



**COVERED**  
**CALIFORNIA**

**Ad Hoc Dental Technical Work Group**

November 13th, 2013

# Agenda

**Ad Hoc Dental Technical Advisory Workgroup  
Meeting and Webinar  
Wednesday, November 13, 2013  
12:00 noon – 2:00 p.m.**

**Covered California  
Golden Gate Conference Room  
560 J Street, Suite 290  
Sacramento, CA 95814**

<b>Agenda Items</b>	<b>Suggested Time</b>
<b>Welcome and Agenda Review (Ellen Wu)</b>	<b>12:00-12:10 (10 min.)</b>
<b>Wakely Report – Review and Comment (Casey Morigan)</b>	<b>12:10-1:20 (80 min.)</b>
<b>Break</b>	<b>1:20-1:30 (10 min.)</b>
<b>Wrap-up and Next Steps</b>	<b>1:30-2:00 (30 min)</b>

Send public comments to [qhp@hbex.ca.gov](mailto:qhp@hbex.ca.gov)

# Ad Hoc Dental Technical Advisory Workgroup

- **Ad Hoc**
- **Membership**
- **December 2013 and Quarterly in 2014**

# OPTIONS FOR COVERED CALIFORNIA TO OFFER PEDIATRIC DENTAL COVERAGE IN 2015

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NOVEMBER 13, 2013

# Board of Directors' charge from August meeting

“The Board fully recognizes the value of preventive oral health for California’s children, and embraces a policy that includes pediatric dental services embedded into contracted health plans. It is the Board’s intention to make pediatric dental health available to families as an embedded benefit through the Exchange no later than the 2015 plan year, recognizing the technical and rating complexities involved with doing so...therefore....the Board hereby directs the staff to ...draft a recommendation for embedded pediatric dental benefits in consultation with stakeholders for Board approval before the end of this year.”

# Q4 2013 Pediatric Dental Re-start

## Pediatric Dental Policy Development Proposed Timeline

Date	Milestone
August 22	Scope of work developed and shared at scheduled Board meeting
October 15	Draft analysis completed
October – November	Draft analysis shared with stakeholders for comment
November 21	Recommendations presented to the Board for discussion and public comment
December 19	Recommendations presented to the Board for action

# COVERED CALIFORNIA PEDIATRIC DENTAL 2015

## Policy

- Back to basics and architecting POLICY
  - *What is the “best” public policy for California’s children?*
  - *What should Californians be mandated to purchase?*
  - *Who should pay?*
- Policy decisions guide building the solution

## Product

- Based on Policy decisions build the PRODUCT
  - *Is it best to embed the benefit or bundle?*
  - *Should there be a single shared medical and dental OOPM? How will cost sharing work?*
  - *How will products be billed?*

## Portfolio

- Based on Policy decisions build the PORTFOLIO
  - *How many options are in the portfolio?*
  - *Which should be offered? Embedded, bundled or stand-alone?*
  - *What happens when you place a 10 EHB next to a 9.5 EHB?*

# Proposed Policy Objectives

## *Primary:*

- 1. Maximize the availability of the advanced premium tax credit for the pediatric dental benefit**
- 2. Ensure the enrollment of all eligible children ( $\leq 18$ ) in the pediatric dental benefit**

## *Additional:*

3. Ensure the application of all consumer protections to the dental benefit
4. Fairly spread the cost of the dental benefit across populations with and without children
5. Equalize benefit design (coverage) on and off the Exchange
6. Structure cost sharing to ensure a meaningful dental benefit (OOPM, deductibles)

# Review of Health Plan Definitions

The Affordable Care Act requires Covered CA to offer consumers health plans covering 10 Essential Health Benefits (EHBs). “Pediatric Services” (dental and vision) comprise one of the ten benefits, and pediatric dental can be referred to as a “0.5” benefit. The following health plan definitions reference the 10 Essential Health Benefits:

**0.5 plan** – a stand-alone dental plan that includes pediatric dental coverage

**9.5 plan** – a health insurance plan that does NOT include pediatric dental coverage, but includes the remaining 9.5 Essential Health Benefits

**10.0 plan** – a health insurance plan that includes coverage for all 10 Essential Health Benefits (including pediatric dental)

- **Embedded** - a single policy and premium covering all 10 Essential Health Benefits. Pedi-dental coverage is “embedded” in the health plan
- **Bundled** - two distinct 9.5 and 0.5 insurance policies sold together as a package

**After considering a range of options\* to achieve our policy objectives, one recommendation was selected from three finalists.**

**A. Change/waiver in CMS regulations to add 2<sup>nd</sup> lowest 70% stand alone dental premium for calculating advanced premium tax credits, and screen for pedi-dental at “check-out,” or**

**B. Work with issuers to offer 10.0 embedded essential health benefits and 0.5 dental plans, or**

**C. Solicit both embedded 10.0 and 9.5 plans, except for the Silver level (10.0 only), and screen for pedi-dental at “check-out.”**

*\* All considered options can be viewed in the full Wakely Report*

## Recommended Option:

### **B. Work with issuers to offer 10.0 embedded essential health benefit and 0.5 dental plans for 2015**

- Require dental-only deductible
- Require “protected” dental out-of-pocket-maximums, wherever possible
- Require single out-of-pocket maximum for high deductible plans, including catastrophic
- Consider changing age curve to eliminate cross subsidization of embedded pediatric dental

# Summary comparison of the recommended option with default option - separate health and dental plans

- Recommended Option: 10.0 – Protected Out-Of-Pocket Maximum
  - 10.0 embedded pedi-dental, with a dedicated \$1,000 dental out-of-pocket maximum and \$6,350 total out-of-pocket maximum (2X for family).
  - Modeled with a separate dental deductible (as in current .5 plans)
- Default Option: Separate 9.5 +.5 Policies – Under SB 639
  - Medical out-of-pocket maximum reduced by \$1,000 (\$2,000 for Family) and premiums increase ~ 1.5%

## Assumptions:

- Impact assumes family of four is purchasing a .5 stand alone dental plan under the 9.5 +.5 option
- Plan designs, estimated claim costs, and premium are reflective of 2014

# Family of Four - Impact of recommendation relative to default

- **Helped** Families generally benefit as premiums will be lower than under default due to –
  1. A higher out-of-pocket maximum on medical (\$6,350 vs. \$5,350) and
  2. The cost of pediatric dental is spread across entire population, including adults without dependent children
- **Hurt** Those who are hurt generally have out-of-pocket costs higher than \$5,350/\$10,700 that are not offset by the premium decrease
- **FPL\*** Similar for those between 250-400% of federal poverty level; Eligibility for tax credits increases % and magnitude of those helped by recommended option

FPL\* - Those eligible to receive the advanced premium tax credits

# Single Adult – Impact of recommendation relative to default

- **Helped** As the premium is lower, most single adults benefit from recommended of recommended option relative to default
- **Hurt** Those who are hurt have out-of-pocket costs higher than \$5,350/\$10,700 that are not offset by the premium decrease
- **FPL\*** Most single adults who qualify for a federal subsidy would be indifferent to either option; Those who would be hurt by recommended option relative to default would be those with out-of-pocket costs higher than \$5,350/\$10,700

FPL\* - Those eligible to receive the advanced premium tax credits

# Illustrative impact of recommended option\* vs. default\*\*

	Impact of recommended option vs. default					
	Unsubsidized			APTC Subsidized		
	Helped	Hurt	Total	Helped	Hurt	Total
<b>Family of Four (per year)</b>						
% of Families	85.6%	14.4%	100.0%	85.9%	14.1%	100.0%
Average (Savings)/Cost	(\$461)	\$584	(\$311)	(\$454)	\$573	(\$309)
Range of (Savings)/Cost	(\$461) - \$0	\$0 - \$1,539	(\$461) - \$1,539	(\$454) - \$0	\$0 - \$1,546	(\$454) - \$1,546
<b>Single Adult (per year)</b>						
% of Single Adults	93.8%	6.2%	100.0%	Unaffected	6.2%	100.0%
Average (Savings)/Cost	(\$23)	\$977	\$39		\$1,000	\$62
Range of (Savings)/Cost	(\$23) - \$0	\$0 - \$977	(\$23) - \$977		\$0 - \$1,000	\$0 - \$1,000

*Note: Amounts and ranges, while best estimates, are illustrative. Actual experience will vary.*

*\* Refers to Option 2 in the Wakely Report*

*\*\* Refers to Options 5/6 in the Wakely Report*

# Additional premium on single adults

- While most will benefit from the recommended option, additional premium will be charged to the unsubsidized; including single adults
- The current age rating methodology causes older adults to be disproportionately affected
- The estimated 15% of enrollees who would benefit from pediatric dental would pay 6% of the costs; the other 94% would be paid for by adults who don't benefit from embedding

Age	Age Factor	↑ in Annual Premium*
0-20	0.635	\$15
21-24	1.000	\$24
40	1.278	\$30
50	1.786	\$43
60	2.714	\$65
64	3.000	\$72
Average	1.455	\$35

\* Change in annual premium is an estimate with many dependencies; amounts depicted are based on an estimate for illustrative purposes

## Recommendation recap:

### **Work with issuers to offer 10.0 embedded essential health benefit and 0.5 dental plans for 2015**

- Require dental-only deductible**
- Require “protected” dental out-of-pocket-maximums, wherever possible**
- Require single out-of-pocket maximum for high deductible plans, including catastrophic**
- Consider changing age curve to eliminate cross subsidization of embedded pediatric dental**

# Methodology for Analysis

- **Plan Designs**

- In analysis of costs, medical plan used is Silver with \$900 deductible, 30% coinsurance, and \$6,350 OOPM; stacked deductible and out-of-pocket maximum
- Stand alone dental plan proxies the Standard California PPO Low Option

- **Methodology**

1. Medical and dental annual claim amounts trended to 2014 and simulated 10,000 times for a each member of a family of four and a single adult
2. For each of option, the resulting claim costs and out-of-pocket expenses were determined
3. The net total annual impact (including out-of-pocket costs, premiums, and advanced premium tax credits) of selecting the recommended option was determined
4. The comparison is displayed separately for a family of four and a single adult ( $\geq 21$ ) and for those eligible for advanced premium tax credits
5. The resulting net impacts on a household's premium and out-of-pocket costs are separated into those who were "helped" or "hurt" by the recommended option - including by how much (average and range of "help" or "hurt").

# THANK YOU

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