Commonwealth Choice 2013
Seal of Approval

Sarah Stephany
Plan Management Coordinator

Jean Yang
Chief Financial Officer

Board of Directors Meeting
September 13, 2012
Agenda

• Current Commonwealth Choice Product Shelf
• 2013 Seal of Approval (SoA)
  – Requirements
  – Product Evaluation
  – Web Shopping Update & Decision Support Tools
• Staff Seal of Approval Recommendation
Current Commonwealth Choice Product Shelf

- Commonwealth Choice currently offers eligible individuals and small businesses up to 77 health benefit plans (including Young Adult Plans) from the state’s eight leading health insurance carriers.

- Under the current Commonwealth Choice contract (July 1, 2011 through December 31, 2012), carriers must:
  - Participate in all Commonwealth Choice programs, including Business Express, Individual/Family, Young Adult Plan* and Voluntary Plan.
  - Offer plans in all six benefit packages for non-YAP plans (under three tiers: Gold, Silver, Bronze) and if eligible, all four benefit packages for YAP plans.
  - Provide plans that meet the Health Connector’s standardized plan design specifications for each benefit package.
  - Offer standardized products on their broadest commercial provider network.
    - Carriers are permitted to offer additional plans on narrower networks (in tandem with their broad networks).

* For carriers with 5,000 or more commercial enrollees.
The Health Connector has required benefit standardization in Commonwealth Choice to facilitate apples-to-apples comparison shopping among health insurance options.

For purposes of standardization, the Health Connector has prescribed point-of-service cost-sharing for the following categories:

- Annual deductible
- Annual out-of-pocket maximum
- Primary care provider (PCP) office visit
- Diagnostic x-ray or laboratory test
- Outpatient surgery
- Hospitalization
- Prescription drugs (Rx)
- Emergency room visit
2013 Seal of Approval: Goals

• Retain standardization as the core of Commonwealth Choice product offering
  – Standardization presents a choice of benefit packages within a format that facilitates easy comparison shopping

• Ensure a product portfolio that keeps pace with the market, including evolving market preferences in plan design, by incorporating some non-standardized products in our shelf

• Leverage the 2013 SoA as an opportunity to further explore the appropriate balance between standardization and choice, as we prepare for implementing the Affordable Care Act
Consistent with current Commonwealth Choice program rules, the 2013 SoA continues to require carriers to:

- Participate in all Commonwealth Choice programs
- Provide plans that meet the current standardized plan design specifications on all benefit packages on the broadest commercial provider network offered by the carrier

Additionally, we invited carriers to propose:

- One or more standardized plans on narrower networks (as previously permitted); and
- One or more non-standardized products that add value to consumers and meaningful diversity to the Health Connector shelf

All products proposed by carriers are subject to review by the Health Connector and ultimately approval by the Board
All eight existing Commonwealth Choice carriers agreed to comply with the Health Connector’s requirement to:

- Participate in all Commonwealth Choice programs (e.g., Individual/Family, Young Adult Plans [if eligible], Voluntary Plan and Business Express); and
- Offer all standardized benefit packages on their broadest commercial provider networks

The Health Connector received a response from a new entrant, Network Health (NWH), which agreed to:

- Participate in all Commonwealth Choice programs for which NWH is eligible* (i.e., Individual/Family, Voluntary Plan and Business Express); and
- Offer all six standardized benefit packages on its broadest commercial provider network, effective April 1, 2013

* Network Health has less than 5,000 commercial members and is therefore ineligible to offer a Young Adult Plan
The Health Connector also received proposals from four of the existing Commonwealth Choice carriers to offer additional plans:

- Fallon Community Health Plan proposed to offer each of the five standardized Silver and Bronze plans on an additional provider network – Steward Community Care Network
  - As such, Fallon would be offering three provider networks (Select Care, Direct Care, and Steward Community Care) for the standardized Silver and Bronze plans
- Fallon also proposed two non-standardized plans on its three provider networks – for a total of six Fallon non-standardized plans
- Harvard Pilgrim proposed to offer one non-standardized plan on its broadest commercial network
- Health New England and Neighborhood Health Plan each proposed two non-standardized plans on their broadest commercial networks

As a result, the Health Connector received a total of 22 new products
- 11 standardized plans and 11 non-standardized plans
- The 11 non-standardized plans include seven unique benefit designs, two of which (offered by Fallon) are offered on three different networks

Many proposed non-standardized plans have demonstrated market appeal
### 2013 Seal of Approval: Commonwealth Choice Future Product Shelf

<table>
<thead>
<tr>
<th></th>
<th>Existing Standardized Plans</th>
<th>Proposed Standardized Plans</th>
<th>Proposed Non-Standardized Plans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadest Commercial Network</td>
<td>BCBSMA (6) BMCHP (6) CeltiCare (6) FCHP (6) HPHC (6) HNE (6) NHP (6) THP (6)</td>
<td>NWH (6)</td>
<td>FCHP (2) HPHC (1) HNE (2) NHP (2)</td>
<td>61</td>
</tr>
<tr>
<td>Narrower Network</td>
<td>FCHP (5)</td>
<td>FCHP (5)</td>
<td>FCHP (4)</td>
<td>14</td>
</tr>
<tr>
<td>Young Adult Plans</td>
<td>BCBSMA (4) FCHP (4) HPHC (4) HNE (4) NHP (4) THP (4)</td>
<td></td>
<td></td>
<td>24</td>
</tr>
</tbody>
</table>

**Total Plans** | **77** | **11** | **11** | **99** |
Non-Standardized Plans: Actuarial Value and Product Tier Placement

- Informed by independent actuarial analysis (by Wakely Consulting Group), an Actuarial Value (AV) along with a comparable standardized benefit tier were determined for each proposed non-standardized plan.

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Plan Name</th>
<th>Actuarial Value*</th>
<th>“Like” Tier &amp; Package</th>
</tr>
</thead>
<tbody>
<tr>
<td>FCHP</td>
<td>Premium Saver 1000</td>
<td>78.1%</td>
<td>Silver Low</td>
</tr>
<tr>
<td>FCHP</td>
<td>Premium Saver 2000/500 II</td>
<td>67.4%</td>
<td>Bronze Medium</td>
</tr>
<tr>
<td>HPHC</td>
<td>Core Coverage 1750 HMO</td>
<td>71.5%</td>
<td>Bronze Medium</td>
</tr>
<tr>
<td>HNE</td>
<td>HMO Essential 1000</td>
<td>81.7%</td>
<td>Silver High</td>
</tr>
<tr>
<td>HNE</td>
<td>HMO Essential 2000</td>
<td>76.8%</td>
<td>Silver Low</td>
</tr>
<tr>
<td>NHP</td>
<td>Plan Year 500</td>
<td>82.5%</td>
<td>Silver High</td>
</tr>
<tr>
<td>NHP</td>
<td>Plan Year 1500</td>
<td>75.1%</td>
<td>Silver Low</td>
</tr>
</tbody>
</table>

* Provided by Wakely Consulting Group
**Non-Standardized Plans: Product Design Differentiation**

Wakely reviewed all proposed non-standardized plans and reported no concerns of “discriminatory” plan design (also reviewed by DOI)

<table>
<thead>
<tr>
<th>Network</th>
<th>Tier</th>
<th>Key Benefit Design Differentiation (compared with the closest standardized plan)</th>
</tr>
</thead>
</table>
| **FCHP: Premium Saver 1000**   | Silver Low| - Higher OOP maximum  
- Higher cost-sharing for certain benefits (*e.g.*, Rx, hospitalization)  
- No cost-sharing for mental health/substance abuse hospitalization  |
|                                | Silver Low| - Lower office visit co-pays  
- Elimination of Rx deductible  
- Introduction of 4-tier Rx |
| **FCHP: Premium Saver 2000/500 II** | Bronze Med | - Lower Annual Deductible and office visit co-pay  
- Introduction of 4-tier Rx  
- Co-insurance for many services (*e.g.*, hospitalization, labs, imaging) |
| **HPHC: Core Coverage 1750 HMO** | Bronze Med | - Addition of annual deductible  
- Co-pays in place of coinsurance (*e.g.*, Rx, hospitalization, ER visits) |
| **HNE: Essential 1000**        | Silver High| - Higher annual deductible and OOP maximum  
- Lower high tech imaging co-pay  
- Lower tier 1 Rx co-pay |
| **HNE: Essential 2000**        | Silver High| - Addition of annual Deductible  
- Lower office visit co-pay  
- Co-pay instead of co-insurance for Rx |
| **NHP: Plan Year 500**         | Silver Low| - Higher annual deductible and OOP maximum  
- Higher cost sharing for certain services (*e.g.*, Rx, lab and X-ray, hospitalization and outpatient surgery) |
| **NHP: Plan Year 1500**        | Silver Low| - Higher annual deductible and OOP maximum  
- Higher cost sharing for certain services (*e.g.*, Rx, lab and X-ray, hospitalization and outpatient surgery) |
• The core concept and key advantage of our web shopping model is the organization of plans by benefit tiers, which provides a transparent and simplified shopping experience.

• With the potential introduction of new, non-standardized plans, our goal is to maintain a web shopping experience that is comprehensible and easy-to-navigate.

• We propose to display non-standardized plans within their corresponding metallic tiers as suggested by the actuarial review, alongside the standardized products.

  - For example, the HPHC Core Coverage 1750 HMO (AV = 71.5%) is closest to the Bronze Medium benefit package. This product will be included in a new “Bronze Other” category and displayed as part of the Bronze tier.
A new “Other” package will be added to the Silver tier and the Bronze tier.

An alert message states “Be sure to check all benefits closely as they differ from plan to plan.”

The key cost-sharing features for each non-standardized plan will also be displayed, to further alert consumers to the differing plan designs.
Current network flags were modified to clarify that certain products are on “smaller” provider networks compared to the same carrier’s broadest commercial network, which signals to shoppers that they should closely review the provider network.
2013 Seal of Approval: Decision Support Tools

• To further enhance the ease of shopping through our website, new decision support tools will be implemented by November 1, 2012 (for plans effective January 1, 2013)

• The new tools will enable shoppers to rapidly narrow the number of available plans by:
  – Provider
  – Annual deductible; and/or
  – Cost-sharing design (co-insurance vs. co-pay)

• We are also in the process of exploring the possibility of offering a cost calculator decision support tool as early as June 2013 (in time for a non-group open enrollment in July of 2013, if applicable)
The new “Plan Helper” allows shoppers to filter plans by annual deductible, presence of co-insurance and certain providers.
The “Plan Helper” will ask shoppers if staying with the same provider is important and direct shoppers to the provider lookup tool.

The “Plan Helper” also offers educational information about provider networks (including a video).
The “Plan Helper” next asks shoppers if a low annual deductible is important, along with explaining how annual deductibles work.
The final question asks whether shoppers would like to view plans that have co-insurance (with explanation).
2013 Seal of Approval: Decision Support Tools (cont’d)

The shopper will be automatically directed to a page that displays only those plans that meet the criteria identified by the “Plan Helper.”
New video guides will be added to the Health Connector website.
The Health Connector recommends awarding the 2013 SoA to all proposed standardized and non-standardized plan designs.

The 2013 SoA presents an important opportunity for us to work towards finding the right balance between standardization and diversity for the Commonwealth Choice shelf:
- We are striving for a product suite that is robustly responsive to the needs of small employers and individuals and reflected in a shopping experience that facilitates informed, value-driven product selection.
- We believe the refinements we have made to our shopping experience will maintain its strengths, but look forward to securing consumer feedback.

Each of the proposed plan designs offer value to consumers, as evidenced by the analysis performed by the Health Connector’s Procurement Management Team with the support of an independent actuary:
- The non-standardized plans offer alternative benefit designs with meaningfully diverse features and, in many cases, demonstrated market appeal.
The Health Connector Staff recommends awarding the 2013 Seal of Approval to all plans proposed by the following carriers:

- Blue Cross Blue Shield of Massachusetts
- BMC HealthNet Plan
- CeltiCare Health Plan
- Fallon Community Health Plan
- Harvard Pilgrim Health Care
- Health New England
- Neighborhood Health Plan
- Network Health
- Tufts Health Plan