

SUMMARY

The federal government has recently issued guidance that requires Covered California to revise its previously-adopted policies on stand-alone and supplemental vision benefits. The full implications and options for Covered California require additional time to consider how best to meet consumers' needs for these products. Because of this guidance, Covered California staff recommend that stand-alone and supplemental vision benefits not be offered for the 2014 plan year. Staff will work with stakeholder partners to assess other federally-permissible options for offering stand-alone and/or supplemental vision benefits beginning in 2015 or as soon thereafter as possible. If this recommendation is adopted, Covered California will take necessary administrative action to amend the active Supplemental Benefits Solicitation to reflect this change. This recommendation would not affect Covered California's plans to offer supplemental dental benefits.

BACKGROUND

Section 1302 of the Affordable Care Act defines ten broad categories of essential health benefits (EHBs), which include pediatric dental and vision care. All qualified health plans (QHPs) are required to offer all these benefits for products offered to individuals and small employers both in and out of an Exchange. The Affordable Care Act allows dental benefits to be provided through stand-alone plans as long as they include at least pediatric dental benefits that meet the EHB standard.

The Board previously adopted the following policies on ***stand-alone pediatric EHBs***, which are part of the essential health benefit package but would be offered through separate plans, and ***supplemental benefits***, which are benefits beyond EHBs such as adult dental or vision. That policy was to:

1. Allow bids from stand-alone plans offering EHB pediatric dental and vision benefits in both the individual Exchange and Small Business Health Options Program (SHOP).
2. Allow sale of supplemental dental and vision benefits in both the individual Exchange and SHOP, provided through either stand-alone plans or through embedded comprehensive QHP.

FEDERAL GUIDANCE

On March 29, 2013, the Center for Consumer Information and Insurance Oversight (CCIIO), the federal Health Benefit Exchange oversight agency, released a guidance entitled "Frequently Asked Questions on Reuse of Exchange for Ancillary Products." The guidance states that, because of sections 1311 and 1312 of the Affordable Care Act, an Exchange may only offer Qualified Health Plans ("QHPs"), including stand-alone dental plans, to qualified individuals and qualified employers. However, ancillary insurance products, which are not QHPs, may be

offered by separate state programs that share resources and infrastructure with a State-based Exchange provided the following conditions are met:

- The Exchange neither provides services nor makes non-QHPs available in a manner that is prohibited or inconsistent with the Affordable Care Act;
- The agency or program facilitating the coverage must be legally and publicly distinct from the Exchange;
- Federal funds must not be used to support these “non-Exchange activities” and Exchange user fees and assessments may not be used to support these non-Exchange activities, and
- To the extent that an Exchange resource is used for non-Exchange purposes, the cost of using the resource must be paid by the other, non-Exchange state program.

RECOMMENDATIONS TO CONFORM WITH FEDERAL GUIDANCE

Vision Benefits

Due to the March 29, 2013, guidance, stand-alone vision plans and/or supplemental adult vision benefits cannot be offered through Covered California without further research. To comply with this guidance for the 2014 plan year, staff recommend that pediatric EHB vision benefits be offered only through QHPs. Staff will work with CCIIO and stakeholder partners to assess other federally-permissible options for offering stand-alone and/or supplemental vision benefits beginning in 2015 or as soon thereafter as possible. If adopted, staff will take necessary administrative action to amend the active Supplemental Vision and Dental Benefits Solicitation to reflect this change.

Dental Benefits

The March 29, 2013, guidance, clarifies that supplemental adult dental benefits can be offered through Exchanges in stand-alone plans as long as coverage includes at least EHB-required pediatric dental benefits. This means that adult-only dental plans cannot be sold through Covered California. Covered California staff is evaluating whether this clarification will necessitate an amendment to Covered California’s solicitation approach for supplemental dental benefits.

Covered California Administrative Fees

If the staff recommendation is adopted, the Covered California fee assessment schedule for 2014 will be modified to exclude the planned assessment on stand-alone vision plans.

INPUT SOLICITED

Input on the recommendation outlined above should be sent to info@hbex.ca.gov by **Friday, May 3, 2013**, to be considered by the Board for action at a future board meeting.