

---

# **Alternative Strategies to Promote Affordability and Safety Net Continuity**

**David Panush  
Director, External Relations  
Covered California**

**December 18, 2012**



# Covered California

## Affordability and Safety Net Goals

---

- Maximize enrollment for level of income subsidy eligible people in Exchange;
  - Foster continuity of care;
  - Minimize “churn”;
- Encourage access and use of local safety net providers; and
- Encourage Medi-Cal Managed Care Plans to participate in Covered California.

# Covered California's Current Approaches to Achieving Affordability and Safety Net Goals

---

Targeted outreach to promote use of existing subsidies:

- Subsidies make premiums and cost-sharing very affordable
  - For 138%-200% of FPL eligibles, premiums capped between 3 and 6.3% of income.
  - Out-of-Pocket costs greatly reduced for 100-250% FLP eligibles.
- Multiple Covered California health plan policies to support robust inclusion of Essential Community Providers.
- Flexibility in Qualified Health Plans Solicitation Process to Encourage Medi-Cal Managed Care Plans participation in 2014 or 2015.

# Additional Options for Consideration

---

- Contract with Medi-Cal Managed Care Plan to increase affordability for consumers between 138% and 200% FPL.
- Expand ways to encourage Medi-Cal Managed Care plans to participate in Covered California

# Contracting Approach to Maximize Affordability

---

- Establish process to allow Medi-Cal Managed Care plans to bid to be lowest cost silver plan:
  - 5 – 15% below next lowest plan.
- Limit eligibility to 138% to 200% FPL.

# Modeling Premium at \$400

## Assuming Second Lowest Premium at \$400

		Member Contribution		
Lowest Premium	% Below	133% FPL	150% FPL	200% FPL
\$380	5%	\$16	\$34	\$94
\$360	10%	0	\$14	\$74
\$344	14%	0	0	\$58

Source: Milliman. Illustration based on draft working analysis, 12/2/2012.

Based on “average” enrollee cost sharing; actual would vary by age.

# Modeling Premium at \$500

## Assuming Second Lowest Premium at \$500

		Member Contribution		
Lowest Premium	% Below	133% FPL	150% FPL	200% FPL
\$475	5%	\$11	\$29	\$89
\$450	10%	0	\$4	\$64
\$430	14%	0	0	\$44

Source: Milliman Illustration based on draft working analysis, 12/2/2012.

Based on "average" enrollee cost sharing; actual would vary by age.

# Participation Options

---

- **Option 1: Medi-Cal Managed Care Plan – Best Price Option: Allow Local Initiative or COHS First Right of Refusal.**
  - After Covered California has selected and negotiated rates with its complement of qualified health plans in each region, the Local Initiative or COHS would have the right of first refusal to bid a qualified health plan below the lowest existing contract premium rate and be offered as the lowest-cost silver plan.
  - The amount below the lowest plan would be enough to assure a very low to no-cost premium.
  - If the Local Initiative did not exercise this option, then any Medi-Cal Managed Care plan would be permitted to make this bid.
- **Option 2: Allow Any Medi-Cal Managed Care Plan to Contract.**
  - Any Medi-Cal Managed Care plan in a county would have the option of bidding.
  - Bids would stipulate that Covered California could adjust the proposed rate – up to a capped maximum – to achieve a very low or zero premium level.
  - Could be possible for multiple plans to have identical rates, and thus would be the lowest-cost silver plan.



# Streamlining QHP Solicitation Process for Medi-Cal Managed Care Plans

---

## Options Under Consideration:

- Allow Medi-Cal Managed Care plans to respond only to those elements of the solicitation that are applicable to a non-commercial health plan.
- Deem Medi-Cal Managed Care plans to have satisfied the Essential Community Provider network requirements by virtue of the composition of their typical networks.
- Accept state Medi-Cal quality and performance requirements as satisfying Exchange quality requirements for year one (2014) certification as a Qualified Health Plan.
- For plans that are not accredited by NCQA or URAC now, require Medi-Cal Managed Care plans to initiate the accreditation process now with the intention of completing the process in 2016.
- Coordinate with DMHC to assure streamlined licensure.

# Issues To Consider

---

## Contracting to Achieve Affordability:

- Covered California administrative challenges (CalHEERS design, QHP solicitation schedule)
- Medi-Cal Managed Care Plan administrative challenges & ability to develop provider networks
- Uncertainty of impact on risk selection
- Concerns for equity with other participating health plans
- Potential need for state legislation & federal approval

## Streamlining Approaches for Medi-Cal Managed Care Plans:

- Local Initiative & County Organized Health Systems vs. Commercial Plans
- Market “Level Playing Field” considerations & Cost implications

# Next Steps

---

- Analysis on outstanding issues and to determine need for state legislation and federal approval(s)
- Request comments by January 10<sup>th</sup>
- Potential Action Item for Board on January 17<sup>th</sup>

Please send input to [info@hbex.ca.gov](mailto:info@hbex.ca.gov)