



2014 Seal of Approval Introduction (I): Qualified Health Plan Certification

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**Board of Directors Meeting
October 11, 2012**



Agenda

- General Qualified Health Plan (QHP) Requirements per the Affordable Care Act (ACA)
 - QHP Certification, Recertification, Decertification and Ongoing Monitoring
- QHP Certification and Seal of Approval (SoA)
- 2014 SoA Planning



General ACA Requirements on QHP Certification

- The Affordable Care Act (ACA) requires Exchanges to offer Qualified Health Plans (QHPs) to qualified individuals and small businesses
 - In order to be sold through the Exchange, a health benefit plan must be certified by the Exchange as a QHP
 - The Exchange may only offer QHPs, while both QHPs and non-QHPs may be offered outside the Exchange
- The ACA specifies certain “minimum certification standards” that Exchanges must apply in certifying QHPs; an Exchange can also establish additional criteria, if it determines that such criteria are in the interest of qualified individuals and employers in the state



Key QHP Certification Areas per ACA Requirement

- To meet ACA minimum requirements, an Exchange must establish procedures to ensure that plans are certified through a comprehensive review process in order to become QHPs

Key ACA-Required Review Categories

- | | |
|---|---|
| <ul style="list-style-type: none">• Carrier qualifications (<i>e.g.</i>, licensure, solvency, accreditation)• Plan requirements (<i>e.g.</i>, plans must align with required AV ranges)• Premium and justification for rate increases | <ul style="list-style-type: none">• Network access• Service area coverage• Quality performance• Transparency in coverage• Marketing practices |
|---|---|

- Exchanges have significant flexibility in defining the specific policies under each of the required categories, as well as setting standards for additional QHP responsibilities



QHP Recertification, Decertification and Ongoing Monitoring

- Besides certification, the ACA also requires that the Exchange establish formal processes for QHP **recertification, decertification** and **ongoing performance monitoring**
 - Recertification of QHPs must include a review of the general certification criteria and be completed by September 15th of the applicable calendar year
 - Exchanges must implement procedures for decertifying QHPs that are determined to be out of compliance
 - An appeals process must be established for health plans that have been decertified
 - In the event of decertification, the Exchange must provide notice to affected parties, including the issuer, enrollees, HHS and the state DOI
 - As necessary, enrollees of a decertified QHP must be given an opportunity to select a new QHP
 - The Exchange must have a process of interim QHP review to ensure their ongoing performance against the certification standards



QHP Certification and Seal of Approval

- The Seal of Approval (SoA) process, which is the plan solicitation, evaluation and approval process that currently applies to Commonwealth Choice, is a statutory requirement under Chapter 58
- Starting 2014, the SoA process will provide the framework for the Health Connector's QHP certification, recertification, decertification and ongoing performance monitoring processes
 - The SoA model is already substantially in compliance with the ACA's requirements on QHP certification
 - A few certification categories will be refined or augmented to align with ACA standards
- Consistent with the current SoA, QHP certification by the Health Connector will continue to be subject to approval by the Health Connector Board



QHP Certification and Seal of Approval (cont'd)

- **The SoA model provides a robust foundation for QHP certification, which will be leveraged to maximize efficiency of the transition and minimize disruption of existing functions**
- The current SoA process is a close collaboration between the Health Connector and the Division of Insurance (DOI)
 - Our award of SoA is contingent upon carriers/products meeting all applicable DOI requirements, including successful completion of all form and rate filing processes
- The majority of ACA-required categories for QHP certification are already being fulfilled by the DOI
 - *E.g.*, premium rate review, carrier licensure/solvency/accreditation, product filing, network access, marketing practices, etc.
- Our goal is to continue to leverage such existing procedures, which is explicitly encouraged by the ACA statute and regulations
 - The Health Connector and the DOI plan to collaborate regarding QHP certification via a Memorandum of Understanding (MoU)



QHP Certification and Seal of Approval (cont'd)

- **A few areas in our existing plan approval process will be refined or augmented to address ACA requirements**
- The Health Connector and the DOI have been working in collaboration to identify preferred options for the following categories:
 - Premium rate increase justification: QHP issuers are required to submit justifications for rate increases prior to implementation of such increases; these justifications must also be publicly posted
 - Service area: QHPs' coverage must consist of minimum geographical areas (*e.g.*, a whole county) that are established without regard to factors that would lead to exclusion of high-cost or medically-underserved populations
 - Essential community providers: QHPs must demonstrate sufficient access to essential community providers (*e.g.*, community health centers) in order to adequately meet the needs of underserved populations
 - Quality rating: Exchanges must adopt a quality rating system, which will be further specified by HHS through subsequent guidance
- The two agencies have also been engaged in ongoing communication with stakeholders to solicit inputs



QHP Certification and Seal of Approval (cont'd)

- In addition to the minimum ACA standards on QHP certification, the SoA will encompass all other components of the Health Connector's comprehensive strategy for a consumer-centric Exchange that promotes transparency and competition

2014 Seal of Approval

QHP Certification Standards Under ACA Minimum Requirements

Exchange Product Configuration

Non-Group Premium & Cost-Sharing Wrap for 200-300% FPL

Operational Relationship with the Exchange

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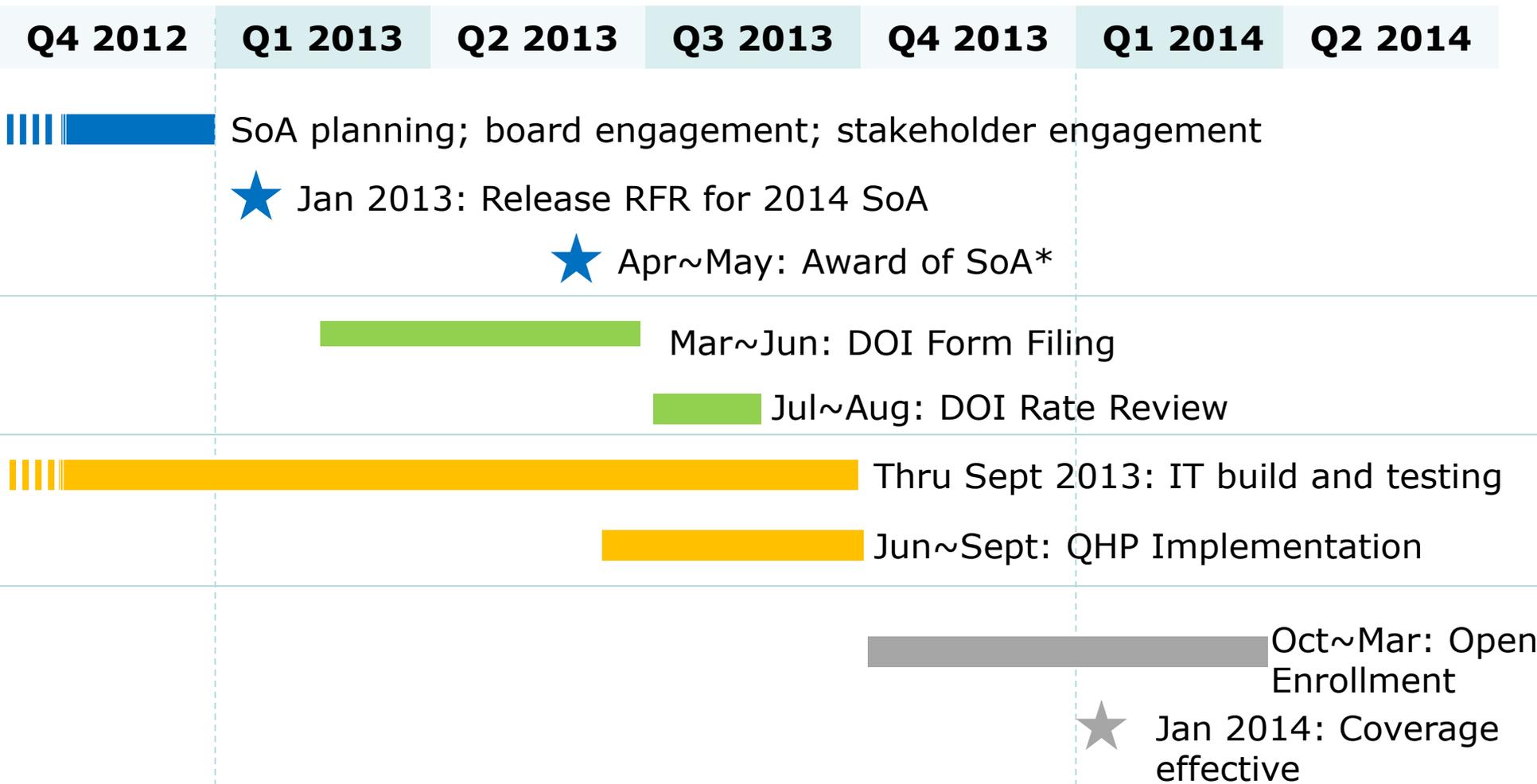


Planning For 2014 Seal of Approval

- We are planning to release the 2014 SoA Request for Response (RFR) in January 2013
- Key efforts currently underway include:
 - Carrier/Broker/Stakeholder engagement sessions to share assumptions and obtain feedback on various policy, IT, and operational issues, such as QHP certification, Employee Choice, etc.
 - Collaborating with the DOI to finalize detailed policies and procedures for QHP certification in line with ACA minimum requirements
 - Working with the DOI to develop technology solutions to support QHP certification (*e.g.*, information collection, workflow management, etc.)
 - Develop and recommend to the Board the Health Connector's strategies with regard to product portfolio and non-group wrap
 - Develop the RFR and Form of Contract to specify 2014 SoA programmatic policies and responsibilities



Proposed 2014 Seal of Approval Timeline



* Conditional SoA contingent upon a QHP's completion of all product and rate filings to the satisfaction of the DOI.



Appendix

ACA Requirements Regarding Key Categories of QHP Certification



Key Categories of QHP Certification (ACA Requirements)

| Category | ACA Requirement |
|--|---|
| Issuer (i.e., Carrier) qualifications | <ul style="list-style-type: none">• Issuer must be licensed and in good standing to offer health insurance in the state by, for example, the State's insurance commissioner• Issuer must meet the applicable solvency requirements established by the State's insurance commissioner• If an issuer is not accredited on the basis of its local performance at the time of QHP certification, it must achieve accreditation within a timeframe established by the Exchange, by an accreditation entity recognized by HHS (<i>specific guidance pending</i>)<ul style="list-style-type: none">– For 2014, HHS has identified NCQA and URAC as accrediting entities |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|-------------------------------------|--|
| Product & Benefit Design | <ul style="list-style-type: none">• A QHP must offer Essential Health Benefits<ul style="list-style-type: none">– A health benefit plan that otherwise meets QHP criteria can be certified if it does not cover dental EHB, provided that the Exchange offers standalone dental plans that offer such EHB benefits• Each QHP must align with one of the metallic tier levels, determined by the required actuarial value<ul style="list-style-type: none">– Each QHP issuer must offer at least one Gold plan and one Silver plan– The Exchange may require QHP issuers participating in the Exchange to offer QHPs on all metallic tiers, as is currently required under the existing SoA• A QHP must not be discriminatory in its plan design• The Exchange can establish additional requirements with regard to product and benefit design, in accordance with Massachusetts insurance laws and regulatory guidance |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|----------------------|--|
| Premium Rates | <ul style="list-style-type: none">• The Exchange must collect and review information on QHP premium rates<ul style="list-style-type: none">– According to the Exchange Final Rule, Exchanges are encouraged to leverage existing state rate review processes to the extent appropriate• The Exchange must receive from Issuers justification for a rate increase prior to the implementation of such an increase, and ensure that QHP issuers post the justifications on the Issuers' websites<ul style="list-style-type: none">– The Exchange must collect rate justifications in advance of the annual certification or recertification, so that the Exchange can meaningfully consider the information when determining whether to make a QHP available through the Exchange |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|-------------------------|--|
| Network Adequacy | <ul style="list-style-type: none">• A QHP's provider network must maintain a sufficient number and type of providers, including providers that specialize in mental health and substance abuse, to ensure that all services will be available without unreasonable delay• A QHP's provider network must include a sufficient number of Essential Community Providers who provide care to predominantly low-income and medically underserved populations<ul style="list-style-type: none">– Essential Community Providers are identified as those defined in section 340B (a)(4) of the PHS Act and those providers that provide similar services– Primarily refers to community health centers |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|---------------------|---|
| Service Area | <ul style="list-style-type: none">• Exchanges must have a process to establish or evaluate the service areas of QHPs to ensure:<ol style="list-style-type: none">1) The Service Area covers a minimum geographical area that meets certain conditions; and2) Has been established without regard to racial, ethnic, language, health-related factors . . . that exclude specific high-utilizing, high cost or medically-underserved populations• The service area of a QHP should cover a minimum geographical area that is at least a county or a group of counties defined by the Exchange, unless the Exchange determines that serving a smaller geographic area is necessary, nondiscriminatory and in the best interest of the qualified individuals and employers |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|------------------|--|
| Quality | <ul style="list-style-type: none">• Exchanges must adopt a quality rating system that applies to QHPs, and QHP issuers must demonstrate quality improvement strategies<ul style="list-style-type: none">– HHS will release specific standards in future guidance |
| Marketing | <ul style="list-style-type: none">• QHP issuers must comply with any applicable state laws and regulations regarding marketing, with a broad prohibition against unfair or deceptive marketing practices |



Key Categories of QHP Certification (ACA Requirements) (cont'd)

| Category | ACA Requirement |
|---------------------------------|---|
| Transparency in Coverage | <ul style="list-style-type: none">• QHP issuers are required to meet the “transparency in coverage” standard by providing certain data elements to the Exchange, HHS and the State insurance commissioner<ul style="list-style-type: none">– Claims payment policies and practices– Periodic financial disclosures– Data on enrollment– Data on disenrollment– Data on the number of claims that are denied– Data on rating practices– Information on cost-sharing payments with respect to any out-of-network coverage– Information on enrollment rights under Title I of the ACA |