
Qualified Health Plan Contracting: Evaluation /Selection Process and Model Contract Standard Benefit Plan Designs

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Active Purchasing: Evaluation of Potential Covered California Plans Begins

Many of the original 33 plans which responded to the Notice of Intent last October are actively bidding.

- Bidders currently serve the vast majority of the individual market in California.
- Bidders include statewide, regional and Medi-Cal plans.
- Bidders include new market entrants and plans expanding into new lines and new service areas.
- If the Board and federal officials approve the Bridge program, new Medi-Cal plans may be certified as Covered California Plans.
- Review and discussions with bidders are confidential.



Qualified Health Plan Selection and Contracting Timeline

(subject to revision)

Activity	Date
Provider Networks due to Regulators	February 28, 2013
Premium Bids due to Covered California	March 31, 2013
Second Draft Model Contract Release	April 1, 2013
Public Comments Due Model contract	April 14, 2013
First Draft Administrative Manual Release	April 15, 2013
Model Contract – Final	April 25, 2013
Public Comment Due Administrative Manual	April 30, 2013
Tentative QHP Certifications and Initial Contract Agreement	May 15, 2013
Reasonableness Rate Review by Regulators	May 15 - June 2013
Final Contracting and Certification of Covered California Plans	June 30, 2013
Administrative Manual- Final	May 31, 2013
Covered California Plans Loaded into CalHEERS	Beginning July 1, 2013



Final Standard Benefit Designs

Since the “Covered California Announces Standard Benefit Plans for Consumers” Press Conference on 2/13/13, Covered California staff have improved affordability and ensured plans comply with the final federal calculator.

Affordability improvements were achieved in both subsidy-eligible and non-subsidy eligible plans.

Benefit Type	Affordability Improvements: Family of 4
Primary Care, Specialty Care, and Urgent Care Office Visits	10-35% office visit copay reductions in Platinum, Gold, and Silver subsidy-eligible plans
Lab Testing and X-Rays	20-50% copay reductions in Silver subsidy-eligible plans
Generic Medications	20-40% copay reductions in Gold and Silver subsidy-eligible plans
Preferred Brand Copay After Drug Deductible in Silver Plans	Co-pay reduction for family income up to 150% of FPL (from \$7 to \$5)
Brand Drug Deductible Before Consumer Pays Copay Amount	\$500 reduced to \$250 for Silver plans



Covered California's 2014 Standard Plans for Individuals – Key Benefits

	Platinum	Gold	Silver	Bronze
	88.1% of Costs	78.0% of Costs	68.3% of Costs	60.4% of Costs
COPAYS IN THE GREEN SECTIONS ARE NOT SUBJECT TO <u>ANY</u> DEDUCTIBLE AND COUNT TOWARD THE ANNUAL OUT-OF-POCKET MAXIMUM			CATEGORIES IN BLUE ARE SUBJECT TO DEDUCTIBLES	
	No Deductible	No Deductible	No Deductible	\$5,000 Deductible for Medical and Drugs
Preventive Care Copay	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit	No Cost – 1 Ann Visit
Primary Care Visit Copay	\$20	\$30	\$45	\$60 for 3 Visits
Specialty Care Visit Copay	\$40	\$50	\$65	\$70
Urgent Care Visit Copay	\$40	\$60	\$90	\$120
Emergency Room Copay	\$150	\$250	\$250	\$300
Lab Testing Copay	\$25	\$30	\$45	30%
X-Ray Copay	\$40	\$50	\$65	30%
Generic Medication Copay	\$5 or less	\$20 or less	\$25 or less	\$25 or less
High cost and infrequent services like Hospital Care, Outpatient Surgery, and Imaging (MRI, CT, Pet Scans).	<u>HMO</u> Outpatient Surgery -- \$250; Hospital -- \$250 per day up to 5 days <u>PPO</u> 10%	<u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	\$2,000 Medical Deductible <u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	30% of Your Plan's Negotiated Rate
Brand Medications may be subject to an Annual Deductible before you Pay the Copay	None	None	\$250 Drug Deductible then you pay the Copay Amount	No Separate Drug Deductible
Preferred Brand Copay After Deductible is Paid	\$15	\$50	\$50	\$50
ANNUAL MAXIMUM OUT-OF-POCKET COST TO YOU	\$4,000 for you and \$8,000 for your family	\$6,400 for you and \$12,800 for your family	6,400 for you and \$12,800 for your family	6,400 for you and \$12,800 for your family

Covered California's 2014 Sliding Scale Plans – Family of 4

Annual Income	\$23,550 - \$35,325	\$35,325 - \$47,100	\$47,100 - \$58,875	\$58,875 - \$94,200
Monthly Consumer Cost <small>(Balance paid by Federal subsidy)</small>	\$39 - \$118	\$118 - \$247	\$247 - \$395	\$395 - \$746
COPAYS IN THE GREEN SECTIONS ARE NOT SUBJECT TO <u>ANY</u> DEDUCTIBLE AND COUNT TOWARD THE ANNUAL OUT-OF-POCKET MAXIMUM			BENEFITS IN BLUE ARE SUBJECT TO EITHER A MEDICAL DEDUCTIBLE, DRUG DEDUCTIBLE OR BOTH	
Deductible (if Any)	No Deductible	No Deductible	\$1500 Medical Deductible	\$2000 Medical Deductible
Preventive Care Copay	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit	No Cost – 1 Annual Visit
Primary Care Visit Copay	\$3	\$15	\$40	\$45
Specialty Care Visit Copay	\$5	\$20	\$50	\$65
Urgent Care Visit Copay	\$6	\$30	\$80	\$90
Lab Testing Copay	\$3	\$15	\$40	\$45
X-Ray Copay	\$5	\$20	\$60	\$65
Generic Medication	\$3	\$5	\$20	\$25
Emergency Room Copay	\$25	\$75	\$250	\$250
High cost and infrequent services like Hospital Care, Outpatient Surgery, and Imaging (MRI, CT, Pet Scans)	<u>HMO</u> Outpatient Surgery -- \$250; Hospital -- \$250 per day up to 5 days <u>PPO</u> 10%	<u>HMO</u> Outpatient Surgery -- \$600; Hospital -- \$600 per day up to 5 days <u>PPO</u> 20%	20% or Your Plan's Negotiated Rate	20% or Your Plan's Negotiated Rate
Brand Medications May be subject to Annual Drug Deductible before the Copay	No Deductible on Brand Drugs	\$50 Brand Drug Deductible then you pay the Copay Amount	\$250 Brand Drug Deductible then you pay the Copay Amount	\$250 Brand Drug Deductible then you pay the Copay Amount
Preferred Brand Copay After Drug Deductible	\$5	\$18	\$30	\$50
MAXIMUM OUT-OF-POCKET FOR ONE	\$2,250	\$2,250	\$5,200	\$6,400
MAXIMUM OUT-OF-POCKET FOR FAMILY	\$4,500	\$4,500	\$10,400	\$12,800

Bridge Plan: A Strategy to Promote Safety Net Continuity & Affordability

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Covered California

Affordability and Safety Net Goals

- Affordability -- Maximize enrollment for income subsidy eligible;
- Encourage access and use of local safety net providers;
- Encourage Medi-Cal Managed Care Plans to participate.

Recommendations

- 1. “Narrow Bridge:” Implement in 2014.**
Request federal approval to contract with Bridge Plans to enroll transitioning Medi-Cal managed care enrollees, and parents of Medi-Cal/CHIP children. Also streamline QHP certification process.
- 2. “Broad Bridge:” Conduct Further Discussions with Federal Government and Research.** Concept would build on Narrow Bridge to include those under 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

Lowest Premium	% Below	Member Contribution		
		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.

1. Implement “Narrow Bridge” in 2014

- Covered California offer the opportunity to Medi-Cal Managed Care Plans that become Qualified Health “Bridge” Plans for continuity of care and keeping families together.
- Plans would meet Covered California plan criteria and offer standard benefits, but would have available a Sequenced Bidding Process to allow the Bridge Plans to bid to be the lowest cost silver plan for their enrollees.
- April 2014 Launch.
- Eligibility: Individuals transitioning from Medi-Cal or Medi-Cal/CHIP. Also household members in Medi-Cal/CHIP families. (Between 670,000 and 840,000 in 2014).

Streamlining QHP Solicitation Process

For Medi-Cal Managed Care Plans bidding to by Bridge Plans:

- Allow Medi-Cal Managed Care plans to respond only to those elements of the solicitation that are applicable to a non-commercial health plan.
- 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.



Streamlining QHP Solicitation Process

- **For Medi-Cal Managed Care applying to be Bridge Plans:**
 - Create a revised QHP certification timeline for Bridge Plans.
 - Allow Covered California to waive requirement that Bridge Plans offer all precious metal tiers and catastrophic plans. (Requires State Law Change).
 - Support policy to allow Bridge Plans to offer benefit contracts on an interim basis – not to exceed two years – while they pursue DMHC regulatory approval. This would address timelines necessary for material modifications of existing plan licenses.
 - Allow Medi-Cal quality reporting features such as HEDIS measures to be used in lieu of other quality data requirements.



2. “Broad Bridge” Conduct Further Discussions with Federal Government and Research Market Impact

- Concept builds on Narrow Bridge to include eligible population under 200% of FPL.
- Continue discussions with federal government and research on potential options.
- Assess market implications.

Next Steps Based on Board Action

- SBx1 3 (Hernandez) Bridge Plan
- Request Federal Approval
- Begin Implementation:
 - Qualified Health Plan selection processes
 - Build of CalHEERS enrollment systems

