Plan Management Advisory Workgroup Meeting

June 9, 2022

AGENDA

Time	Topic	Presenter
10:00 – 10:05	Welcome and Agenda Review	Rob Spector
10:05 – 10:20	Affordability Contingency Planning	Katie Ravel
10:20 – 10:40	Mental Health Parity Testing impact to Benefit Designs	Jan Falzarano
10:40 – 11:00	Open Forum	All

2023 AFFORDABILITY CONTINGENCY PLANNING

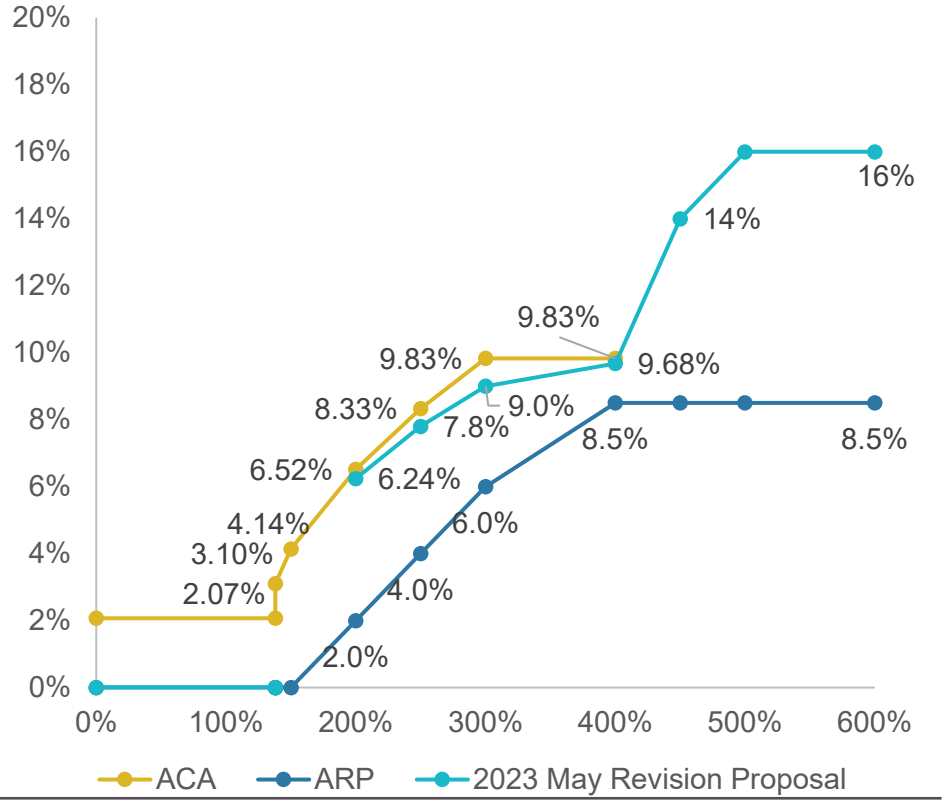
Katie Ravel, Director
Policy, Eligibility & Research Policy

MAY REVISION PREMIUM SUBSIDY PROPOSAL

- The Governor's May Revision was released on May 13, 2022. If federal action is not taken to extend American Rescue Plan Act premium subsidies for 2023 and beyond, the May Revision proposes to reinstitute California's state premium subsidy program that was in effect in 2020 and 2021, modified to provide additional support to individuals with incomes between 400 and 600 percent FPL to cap the required contribution for a benchmark at 16 percent.
- Proposed funding in the May Revise is $304 million from the Healthcare Affordability Reserve Fund. Future year funding for the state subsidy program will come from the state General Fund.

PROPOSED 2023 CALIFORNIA PREMIUM SUBSIDY ROGRAM DESIGN BASED ON MAY REVISION

- Eliminates the ACA “cliff” for enrollees with income between 400 and 600% FPL. Reduces the required contribution to 16% for enrollees with incomes between 500% to 600% of FPL compared to the 2021 program design.
- Provides state support to individuals with income between 200% and 400% FPL. Increases the required contribution percentage at 300% FPL from 8.9% to 9.0% compared to the 2021 program design.
- Lowers the required contribution to 0% for enrollees under 138% FPL consistent with the 2021 program design.



OVERVIEW OF THE DRAFT PROGRAM DESIGN DOCUMENT

- The draft 2023 program design document is based on the previously adopted 2021 program design document with five main components:

1. Establishes the required contribution amounts for the state premium subsidy for 2023 based on the 2021 design and consistent with the parameters included in the May Revision proposal, namely a $304 M budget target and a required contribution cap of 16% of income.

2. Establishes the calculation of the advanced payment of the state premium subsidy which mirrors the calculation of the federal premium tax credit with the exception that the advanced payment of the state premium subsidy amount is reduced by any federal advance payment of the premium tax credit. Establishes eligibility requirements for state premium assistance that mirror the requirements for the federal premium tax credit with the exception of the federal income limits.

3. Defines key terms related to the calculation of the state premium assistance.

4. Establishes reconciliation caps for 2023 consistent with the latest federal reconciliation caps.

KEY MILESTONES FOR 2023 PLAN YEAR

Milestone	Estimated Timeframe
Discuss Draft 2023 Program Design Document – May Board Meeting	May 19, 2022
Adopt 2023 Program Design Document – June Board Meeting	June 16, 2022
System Testing for the 2023 Plan Year	July – August 2022
CalHEERS Release for the 2023 Plan Year	September 2022
2023 Renewals Begin	October 2022

MENTAL HEALTH PARITY TESTING IMPACT TO BENEFIT DESIGNS

Jan Falzarano, Deputy Director
Plan Management

MENTAL HEALTH PARITY LAWS

- The federal Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (MHPAEA) requires commercial plans that offer mental health and substance use disorder benefits in a comparable manner to medical and surgical benefits
- California's Mental Health Parity Act requires health plans/insurers to provide full coverage for the treatment of all mental health conditions and substance use disorders (MH/SUD)
- Essence of Parity: MHPAEA requires that group health plans and insurance issuers offering group or individual health insurance coverage ensure that the financial requirements (FR) and treatment limitations (TL) on MH/SUD benefits they provide are no more restrictive than those on medical/surgical benefits

MHPAEA'S PARITY TESTING

- Annually, each health plan is required to do their own parity testing using their claims data. Plans may have different outcomes based on their claims experience

- Issuers must meet parity standards in these areas:
  - **Financial requirements (FR) - applies to coinsurance, copays, deductibles and other financial requirements**
  - **Quantitative Treatment Limits (QTL) - day or visit limits or number of items, devices**
  - **Nonquantitative treatment limits (NQTL) - prior authorization policies, formulary design, geographic restrictions**

- These standards are applied according to the classification of benefits:
  - Benefits Classification (eight coverage classification)
    - Inpatient (in-network, out-of-network)
    - Outpatient office visits (in-network, out-of-network)
    - Outpatient services other than office visits (in-network, out-of-network)
    - Emergency care
    - Prescription drugs

MENTAL HEALTH PARITY AND AV COMPLIANCE

- Kaiser annually follows the methodology for calculating MHPAEA compliant financial requirements and cost sharing in the development of its product portfolios

- In the course of 2023 individual and small group portfolio development, Kaiser determined that the cost share for MH/SUD benefits in one or both outpatient classifications would need to be set at $0 in some plans to ensure MHPAEA compliance. When cost share for MH/SUD benefits in the outpatient-office visit subclassification is adjusted to $0, two standard plan designs in Kaiser's 2023 individual and small group on-exchange products fall outside the required AV range:
  - **CCSB Silver 70 HMO copay and CCSB/Individual Bronze 60**

The main factor driving this change is an increases in utilization of zero-dollar benefit services on the medical/surgical side, including telehealth encounters (for which Kaiser does not currently charge cost shares)

- Covered California's endnote 21 permits deviations from the standard plan designs for services subject to MHPAEA. Covered California will be slightly revising this endnote for Board approval.

- To bring the two standard plans back into AV range, Kaiser will modify their plan designs with the following adjustments:
  - **CCSB Silver 70 HMO**
    - Increase drug deductibles to $370 (2023 SBD is set at $300)
      Rationale: Kaiser believes this adjustment will have limited impact on their members since their physicians prescribe generic medications where medically appropriate that are more affordable.(Tier 1 drugs are not subject to the deductible in this plan).
  - **CCSB and Individual Bronze 60**
    - Increase Maximum Out of Pocket to $8600 (2023 SBD is set at $8200)
      Rationale: for this adjustment: Increasing the Maximum out of Pocket by $400 allows Kaiser to make a single adjustment to the plan to meet AV range and minimizes impact to consumers.

KAISER'S MODIFIED BENEFIT DESIGNS

CCSB Silver 70 HMO

Benefit	CCSB-only Silver Copay		CCSB-only Silver Copay Kaiser Adjustments	
	Ded	Amount	Ded	Amount
Deductible				
Medical Deductible		$2,500		$2,500
Drug Deductible		$300		$370
Coinsurance (Member)		30%		30%
MOOP		$8,750		$8,750
ED Facility Fee	X	30%	X	30%
Inpatient Facility Fee	X	40%	X	40%
Inpatient Physician Fee		40%		40%
Primary Care Visit		$55		$55
Specialist Visit		$90		$90
MH/SUD Outpatient Services		$55		$0
Imaging (CT/PET Scans, MRIs)	X	$300	X	$300
Speech Therapy		$55		$55
Occupational and Physical Therapy		$55		$55
Laboratory Services		$55		$55
X-rays and Diagnostic Imaging		$90		$90
Skilled Nursing Facility	X	40%	X	40%
Outpatient Facility Fee	X	35%	X	35%
Outpatient Physician Fee		30%		30%
Tier 1 (Generics)		$19		$19
Tier 2 (Preferred Brand)	X	$85	X	$85
Tier 3 (Nonpreferred Brand)	X	$110	X	$85
Tier 4 (Specialty)	X	30%	X	30%
Tier 4 Maximum Coinsurance		$250		$250
Maximum Days for charging IP copay				
Begin PCP deductible after # of copays				

CCSB and Individual Bronze 60

Benefit	IND/CCSB Bronze		IND/CCSB Bronze Kaiser Adjustments	
	Ded	Amount	Ded	Amount
Deductible				
Medical Deductible		$6,300		$6,300
Drug Deductible		$500		$500
Coinsurance (Member)		40%		40%
MOOP		$8,200		$8,600
ED Facility Fee	X	40%	X	40%
Inpatient Facility Fee	X	40%	X	40%
Inpatient Physician Fee	X	40%	X	40%
Primary Care Visit	X	$65	X	$65
Specialist Visit	X	$95	X	$95
MH/SUD Outpatient Services	X	$65	X	$0
Imaging (CT/PET Scans, MRIs)	X	40%	X	40%
Speech Therapy		$65		$65
Occupational and Physical Therapy		$65		$65
Laboratory Services		$40		$40
X-rays and Diagnostic Imaging	X	40%	X	40%
Skilled Nursing Facility	X	40%	X	40%
Outpatient Facility Fee	X	40%	X	40%
Outpatient Physician Fee	X	40%	X	40%
Tier 1 (Generics)	X	$18	X	$18
Tier 2 (Preferred Brand)	X	40%	X	40%
Tier 3 (Nonpreferred Brand)	X	40%	X	40%
Tier 4 (Specialty)	X	40%	X	40%
Tier 4 Maximum Coinsurance		$500*		$500*
Maximum Days for charging IP copay				
Begin PCP deductible after # of copays		3 visits		3 visits

NEXT STEP

- Information item at June Board meeting to share Kaiser's modified benefit design for two products: CCSB Silver 70 HMO and CCSB/IND Bronze 60

- Action item:
  - Minor revision to 2023 Patient Centered Benefit design to list the HDHP MOOP limit of $7000 rather than a general reference to "see endnote"
  - Minor revision to the 2023 endnotes on
    - **Endnote #31** - The out-of-pocket maximum in the Bronze HDHP shall ~~be equal to~~ not exceed the maximum out-of-pocket limit specified by the IRS in its revenue procedure for the 2022 calendar year for inflation adjusted amounts for HDHPs linked to Health Savings Accounts (HSAs), issued pursuant to section 26 U.S.C Section 223.
    - **Endnote #21** - Covered California may approve deviations from the benefit plan designs ~~cost-sharing~~ for certain services on a case-by-case basis, if necessary to comply with ~~subject to~~ the California Mental Health Parity or federal Mental Health Parity and Addiction Equity Act (MHPAEA). ~~may be different but not more than those listed in these patient-centered benefit plan designs if necessary for compliance with MHPAEA.~~

OPEN FORUM