Language/Discussion                                  | <ul style="list-style-type: none"> <li>• Recommendation: Meet with General Agents and Plan Issuers to review options; Solicit input from health plans for RFP bid criteria and general agent standards if Option B or C is selected.</li> <li>• Added stakeholder comments</li> <li>• Added additional general agent background in BRB</li> <li>• Added list of stakeholders who commented by 8/13</li> </ul>   |
| 3.D - Small Employer Benefits  | Recommendation:  | Change to   | <ul style="list-style-type: none"> <li>• Recommendation: Exchange will explore vendor options for</li> </ul>  |

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| Administration and Ancillary Benefit Options   | Exchange will explore vendor options for COBRA, FSA/HSA (Option A2) through specialty carriers and vendors on standalone basis. (Option B1) | Recommendation  | COBRA, IRS 125, FSA and HSA (Option A1) through specialty vendors on standalone basis (Option B1)<br><ul style="list-style-type: none"> <li>• Previous recommendation was unclear and required a new section specific for Supplemental Benefits: Dental and Vision</li> </ul> |
| 3.D.1- Extent to which the Exchange will offer supplemental or ancillary options in SHOP                 | Recommendation: Exchange will explore vendor options for COBRA, FSA/HSA (Option A2)   | Change to Recommendation                                      | <ul style="list-style-type: none"> <li>• Recommendation: Exchange will explore vendor options for COBRA, IRS 125, FSA and HSA (Option A1)</li> </ul>  |
| 3.D.2 - Implementation of ancillary benefits   | Recommendation: through specialty carriers and vendors on standalone basis. (Option B1)   | No Change to Recommendation                                   |   |
| 3.E.1 - Supplemental Benefits: Dental and Vision   | N/A   | Change to Recommendation                                      | <ul style="list-style-type: none"> <li>• Recommendation: Exchange will explore vendor options for Supplemental Dental and Vision (Option A) through specialty carriers and vendors on standalone basis (Option B)</li> </ul>  |
| 3.F - Employer Contribution and Minimum Participation Requirements                                       | Exchange recommends SHOP set rules consistent with commercial market  | No Change to Recommendation                                   |   |
| 3.F.1 - Extent to which small business are required to make premium contributions on behalf of employees | Recommendation: Require contributions consistent with current market underwriting rules (Option 1)  | No Change to Recommendation                                   |   |