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# Final Award of 2014 Seal of Approval VOTE

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# Objectives of the 2014 Seal of Approval



**At the core of Health Connector 2.0 strategy...**

**the 2014 SoA strives to:**

- Serve Marketplace customers with a vibrant platform of well-designed, market-leading products
- Provide a simple, transparent and consumer-centric shopping experience
- Promote competition and innovation

**...with several key levers:**

- Competitive bidding for the ConnectorCare program
- A preserved and strengthened standardized product shelf
- A selection of high-value non-standardized plans
- New additions to the portfolio: tiered-copay, catastrophic and dental plans

# 2014 Seal of Approval Results



- The 2014 Seal of Approval has delivered strong results
- The ConnectorCare program, which serves the bulk of our anticipated membership in 2014, has succeeded in preserving many strengths of Commonwealth Care, including protecting access and affordability for the 0-300% FPL population
- An overhauled product shelf will offer a simple, transparent shopping experience as well as additional choice. A host of new products, including dental plans, will be offered for the first time
- We will have the highest level of carrier participation ever, with 10 medical carriers and 5 dental carriers
- 2014 market-average premium rates, which affect the Health Connector as well as the broader merged market, have maintained an extraordinarily low increase of 1.9%

# 2014 Seal of Approval Timeline



- We are seeking Board approval today to award the final Seal of Approval for health and dental benefit plans to be offered through the Health Connector for coverage effective in 2014
- Today's recommendation incorporates the Health Connector's and the Division of Insurance's (DOI) review of premium rates, licensure, accreditation, network adequacy, service area and, in the case of ConnectorCare Issuers, demonstrated ability to serve lower-income populations

Jan 2013	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	
	★ 2/15 RFP Launch			★ 5/1 Proposal Due		★ 6/13 Conditional SoA Awarded		★ 7/1 Premium rate filing due to DOI		★ <u>(Today) 9/12 Final SoA Awarded</u>		
									★ 10/1 Open Enrollment			

# Overview of 2014 Seal of Approval Requirements



	ACA Standards for QH/DPs	Health Connector SoA Requirements
QHPs	<ul style="list-style-type: none"> <li>▪ Licensure and accreditation</li> <li>▪ Network adequacy</li> <li>▪ Service Area (prohibition on “cherry-picking” against under-served markets)</li> <li>▪ EHB, cost-sharing limits and actuarial value requirements</li> <li>▪ Premium Review</li> </ul>	<ul style="list-style-type: none"> <li>▪ Must offer standardized plans: 2 Platinum, 3 Gold, 1 Silver, 1 Bronze               <ul style="list-style-type: none"> <li>- At least one each on broadest commercial network</li> <li>- Option to propose non-standardized plans (certain Issuers required to propose tiered-network plans)</li> </ul> </li> <li>▪ Must propose a catastrophic plan</li> <li>▪ Must propose a “wrap-compatible” Silver plan</li> </ul>
QDPs	<ul style="list-style-type: none"> <li>▪ Fair marketing practice</li> <li>▪ Transparency of coverage</li> <li>▪ All other requirements necessary for DOI approval</li> </ul>	<ul style="list-style-type: none"> <li>▪ Must offer standardized plans: pediatric only, high, and low</li> <li>▪ Option to propose non-standardized plans</li> </ul>

# Proposal Summary & Recommendation

## ConnectorCare Recommendation

Qualified Health Plan (QHP) Recommendation

Qualified Dental Plan (QDP) Recommendation

Board Vote

# ConnectorCare Framework & Summary



- The ConnectorCare program has been designed to replicate the successful Commonwealth Care program, including its benefits, premiums and cost-sharing, as well as carrier and provider choices
- To do so, the Commonwealth is investing additional state dollars to “wrap” ACA tax credits and subsidies for the population earning up to 300% FPL that is eligible for coverage through the Health Connector
- To maximize affordability of the new program for the Commonwealth, we leveraged elements of the Commonwealth Care procurement model to select a sub-set of qualified Issuers with the most competitive pricing in the merged market to offer ConnectorCare plans
  - Also looked at network adequacy, experience and ability to serve this population, value-added benefits (e.g., tobacco cessation coverage) and overall value, among other factors
- After careful review of Issuer responses and final premiums, we selected the following Issuers to offer ConnectorCare plans in Massachusetts:

Boston Medical Center HealthNet Plan • CeltiCare • Fallon Community Health Plan  
Health New England • Neighborhood Health Plan • Network Health • Minuteman Health

# ConnectorCare QHP Premium Summary



**The rates offered by selected ConnectorCare Issuers are analogous to Commonwealth Care rates\*, and the majority of members will have 5 ConnectorCare plans to choose from – more than the choice most have today!**

Wrap Plans**	Region A		Region B		Region C		Region D		Region E		Region F		Region G	
	Western MA (010, 013)		Central MA (014, 016)		Metro West (017, 020)		Northeast (018, 019)		Boston/Greater Boston (021, 022, 024)		Southeast (023, 027)		Cape/Islands (025, 026)	
<b>Lowest</b>	NWH	\$240.15	NHP	\$254.36	BMCHP	\$249.47	BMCHP	\$236.14	BMCHP	\$250.48	BMCHP	\$248.96	BMCHP	\$234.12
<b>2<sup>nd</sup> Lowest</b>	BMCHP	\$247.95	NWH	\$280.27	NWH	\$272.36	NHP	\$261.42	NWH	\$275.09	NWH	\$266.90	NWH	\$266.90
<b>3<sup>rd</sup> Lowest</b>	NHP	\$254.36	CeltiCare	\$280.39	NHP	\$275.55	MM	\$279.05	NHP	\$289.69	MM	\$271.47	NHP	\$275.55
<b>4<sup>th</sup> Lowest</b>	CeltiCare	\$276.24	BMCHP	\$301.53	MM	\$285.22	NWH	\$285.73	CeltiCare	\$295.49	NHP	\$275.55	-	-
<b>5<sup>th</sup> Lowest</b>	HNE	\$324.10	FCHP Dir.	\$314.27	CeltiCare	\$296.67	CeltiCare	\$308.52	MM	\$298.98	CeltiCare	\$290.16	-	-

\* Adjusted for actuarial value differences.

\*\* Premiums reflect a 40-year-old individual.



# Proposed ConnectorCare Enrollee Contribution Schedule



**Member premiums will also equal or closely mirror those in Commonwealth Care, ensuring that health insurance is just as affordable for members tomorrow as it is today!**

Commonwealth Care FY13					
	I	IIA	IIB	IIIA	IIIB
<b>BMCHP</b>	\$0	\$0	\$40	\$78	\$118
<b>NWH</b>	\$0	\$3	\$45	\$85	\$126
<b>CeltiCare</b>	\$0	\$12	\$58	\$105	\$147
<b>NHP</b>	\$0	\$28	\$81	\$138	\$182
<b>Fallon</b>	\$0	\$28	\$81	\$138	\$182

ConnectorCare 2014*					
	I	IIA	IIB	IIIA	IIIB
<b>Lowest</b>	\$0	\$0	\$40	\$78	\$118
<b>2<sup>nd</sup></b>	\$0	\$10	\$56	\$100	\$142
<b>3<sup>rd</sup></b>	\$0	\$16	\$65	\$112	\$155
<b>4<sup>th</sup></b>	\$0	\$20	\$71	\$120	\$164
<b>5<sup>th</sup></b>	\$0	\$26	\$81	\$133	\$178

*\*All regions, blended average; ordering of Plans differs by region*

- Consistent with today's approach, the base enrollee premiums for members selecting the lowest cost ConnectorCare plan in their region equals that in Commonwealth Care for FY13-FY14, and Plan Type I members (exclusively AWSS going forward) will not be charged a premium, regardless of which plan they choose
- Also, consistent with our approach today, the Health Connector is incorporating a moderate subsidy that applies to all ConnectorCare plans proportionally so that overall enrollee premium spread for each Plan Type will be comparable to FY13-14 Commonwealth Care

# ConnectorCare Overall Results



- Because of the competitive selection process for ConnectorCare plans, we will be able to continue to serve our lower-income members with high-quality, affordable health plans
- Member experience will be comparable, with the same robust access to care through a wide and diverse network of providers
- More plan choices will be available – including all plans currently in Commonwealth Care, MassHealth and a new entrant, the federally-certified cooperative, Minuteman
- And, these premiums, networks and plan choices will be available to a broader population than ever before – including individuals served by other Commonwealth programs, certain higher education students, and individuals with access to unaffordable employer-sponsored insurance
- The selected Issuers offered competitive rates that will ease the burden on the Commonwealth of maintaining affordable coverage for those currently eligible for Commonwealth Care

# Proposal Summary & Recommendation



ConnectorCare Recommendation

**Qualified Health Plan (QHP) Recommendation**

Qualified Dental Plan (QDP) Recommendation

Board Vote

# QHP Framework & Summary



- The heart of the Health Connector’s 2014 QHP product shelf is a fully-redesigned, standardized product portfolio
  - Our standardized plans make up the lion’s share (75%) of products offered
  - The portfolio has been reconfigured to better match what market trends suggest people and small employers actually want to buy
- We have retained all of the existing Commonwealth Care and Commonwealth Choice Issuers – plus one new entrant to the market: Minuteman Health (the new cooperative)
  - DOI approved Minuteman’s application for licensure after reviewing its organizational structure, provider contracts and network, plan designs, rates, etc.
  - The Health Connector also reviewed Minuteman’s first-time proposal against our Seal of Approval requirements as outlined in the 2014 RFR
- We are also offering a number of new non-standardized plans, as detailed in our recommendation for the conditional award of the SoA in June
  - Minor changes relative to the conditional SoA portfolio as select carriers withdrew offering of certain plans in certain geographies

# QHP Framework & Summary (cont'd)



- The DOI reviewed all proposed premium rates in accordance with ACA requirements
  - Base (index) rates, developed taking into account claims experience, reasonable trend adjustment, changes related to EHB, rating methodology, risk adjustment and other ACA factors
  - Plan-specific adjustment factors (e.g., actuarial value (AV), provider network, non-EHB benefits and services) and individual/small group rating factors
    - Must reflect “single risk pool” principle
    - Age factors must align with the 2:1 curve defined by the DOI

**Average base rate trend is only 1.9%!**

- The Health Connector also reviewed premiums, after they were put on file with the DOI, to determine overall value added to our shelf, particularly our non-standardized shelf and our ConnectorCare shelf, as previously described

# QHP Premiums



- There is a wide range of premiums on the Health Connector's product shelf:

	Plat. A	Plat. B	Gold A	Gold B	Gold C	Silver	Bronze	Cat.
Highest	\$663.72	\$575.14	\$505.38	\$511.23	\$499.53	\$405.20	\$341.74	\$282.93
Lowest	\$348.04	\$341.19	\$283.88	\$294.20	\$290.30	\$252.66	\$202.36	\$126.68
Mean	\$497.86	\$475.04	\$396.39	\$405.13	\$394.00	\$313.64	\$273.55	\$236.09

*Showing standardized plans only; premiums reflect a 40 year old individual living in Central MA*

- Differences in Issuer pricing are attributable to several factors, including underlying provider contracts, medical management programs, coverage of non-EHB benefits and services, etc.
- Some individuals will get help paying these premiums with tax credits (particularly the 300-400% FPL population)
- Some businesses will also get a break on their premiums by shopping through the Health Connector – including up to 50% in federal tax credits and 15% for participating in Wellness Track

# QHP Product Shelf



Qualified Health Plans		Total	QHPs by Metallic Tier				Unique Plan Designs*
			Plat	Gold	Silver	Bronze	
Standardized plans	Required	70	20	30	10	10	
	Optional	16	4	6	3	3	
	<b>Subtotal</b>	<b>86</b>	<b>24</b>	<b>36</b>	<b>13</b>	<b>13</b>	<b>7</b>
Non-standardized plans	Small Group	19	2	10	5	2	
	Non-Group	14	0	9	3	2	
	<b>Subtotal</b>	<b>19</b>	<b>2</b>	<b>10</b>	<b>5</b>	<b>2</b>	<b>15</b>
<b>Subtotal Recommended (by Metallic Tier)</b>		<b>105</b>	<b>26</b>	<b>46</b>	<b>18</b>	<b>15</b>	
Catastrophic Plans		9					1
<b>Total Recommended</b>		<b>114</b>					<b>23</b>

\*Different configurations of standardized plan designs are considered one “unique plan design”.

# Proposal Summary & Recommendation



ConnectorCare Recommendation

Qualified Health Plan (QHP) Recommendation

**Qualified Dental Plan (QDP) Recommendation**

Board Vote



# QDP Framework and Summary



- For the first time, the Health Connector will be offering dental coverage, facilitating access to a variety of high-value dental plans through a transparent, apples-to-apples shopping experience for individuals and small businesses in Massachusetts
- Since June, the DOI and Health Connector have collaboratively reviewed proposed premium rates, underlying rating methodologies, anticipated loss ratios, administrative expenses, rating factors, etc.
- Additionally, the Health Connector took a portfolio view to determine whether the QDPs which received the conditional SoA were competitively priced relative to the carrier's portfolio and had rates reflective of the benefits and cost-sharing
- Based on this review, Health Connector staff recommends awarding the Final Seal of Approval to 24 of the 31 QDPs which received the Conditional Seal of Approval
- The Connector worked with carriers to streamline the shelf: seven (7) previously recommended plans will not be offered in the final SoA portfolio:
  - Delta's standardized family plans on the PPO network
  - Several of Delta's non-standardized plans, including family exclusive network EPO plans with and without low pediatric AV, low-AV pediatric plans on the PPO and Premier networks, and low-AV pediatric exclusive network plan on the EPO network

# QDP Premiums – Standardized Plans



	Rate Tier	Highest	Lowest	Mean
<b>Small Group</b>				
Pediatric EHB	N/A	\$37.73	\$6.41	\$28.81
Family High	Single Adult	\$42.64	\$24.24	\$33.06
	Family of 4	\$141.24	\$102.76	\$126.75
Family Low	Single Adult	\$37.90	\$15.39	\$25.06
	Family of 4	\$125.98	\$81.20	\$107.98
<b>Non-Group</b>				
Pediatric EHB	N/A	\$55.13	\$36.92	\$45.45
Family High	Single Adult	\$49.17	\$28.52	\$38.96
	Family of 4	\$206.90	\$126.33	\$166.03
Family Low	Single Adult	\$31.14	\$24.83	\$27.17
	Family of 4	\$162.96	\$118.98	\$137.27

- Non-group pediatric premiums are for a child under the age of 19; family plan premiums are for a 30-year-old individual and a family of 2 adults and 2 children (all Boston)
- Small group premiums are for a sample group of 20 with an average age of 33, no prior coverage, and 75% participation and 50% employer contribution rates

# QDP Product Shelf



Issuers	Small group only	Both NG and SG	Standardized Plans			Non-Standardized Plans			All Plans		
			Total	Configurations		Total	Configurations				
				Pedi	High		Low	Pedi		High	Low
Altus Dental		√	3	1	1	1				3	
BCBSMA	√		3	1	1	1	1	1			4
Delta Dental of MA		√	7	3	2	2	2	2			9
Guardian	√		3	1	1	1					3
MetLife	√		3	1	1	1	2		1	1	5
Final SoA	Small group only		9			3			12		
	Both NG and SG		10			2			12		
	Total		19			5			24		
	Unique Plan Designs*		3			5			8		

\*Different configurations of standardized plan designs are considered one “unique plan design”.

# Proposal Summary & Recommendation



ConnectorCare Recommendation

Qualified Health Plan (QHP) Recommendation

Qualified Dental Plan (QDP) Recommendation

**Board Vote**

# Summary of Recommendation



The Health Connector recommends awarding the 2014 Final SoA to all proposed standardized QHPs, select proposed standardized QDPs and select non-standardized QHPs and QDPs proposed by the following Issuers:

- Altus Dental
- Blue Cross Blue Shield of MA
- BMC HealthNet Plan
- CeltiCare Health Plan
- Delta Dental of MA
- Fallon Community Health Plan
- Guardian
- Harvard Pilgrim Health Care
- Health New England
- MetLife
- Minuteman Health
- Neighborhood Health Plan
- Network Health
- Tufts Health Plan

# Appendix: QHP Standardized Plan Parameters



Plan Feature/ Service	Cost-Sharing							
	PLAT A	PLAT B	GOLD A	GOLD B	GOLD C	SILVER	BRONZE	
Annual Deductible (family = 2x)	N/A	\$500	\$500	\$1,000	\$1,500	\$2,000	\$2,000	
	N/A	\$1,000	\$1,000	\$2,000	\$3,000	\$4,000	\$4,000	
Annual Out-of-Pocket Maximum (family = 2x)	\$2,000	\$1,500	\$3,000	\$5,000	\$5,000	\$6,350	\$6,350	
	\$4,000	\$3,000	\$6,000	\$10,000	\$10,000	\$12,700	\$12,700	
PCP Office Visits	\$25	\$20	\$20	\$30	\$25	\$30	\$50 ✓	
Specialist Office Visits	\$40	\$35	\$35	\$45	\$40	\$50	\$75 ✓	
Emergency Room	\$150	\$100 ✓	30% ✓	\$150 ✓	\$150 ✓	\$350 ✓	\$750 ✓	
Inpatient Hospitalization	\$500	\$0 ✓	30% ✓	\$500 ✓	\$250 ✓	\$1,000 ✓	\$1,000 ✓	
High-Cost Imaging	\$150	\$100 ✓	30% ✓	\$200 ✓	\$150 ✓	\$400 ✓	\$1,000 ✓	
Outpatient Surgery	\$500	\$0 ✓	30% ✓	\$250 ✓	\$250 ✓	\$750 ✓	\$1,000 ✓	
Prescription Drug (mail order = 2x)	Retail Tier 1	\$15	\$15	\$15	\$20	\$15	\$20	\$30 ✓
	Retail Tier 2	\$30	\$25	50% ✓	\$30	\$25	\$40	50% ✓
	Retail Tier 3	\$50	\$45	50% ✓	\$50	\$50	\$70	50% ✓
	Mail Tier 1	\$30	\$30	\$30	\$40	\$30	\$40	\$60 ✓
	Mail Tier 2	\$60	\$50	50% ✓	\$60	\$50	\$80	50% ✓
	Mail Tier 3	\$150	\$135	50% ✓	\$150	\$150	\$210	50% ✓

A check mark (✓) indicates that this benefit is subject to the annual deductible

# Appendix: QDP Standardized Plan Parameters



PLAN FEATURE/ SERVICE	PEDIATRIC DENTAL EHB	FAMILY HIGH	FAMILY LOW
Plan Year Deductible	\$50	\$50/\$150	\$50/\$150
Deductible Applies to:	Major and Minor Restorative	Major & Minor Restorative	Major & Minor Restorative
Plan Year Max (>=19 only)	N/A	\$1,250	\$750
Plan Year MOOP <19 Only	\$1,000	\$1,000/\$2,000	\$1,000/\$2,000
Preventive & Diagnostic Co-Insurance In/out-of-Network	0%/20%	0%/20%	0%/20%
Minor Restorative Co-Insurance In/OON	25%/45%	25%/45%	25%/45%
Major Restorative Co-Insurance In/OON	50%/70%	50%/70%	50%/70% No Major Restorative >=19
Medically Necessary Orthodontia, <19 only, In/OON	50%/70%	50%/70%	50%/70%
Non-Medically Necessary Orthodontia, <19 only, In/OON	N/A	N/A	N/A