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# Covered California Health Plan Contracting

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Board of Directors  
May 7, 2013

# Contract Development / Review Process

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- Broad engagement with plans and other stakeholders during 2012 re: expectations for plans in Exchange
- Board adopted Health Plan Contracting Policies – August 2012 - including 7 key active purchaser principles which were implemented in Solicitation and in Model Contract
- Draft Contract Version 2.0 released: 4/1/13
- Draft Contract Version 3.0 released: 4/19/13 and further revised on 4/22/2013
- Revisions based on Board direction – Webinar with Advisory Work Group and all commenters on 4/30/13; Bidder Calls on Performance Standards and Privacy/Legal Issues; confidential discussions with multiple plans
- Final Recommendation: 5/7/13

# Qualified Health Plan Selection and Contracting Timeline

(as of May 7, 2013, subject to revision)

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Activity	Date
Third Draft Model Contract Released	April 19, 2013 and April 22, 2013 revised
Model Contract Attachments Released	April 19, 2013 and April 22, 2013 revised
Public Comments Due on Third Draft Model Contract	April 26, 2013
Board Action on Staff Final Recommendations	May 7, 2013
Model Contract – Final	May 8, 2013 ( tentative)
Board Action on Contract – Performance Standards	May 23, 2013
Tentative QHP Certifications and Initial Contract Agreement	May 23, 2013
Reasonableness Rate Review by Regulators	May 23 - June 2013
Final Contracts Signed and Certification of Covered California Plans	June 30, 2013
Covered California Plans Loaded into CalHEERS	Beginning July 1, 2013

# Covered California: Model Contract Version 3.0

## Major Issues Addressed on April 23, 2013

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1. Active Purchaser Versus “Third Regulator”
2. Plans’ Legal Obligations Are Reinforced
3. Contract Should be More Balanced/ Mutual
4. Phase In Covered California As a Catalyst for Delivery System Reform
5. Assure Language Assistance For Enrollees
6. Promoting Primary Care to Support Coordinated Care Initiatives
7. Collect Information to Address Health Disparities
8. Define Core Terms
9. Promote Transparency at the Provider Level
10. Assure High Quality Care for At-Risk Population
11. Performance Accountability – For Both Contractors and Covered California
12. Allow for the Potential for Additional Public Subsidies

# Comments Received on Contract To Version 3.0 After 4/23/2013 Board Meeting

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- Confidential comments from five potential bidders
- Asian Pacific American Legal Center
- California Academy of Family Physicians
- California Association of Health Plans
- California Association of Physician Groups
- California Association of Public Hospitals and Health Systems
- California Health Care Coalition
- California Hospital Association
- California Medical Association
- California Pan-Ethnic Health Network
- California Primary Care Association
- Consumers Union
- Health Access
- Health Insurance Alignment Project
- Local Health Plans of California
- March of Dimes Foundation
- National Health Law Program
- Pacific Business Group on Health
- Planned Parenthood
- Service Employees International Union
- Transgender Law Center
- Western Center on Law and Poverty



# Covered California Model Contract :

## Issues and Final Recommendations: May 7, 2013

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- Clarification of legal terms (throughout Contract: rights/responsibilities of Exchange, indemnification, assuring privacy protection)
- Re-organized Delivery Reform Section in general for clarity and better flow (Attachment 7.)
- Maintained requirements for cost and quality transparency (plan and provider) (Att. 7, Sec. 3.03; Contract, 3.09(f))
- Promoting delivery reform – bolstered cooperative/collaborative framing and phased-in many data submission and reporting requirements (Att. 7., Sec. 1.01 and throughout)
- Require Exchange and Plans to jointly develop a viable approach to reducing health disparities, including data collection (Att. 7., Sec. 1.03)

# Covered California: Final Recommendation May 7, 2013 Major Issues

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- Added requirement for notice to providers of enrollees' who have not made premium payments during "grace period" (Sec. 3.25)
- Added requirement, in absence of state law, for issuers to terminate current plans in force that are not compliant with the Affordable Care Act as of 12/31/13 to create level playing field (Sec. 3.04(b))
- Clarify the SHOP participation fee of \$18.90 PMPM (Sec. 503(a)(ii)).
- Added Performance Penalties and Credits for Covered California to achieve and postponed Board action on Performance Standards and Penalties/ Credits to May 23, 2013 Board meeting (Attachment 14).

# Covered California: Decisions re: Benefit Plan Designs

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- No Health Savings Account plans will be allowed/offered at the Silver Actuarial value in 2014.
  - Confounded lowest and second lowest silver plan array in many regions.
  - No ability to offer a Plan Variation for those who qualified for Cost-Sharing Reduced Plans.
  - Health Savings Account Plans were not requirements for QHP bidders.
- No alternate plan designs will be allowed/offered for the Individual Exchange.
  - Alternate Benefit Plan designs were not required in the Solicitation and bidders were on notice that these plans would be carefully scrutinized.
  - Confusing to consumer when benefits and actuarial value are the same as the standard plan designs.
  - Many were similar to the standard plan designs
  - Many were good candidates for SHOP but not Individual Exchange
  - Plans can still innovate outside of the Exchange and we can learn from those lessons for 2015