**MEMORANDUM**

To: Health Connector Board of Directors
Cc: Louis Gutierrez, Executive Director
From: Ashley Hague, Deputy Executive Director, Strategy & External Affairs
Brian Schuetz, Director of Program & Product Strategy
Heather Cloran, Associate Director of Program & Product Strategy
Date: July 8, 2015
Re: Conditional Award of the 2016 Seal of Approval

On March 13, 2015, the Health Connector issued its 2016 Seal of Approval (SoA) Request for Responses (RFR) and recertification invitation to solicit Qualified Health Plans (QHPs) and Qualified Dental Plans (QDPs) to be offered through the Commonwealth's Affordable Care Act (ACA)-compliant Marketplace beginning in 2016. The purpose of this memorandum is to provide the Health Connector Board of Directors with the staff recommendation on the conditional award of the 2016 SoA to selected QHPs and QDPs.

## INTRODUCTION AND EXECUTIVE SUMMARY

The certification and recertification of QHPs and QDPs is a required function of an ACA-compliant Marketplace. The Health Connector's annual SoA is the process by which the Health Connector performs this required function and certifies QHPs and QDPs. In order for an Issuer to receive the SoA, QHPs and QDPs must meet all applicable ACA requirements, including, *e.g.,* metallic tier and Actuarial Value (AV) specifications, coverage of all essential health benefits (EHBs) as well as provider network and service area requirements. QHPs and QDPs must also comply with the Health Connector's SoA requirements, including minimum portfolio requirements, standardized plan designs and, as applicable, experience and ability to serve lower-income populations.

Changes to the federal AV calculator necessitated changes to a number of standardized medical plans, most notably at the Bronze tier. In addition, and in response to discussion with members of the Health Connector Board, the 2016 SoA limited the total number of plans allowed for submission by a given QHP and QDP Issuer. Issuers were very responsive to the goals of this year's 2016 SoA, submitting fewer, more targeted plans and thoughtfully responding to requests for creative plan designs capable of meeting federal AV constraints.

This memorandum presents the Health Connector staff recommendation for the conditional award of the 2016 SoA to plans offered by all eleven (11) existing medical Issuers and all five (5) existing dental Issuers. The award of the conditional SoA is based upon an initial review of the responding Issuers' compliance with ACA certification requirements and further Health Connector prescribed RFR requirements. Award of the final SoA is conditioned upon the Issuers' successful completion of all Division of Insurance (DOI) form and rate filings. Health Connector staff will make a recommendation for award of the final SoA, based in part upon Issuers' completion of the DOI rate filing process, to the Health Connector Board of Directors in September of 2015.

## 2016 SEAL OF APPROVAL

Issuers seeking the Health Connector's SoA for 2016 were required to demonstrate compliance with certain minimum ACA-certification requirements, including:

- **Licensure and Accreditation:** Plan Issuers must be licensed and in good standing with the DOI
- **Plan Benefit & Cost Sharing Requirements:** Plans must provide coverage for the ten (10) statutorily prescribed EHB categories and include coverage in alignment with the state's EHB benchmark plan selection. Plan designs must comply with federal cost-sharing limits, metallic tier and AV requirements. QHPs must cover all state mandated benefits and meet Minimum Credible Coverage (MCC) standards. QDPs must cover the Pediatric Dental EHB Benchmark Plan benefits, meet reasonable limits on cost-sharing and comply with AV requirements (70% or 85% +/- 2%)
- **Network Adequacy:** Plans must demonstrate inclusion of a sufficient number and distribution of providers, including Essential Community Providers
- **Service Area**: Plans must include Service Areas that cover a minimum geographic area and are established without regard to racial, ethnic, language or health-status related factors
- **Marketing**: Issuers must comply with state requirements related to marketing of plans and may not employ marketing practices that discourage enrollment of individuals with significant health needs in QHPs. The Health Connector enforces this requirement as part of its contracting process with QHPs
- **Federal Quality Standards:** Issuers must meet the applicable federal requirements regarding the submission of Quality Improvement Strategy activities, the submission of enrollee satisfaction survey and meeting the requirements of quality reporting standards
- **Rating Methodology and Premium Review**: All proposed plans must meet state and federal requirements related to rate development methodology and permissible rate increases

Furthermore, Issuers seeking the Health Connector's 2016 SoA as a QHP (as opposed to a QDP) must also meet the following Health Connector requirements:

- **Standardized Plan Offerings:** Issuers must offer at least one plan on their broadest commercial network that conforms to each of the four (4) standardized plan designs (one (1) Platinum, two (2) Gold, one (1) Silver). Issuers may propose one (1) additional version of each plan offered on a different network (*e.g.*, narrower or tiered) for a maximum of eight (8) possible standardized plans offered
- **Bronze Plan Offering:** Carriers must propose one (1) Bronze plan of their own design on their broadest commercial network, with the option to withdraw the offer if a sufficient number of Bronze plans are available in each zip code. Issuers may propose one (1) additional version of their proposed Bronze plan offered on a different network (*e.g.,* narrower or tiered) for a total of two (2) Bronze plans

- **Catastrophic Product Offerings:** Issuers must propose at least one (1) Catastrophic Plan design with the option to withdraw the offer if a sufficient number of Catastrophic plans are available in each zip code
- **Wrap-Compatible Plan Offerings:** Issuers must propose one (1) Wrap-Compatible Silver Plan that may be offered on its broadest commercial network, on a narrower or limited network, or on a network that is broader than its broadest commercial network. The network proposed for a Wrap-Compatible Plan is required to meet Wrap Plan Network access requirements, as defined by the Health Connector
- **Non-Standardized Product Offerings:** Issuers are permitted to propose up to three (3) Non-standardized Plans, inclusive of network variation limitations. Specifically, Issuers may offer each of these plans on any of their networks (*i.e.*, there is not a broadest network requirement for the Non-standardized shelf), but if they choose to offer one plan design on more than one network, each additional network will count toward their maximum of three (3) allowable Non-standard plans

Issuers seeking the Health Connector's 2016 SoA as a QDP (as opposed to a QHP) must comply with all ACA certification requirements and the following additional Health Connector requirements:

- **Standardized Plan Offerings:** Issuers must offer at least one (1) plan on all of the Standardized Plan designs, and are permitted to propose up to three (3) Non-standardized Plans
- **Small- and Non-Group Market Offerings:** Issuers must offer small-group products if they offer these outside of the Health Connector, and non-group products if they offer these outside of the Health Connector

## QHP ISSUER RESPONSE, EVALUATION AND RECOMMENDATIONS

The QHP certification process is a joint effort between the Health Connector and the DOI. The majority of ACA-required categories for certification are fulfilled through the DOI's comprehensive plan review process which is in place for the merged market. In addition to working closely with the DOI, the Health Connector also contracts with Gorman Actuarial (Gorman) to inform its evaluation of the QHP SoA responses. Gorman provided ad hoc AV validation and also performed an analysis of the proposed Non-standardized plan designs for diversity and market value of plan offerings.

The Health Connector team reviewed each Issuer's proposed product portfolio to confirm adherence to the minimum and maximum product portfolio requirements. The Health Connector reviewed proposed Standardized Plans for adherence to the Health Connector's prescribed cost-sharing requirements.

In our review of proposed Non-standardized plans, Health Connector staff sought to apply a consistent approach for evaluating the various plan designs. Beyond ensuring that proposed Non-standardized plans meet or are likely to meet state and federal requirements, Health Connector staff also more broadly reviewed the suite of newly proposed Non-standardized plans to determine whether and to what extent each plan would supplement the Health Connector's Standardized product shelf with added

value and plan design choice. Some of the proposed Non-Standardized plans were previously offered in 2015, while the newly proposed plans were found to provide meaningful differentiation in benefit design compared to the existing Standardized and Non-Standardized product offerings. For example, the new offerings on the Silver tier are materially different in benefit design from their Standardized peers, offering coinsurance for some services that may offer a more competitive price point at the Silver tier.

The Health Connector received proposals from all eleven (11) existing QHP Issuers; Blue Cross Blue Shield of Massachusetts (BCBSMA), BMC HealthNet Plan (BMCHP), CeltiCare Health Plan (CeltiCare), Fallon Community Health Plan (FCHP), Harvard Pilgrim Health Care (HPHC), Health New England (HNE), Minuteman Health (Minuteman), Neighborhood Health Plan (NHP), Tufts Health Plan - Direct (Tufts - Direct), Tufts Health Plan - Premier (Tufts - Premier) and UnitedHealthcare (United). No new QHP Issuers proposed offerings for 2016.

## QHP Standardized Plan Submissions

All eleven (11) Issuers responding to the QHP SoA proposed at least one plan for each of the four (4) Standardized plan designs on the Issuer's broadest commercial network. Plan designs included prescribed cost-sharing amounts across nine (9) benefit categories, as defined by the Health Connector. As a result of changes to the 2016 federal AV calculator, the Health Connector eliminated the existing standardization requirement on the Bronze tier for 2016 and required that carriers submit Non-standardized Bronze plans of their own design for the Health Connector's consideration.

For 2016, two Issuers elected to offer their standardized plan designs on additional networks: HPHC and FCHP. HPHC proposed a Standardized Gold plan on one (1) additional network beyond its broadest commercial network; its Focus network. FCHP continues to propose offering Standardized plans on one (1) additional network beyond its broadest commercial network; its Direct Care network.

*Standardized QHP Submissions*

| Standardized QHP | | | | | |
|---|---|---|---|---|---|
| **Carriers** | **# Plans** | **# Plans by Metallic Tier** | | | **Network** |
| | | **Platinum** | **Gold** | **Silver** | |
| Blue Cross Blue Shield of MA (BCBSMA) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| BMC HealthNet Plan (BMCHP) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| CeltiCare | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| Fallon Community Health Plan (FCHP) | **8** | 2 | 4 | 2 | 4 Broadest Commercial<br>4 Alternate (Direct) |
| Harvard Pilgrim Health Care (HPHC) | **5** | 1 | 3 | 1 | 4 Broadest Commercial<br>1 Alternate (Focus) |
| Health New England (HNE) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| Minuteman Health | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| Neighborhood Health Plan (NHP) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| Tufts Health Plan - Direct (Tufts - Direct) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| Tufts Health Plan - Premier (Tufts - Premier) | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| UnitedHealthcare | **4** | 1 | 2 | 1 | 4 Broadest Commercial |
| **Totals** | **49** | **12** | **25** | **12** | |

## QHP Non-Standardized Plan Submissions

For 2016, Issuers submitted a total of twenty-nine (29) Non-Standardized plans for consideration. Twenty-one (21) of these submissions are new for 2016, while the remaining eight (8) were previously offered in 2015. Of those previously offered, the NHP Gold (NHP Prime HMO 1500/3000 25/40) is the continuation of the "Gold C" Standardized plan discontinued for 2015, and the FCHP Silver (Fallon Community Care Silver A) is the third network variant of the 2016 Silver A Standardized plan design.

*Non-Standardized QHP Submissions*

| Carriers | # Plans | # Plans by Metallic Tier | | | | Network |
|---|---|---|---|---|---|---|
| | | Platinum | Gold | Silver | Bronze | |
| Blue Cross Blue Shield of MA (BCBSMA) | **1** | 0 | 0 | 0 | 1 | 1 Broadest Commercial |
| BMC HealthNet Plan (BMCHP) | **1** | 0 | 0 | 0 | 1 | 1 Broadest Commercial |
| CeltiCare | **1** | 0 | 0 | 0 | 1 | Broadest Commercial |
| Fallon Community Health Plan (FCHP) | **5** | 0 | 2 | 1 | 2 | 2 Broadest Commercial<br>2 Alternate (Direct, Community Care) |
| Harvard Pilgrim Health Care (HPHC) | **5**<br>**(2 frozen)** | 0 | 2 | 1<br>(2 frozen) | 2 | 5 Broadest Commercial<br>2Alternate (Focus/PPO) |
| Health New England (HNE) | **4** | 1 | 2 | 0 | 1 | 4 Broadest Commercial |
| Minuteman Health | **4** | 0 | 0 | 2 | 2 | 4 Broadest Commercial |
| Neighborhood Health Plan (NHP) | **4** | 0 | 1 | 2 | 1 | 4 Broadest Commercial |
| Tufts Health Plan - Direct (Tufts - Direct) | **2** | 0 | 0 | 1 | 1 | 2 Broadest Commercial |
| Tufts Health Plan - Premier (Tufts - Premier) | **1** | 0 | 0 | 0 | 1 | 1 Broadest Commercial |
| UnitedHealthcare | **1** | 0 | 0 | 0 | 1 | 1 Broadest Commercial |
| **Totals** | **29**<br>**(2 frozen)** | **1** | **7** | **7**<br>**(2 frozen)** | **14** | |

Platinum Tier Non-Standardized QHPs

One new (1) Non-standardized Platinum plan was submitted for the 2016 SoA. This proposed plan was offered by HNE. None of the 2015 Non-standardized Platinum plans were submitted for certification in 2016.

*New Non-Standardized QHP Submissions – Platinum*

| Benefits | | Platinum A (Std) | HNE Essential 500 |
|---|---|---|---|
| **Annual Deductible** | | N/A | **$500** |
| ***(Individual/Family)*** | | N/A | **$1,000** |
| **Annual Out-of-Pocket Maximum** | | $2,000 | **$5,000** |
| ***(Individual/Family)*** | | $4,000 | **$10,000** |
| **PCP Office Visits** | | $25 | **$20** |
| **Specialist Office Visits** | | $40 | **$20** |
| **Emergency Room** | | $150 | $150 |
| **Inpatient Hospitalization** | | $500 | **$0*** |
| **High-Cost Imaging** | | $150 | **$75*** |
| **Outpatient Surgery** | | $500 | **$0*** |
| **Prescription Drug** | **Retail Tier 1** | $15 | **$15** |
| | **Retail Tier 2** | $30 | **$30** |
| | **Retail Tier 3** | $50 | **$50** |

*Costs in **bold** indicate the plan design feature is different from the standardized plan design for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

*Health New England Proposal*

The Platinum plan proposed by HNE provides differentiation compared to the standardized Platinum plan, including a $500 deductible that applies to inpatient, outpatient surgery and high cost imaging, a higher Annual Maximum Out-of-Pocket (MOOP) of $5,000 and lower office visit copays of $20 for Primary Care Physician (PCP) and specialists than the Standard Platinum plan. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying this Non-standardized Platinum plan offering for both the non-group and small group shelves.

Gold Tier Non-Standardized QHPs

The Health Connector received four (4) new proposed Non-standardized Gold plans from two (2) Issuers. HNE has proposed two (2) plans on the Issuer's broadest commercial network, while FCHP has proposed one (1) unique plan on two (2) networks: Select and Direct.

*New Non-Standardized QHP Submissions – Gold*

| Benefits | | Gold A (Std) | Gold B (Std) | HNE Essential 2000 | HNE Wise Max HDHP | FCHP Direct Care Deductible 2000 Hybrid | FCHP Select Care Deductible 2000 Hybrid |
|---|---|---|---|---|---|---|---|
| **Annual Deductible** | | $500 | $1,000 | **$2,000** | **$2,000** | **$2,000** | **$2,000** |
| ***(Individual/Family)*** | | $1,000 | $2,000 | **$4,000** | **$4,000** | **$4,000** | **$4,000** |
| **Annual Out-of-Pocket Maximum** | | $3,000 | $5,000 | $5,000 | $5,000 | **$6,850** | **$6,850** |
| ***(Individual/Family)*** | | $6,000 | $10,000 | $10,000 | $10,000 | **$13,700** | **$13,700** |
| **PCP Office Visits** | | $20 | $30 | $20 | **$0*** | **$5** | **$5** |
| **Specialist Office Visits** | | $35 | $45 | **$20** | **$0*** | **$15** | **$15** |
| **Emergency Room** | | 30% * | $150 * | **$150** | **$0*** | **$250** | **$250** |
| **Inpatient Hospitalization** | | 30% * | $500 * | **$0*** | **$0*** | **$1000*** | **$1000*** |
| **High-Cost Imaging** | | 30% * | $200 * | **$100*** | **$0*** | **$300*** | **$300*** |
| **Outpatient Surgery** | | 30% * | $250 * | **$0*** | **$0*** | **$500*** | **$500*** |
| **Prescription Drug** | **Retail Tier 1** | $15 | $20 | $15 | **$15*** | **$5** | **$5** |
| | **Retail Tier 2** | 50% * | $30 | **$50** | **$25*** | $30 | $30 |
| | **Retail Tier 3** | 50% * | $50 | **$75** | **$50*** | 50%* | 50%* |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

*Health New England Proposal*

The first Gold plan proposed by HNE provides differentiation compared to the Standardized Gold plans through a higher deductible of $2,000, but lower cost sharing for inpatient and outpatient surgery with no charge after deductible. The second Gold plan proposed by HNE offers differentiation compared to the Standardized Gold plan with a higher deductible of $2,000 for an individual contract and, with the exception of prescription drugs, no cost sharing after deductible for most services. This plan is also

Health Savings Account (HSA) compatible. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying both Non-standardized Gold plan offerings for both the non-group and small group shelves.

*Fallon Community Health Plan Proposal*

The Gold plan proposed by FCHP provides differentiation compared to the Standardized Gold plans with a higher deductible of $2,000 and MOOP of $6,850, but lower cost sharing for office visits at $5 PCP and $15 specialist. FCHP has proposed this plan design on two networks: the Issuer's largest commercial network, Select and a smaller network offering, Direct. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying both of the proposed Gold plan offerings on both networks for both the non-group and small group shelves.

*Existing Non-Standardized Gold Plans*

Three (3) Gold Non-standardized plans proposed by HPHC (2 plans) and NHP were previously awarded the 2015 SoA. Given that there are no material changes to these plans, Health Connector staff recommend recertifying these Non-standardized Gold plan offerings for both the non-group and small group shelves.

*Existing Non-Standardized QHP Submissions – Gold*

| Benefits | | Gold A (Std) | Gold B (Std) | HPHC Best Buy HMO 1000 | HPHC Best Buy HMO 2000 | NHP Prime HMO 1500/3000 25/40 |
|---|---|---|---|---|---|---|
| **Annual Deductible** | | $500 | $1,000 | $1,000 | **$2,000** | **$1,500** |
| ***(Individual/Family)*** | | $1,000 | $2,000 | $2,000 | **$4,000** | **$3,000** |
| **Annual Out-of-Pocket Maximum** | | $3,000 | $5,000 | **$5,250** | **$5,250** | $5,000 |
| ***(Individual/Family)*** | | $6,000 | $10,000 | **$10,500** | **$10,500** | $10,000 |
| **PCP Office Visits** | | $20 | $30 | **$25** | **$25** | **$25** |
| **Specialist Office Visits** | | $35 | $45 | **$40** | **$40** | **$40** |
| **Emergency Room** | | 30% * | $150 * | **$250** | **$250** | $150* |
| **Inpatient Hospitalization** | | 30% * | $500 * | **$250*** | **$250*** | **$250*** |
| **High-Cost Imaging** | | 30% * | $200 * | $200* | $200* | **$150*** |
| **Outpatient Surgery** | | 30% * | $250 * | **0*** | **0*** | **$250*** |
| **Prescription Drug** | **Retail Tier 1** | $15 | $20 | **0*** | **0*** | **$15*** |
| | **Retail Tier 2** | 50% * | $30 | **$5** | **$5** | **$25** |
| | **Retail Tier 3** | 50% * | $50 | **$50** | **$40** | $50 |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

## Silver Tier Non-Standardized QHPs

The Health Connector received three (3) new proposed Non-standardized Silver plans from three (3) Issuers: Minuteman, NHP and Tufts Health Plan - Direct.

*New Non-Standardized QHP Submissions – Silver*

| Benefits | | Silver (Std) | Minuteman MyDoc PPO Select Silver HSA 2000 | NHP Prime HMO Silver Simplicity | Tufts Health Plan - Direct Silver 2000 with Coinsurance |
|---|---|---|---|---|---|
| **Annual Deductible** | | $2,000 | $2,000 | $2,000 | $2,000 |
| ***(Individual/Family)*** | | $4,000 | $4,000 | $4,000 | $4,000 |
| **Annual Out-of-Pocket Maximum** | | $6,850 | **$5,550** | $6,850 | $6,850 |
| ***(Individual/Family)*** | | $13,700 | **$11,000** | $13,700 | $13,700 |
| **PCP Office Visits** | | $30 | **$30*** | $30 | **$50** |
| **Specialist Office Visits** | | $50 | **$45*** | $50 | **20%*** |
| **Emergency Room** | | $500 * | **20%*** | **35%*** | $500* |
| **Inpatient Hospitalization** | | $1,000 * | **20%*** | **35%*** | **20%*** |
| **High-Cost Imaging** | | $500 * | **20%*** | **35%*** | **20%*** |
| **Outpatient Surgery** | | $750 * | **20%*** | **35%*** | $750* |
| **Prescription Drug** | **Retail Tier 1** | $20 | **$20*** | **$30** | **$30** |
| | **Retail Tier 2** | $50 | **50%*** | **35%*** | **50%*** |
| | **Retail Tier 3** | $75 | **50%*** | **35%*** | **50%*** |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

*Minuteman Proposal*

The Silver plan proposed by Minuteman provides differentiation compared to the Standardized Silver plan by offering a mixture of deductibles and coinsurance cost sharing after deductible in an HSA-compatible offering. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying the proposed Silver plan offering for both the non-group and small group shelves.

*Neighborhood Health Plan Proposal*

The Silver plan proposed by NHP offers differentiation compared to the Standardized Silver plan by applying coinsurance for most services, with the exception of office visits and Tier 1 prescription drugs. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying the proposed Silver plan offering for both the non-group and small group shelves.

*Tufts Health Plan - Direct Proposal*

The Silver plan proposed by Tufts - Direct offers differentiation compared to the Standardized Silver plan by the use of a $2,000 deductible that applies to most services with the exception of primary care office visits and Tier 1 prescription drugs, coupled with 20% coinsurance for specialist office visits, inpatient visits, high cost imaging and 50% coinsurance for Tier 2 and 3 prescription drugs. Given the level of differentiation for these key benefits, Health Connector staff recommend certifying the proposed Silver plan offering for both the non-group and small group shelves.

*Existing Non-Standardized Silver Plans*

Four (4) Silver Non-standardized plans proposed by FCHP, HPHC, Minuteman and NHP were previously awarded the 2015 SoA. Given that there are no material changes to these plans, Health Connector staff recommend recertifying these Non-standardized silver plan offerings for both the non-group and small group shelves.

*Existing Non-Standardized QHP Submissions – Silver*

| Benefits | | Silver (Std) | Fallon Community Care Silver A | HPHC Coverage 1750 | NHP 1750/3500 50/75 | Minuteman MyDoc HMO Silver Plus |
|---|---|---|---|---|---|---|
| **Annual Deductible** | | $2,000 | $2,000 | **$1,750** | **$1,750** | $2,000 |
| ***(Individual/Family)*** | | $4,000 | $4,000 | **$3,500** | **$3,500** | $4,000 |
| **Annual Out-of-Pocket Maximum** | | $6,850 | $6,850 | **$5,250** | **$5,000** | $6,850 |
| ***(Individual/Family)*** | | $13,700 | $13,700 | **$10,500** | **$10,000** | $13,700 |
| **PCP Office Visits** | | $30 | $30 | **$30 before deductible, then 20% after deductible** | **$50** | **$15*** |
| **Specialist Office Visits** | | $50 | $50 | **$30 before deductible then 20% after deductible** | **$75** | **$45*** |
| **Emergency Room** | | $500 * | $500 * | **$250** | **$750** | **$350*** |
| **Inpatient Hospitalization** | | $1,000 * | $1,000 * | **20%*** | $1,000* | $1,000* |
| **High-Cost Imaging** | | $500 * | $500 * | **20%*** | **$1,000*** | **$400*** |
| **Outpatient Surgery** | | $750 * | $750 * | **20%*** | **$1,000*** | **$750*** |
| **Prescription Drug** | **Retail Tier 1** | $20 | $20 | **$5** | **$30** | **$13** |
| | **Retail Tier 2** | $50 | $50 | **$80** | $50 | **$30*** |
| | **Retail Tier 3** | $75 | $75 | **$110** | **$80** | **$50*** |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

*Frozen Plans*

For 2016, the Health Connector allowed Issuers to identify a 2015 plan that was being closed to be offered as "frozen" for the 2016 SoA. Frozen plans allow existing 2015 enrollees to renew into these plans for 2016 coverage, as well as add dependents as part of allowable life event changes. HPHC has proposed two (2) Non-standardized Silver plans (Focus Network MA - Best Buy HMO 2000, Best Buy HSA PPO 2000 with Coinsurance) to be frozen in 2016. These plans do not include any material changes in benefits for 2016 and Health Connector staff recommend recertifying these Non-standardized Silver plan offerings as "frozen plans" for both the non-group and small group shelves.

*Frozen Non-Standardized QHP Submissions – Silver*

| Benefits | | Silver (Std) | HPHC Focus Network MA - Best Buy HMO 2000 | HPHC Best Buy HSA PPO 2000 with Coinsurance |
|---|---|---|---|---|
| **Annual Deductible** | | $2,000 | $2,000 | $2,000 |
| ***(Individual/Family)*** | | $4,000 | $4,000 | $4,000 |
| **Annual Out-of-Pocket Maximum** | | $6,850 | **$5,250** | **$5,250** |
| ***(Individual/Family)*** | | $13,700 | **$10,500** | **$10,500** |
| **PCP Office Visits** | | $30 | **$35** | $30 * |
| **Specialist Office Visits** | | $50 | **$65** | **$45 *** |
| **Emergency Room** | | $500 * | **$500** | **$0*** |
| **Inpatient Hospitalization** | | $1,000 * | **20% *** | **20% *** |
| **High-Cost Imaging** | | $500 * | **20% *** | **20% *** |
| **Outpatient Surgery** | | $750 * | **20% *** | **20% *** |
| **Prescription Drug** | **Retail Tier 1** | $20 | **$25** | **$5 *** |
| | **Retail Tier 2** | $50 | **$80** | **$40 *** |
| | **Retail Tier 3** | $75 | **$100** | **$60 *** |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit. Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

## Bronze Tier Non-Standardized QHPs

As a result of changes to the federal AV calculator, 2015 Bronze plan designs have a 2016 AV of ~67% and can no longer be sold as Bronze offerings because Bronze plans must have a 60% +/-2 % AV. This change, coupled with the Commonwealth's Minimum Credible Coverage (MCC) regulations, made it challenging for the Health Connector to define a standardized 2016 Bronze plan. Current MCC regulations restrict deductible limits to no more than $2,000 for an individual and $4,000 for a family. Issuers are able to offer plans with higher deductibles, but Issuers are required to submit these plans for certification through the Health Connector's MCC certification process. The Health Connector requested carriers to submit creative Bronze plan designs for 2016 SoA and, if required, have the plan designs reviewed for MCC certification.

All eleven (11) QHP Issuers have submitted Bronze QHPs for 2016, with significant variations in plan design, all meeting the 60% +/- 2% AV requirement.

Health Connector staff have reviewed the 2016 Bronze plan offerings and determined that, while the Issuers undertook the challenge to design plans that meet the AV requirements, the plan designs offer a much lower level of benefits compared to any non-Catastrophic plans previously offered by the Health Connector.

## *Non-Standardized QHP Submissions – Bronze*

| 2016 Proposed-Bronze Plans | | BCBS-Access Blue Saver II | HNE-Bronze 2000 | HPHC-Best Buy HSA HMO 3100/ | HPHC-Best Buy HSA PPO 3100 | NHP Prime HMO HSA (PD) 2750/5500 50/75 with $5 Low-Cost Generic Rx | Minuteman-MyDoc HMO Bronze 2050 H.S.A | Minuteman-MyDoc HMO Bronze Plus |
|---|---|---|---|---|---|---|---|---|
| Annual Maximum Out-of-Pocket (MOOP) Medical and Rx | | $6,550/$13,100 | $6,850/$13,700 | $6,200/$12,400 | $6,200/$12,400 | $6,550/$13,100 | $6,550 per individual contract $6,850 per person $13,100 per group (family contract) | $6,850/$13,700 |
| Annual Deductible Medical and Rx | | $3,350/$6,550 | $2000/$4,000 | $3,100/$6,200 | $3,100/$6,200 | $2,750/$5,500 | $2,050/$4,100 | $1,900/$3,800 |
| Annual Prescription Drug Deductible | | NA | $0 | N/A | N/A | NA | NA | $250/$500 |
| Primary Care Visit to Treat an Injury or Illness | | $60 * | $50 * | $40 * | $40 * | $50 * | $50 * | $50 |
| Specialist Visit | | $75 * | $75 * | $65 * | $65 * | $75 * | $80 * | $80 * |
| Emergency Room Services | | $1,000 * | $1,000 * | $750 * | $750 * | $1,000 * | $750 * | $750 * |
| All Inpatient Hospital Services (inc. MHSA) | | $1,000 Copay per Stay * | $1,000 * | 20% * | 20% * | $1,000 Copay per Stay * | $1,000 Copay per Stay * | 35% * |
| High-Cost Imaging (CT/PET Scans, MRIs) | | $1,000 * | $1,000 * | $750 * | $750 * | $1,000 * | $1,000 * | $1,000 * |
| Outpatient Facility Fee (*e.g.*, Ambulatory Surgery Center) | | $1,000 * | $1,000 * | $1,000 * | $1,000 * | $500 * | 35% * | 35% * |
| Prescription Drug | Retail Tier 1 | $50 * | $25 | $5 * | $5 * | $60 * | $30 * | $30 |
| | Retail Tier 2 | $125 * | 50% | 50% * | 50% * | $100 * | 50% * | 50% * |
| | Retail Tier 3 | $175 * | 50% | 50% * | 50% * | $150 * | 50% * | 50% * |
| | Retail Tier 4 | $175 * | 50% | 50% * | 50% * | $150 * | 50% * | 50% * |

## *Non-Standardized QHP Submissions – Bronze (cont'd)*

| 2016 Proposed-Bronze Plans | | BMCHP-BMC HealthNet Plan - Bronze A | Tufts Health Plan-Direct Bronze with Coinsurance | Tufts Health Plan-Premier Bronze Saver 4500 with Coinsurance | United-Bronze Choice H.S.A. 5500 | Celticare-Ambetter Essential Care 1 (2016) | Fallon Direct Care Bronze QHD 4500 H S A | Fallon Select Care Bronze QHD 4500 H S A |
|---|---|---|---|---|---|---|---|---|
| Annual Maximum Out-of-Pocket (MOOP) Medical and Rx | | $6,850/$13,700 | $6,850/$13,700 | $6,450/$12,900 | $6,500/$13,000 | $6,800/$13,600 | $6,550/$13,100 | $6,550/$13,100 |
| Annual Deductible Medical and Rx | | $2,000/$4,000 | $4,500/$9,000 | $4,500/$9,000 | $5,500/$11,000 | $6,800/$13,600 | $4,500/$9,000 | $4,500/$9,000 |
| Annual Prescription Drug Deductible | | NA | NA | NA | NA | NA | NA | NA |
| Primary Care Visit to Treat an Injury or Illness | | 50% * | $50 * | 30% * | No Charge after deductible | No Charge after deductible | $55 * | $55 * |
| Specialist Visit | | 50% * | $75 * | 30% * | No Charge after deductible | No Charge after deductible | $70 * | $70 * |
| Emergency Room Services | | 50% * | $750 * | 30% * | No Charge after deductible | No Charge after deductible | $1,000 * | $1,000 * |
| All Inpatient Hospital Services (inc. MHSA) | | $2,000 Copay per Stay * | 30% * | 30% * | No Charge after deductible | No Charge after deductible | $1,000 * | $1,000 * |
| High-Cost Imaging (CT/PET Scans, MRIs) | | 50% * | $1000 * | 30% * | No Charge after deductible | No Charge after deductible | $750 * | $750 * |
| Laboratory Outpatient and Professional Services | | 50% * | $75 * | 30% * | No Charge after deductible | No Charge after deductible | No Charge after deductible | No Charge after deductible |
| Outpatient Facility Fee (*e.g.*, Ambulatory Surgery Center) | | 50% * | $1,000 * | 30% * | No Charge after deductible | No Charge after deductible | 33% * | 33% * |
| Prescription Drug | Retail Tier 1 | $30 * | $30 * | 30% * | $20 * | No Charge after deductible | $40 * | $40 * |
| | Retail Tier 2 | 50% * | 50% * | 30% * | $40 * | No Charge after deductible | $75 * | $75 * |
| | Retail Tier 3 | 50% * | 50% * | 30% * | $250 * | No Charge after deductible | 50% * | 50% * |
| | Retail Tier 4 | 50% * | 50% * | 30% * | $250 * | No Charge after deductible | 50% * | 50% * |

*Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

An important factor in membership retention during Massachusetts's first ACA renewal period is easing the default renewal processes for existing members. Health Connector staff are not comfortable with

default renewals that result in members having materially less coverage, simply because the tier is still labeled "Bronze", and are recommending that members:

a.) Be offered a default renewal into plans of comparable actuarial value to their 2015 plan;
b.) Be informed of the choices they have; and
c.) Be allowed to change that default renewal should they choose.

In addition, the current shopping portal sorts on price and does not incorporate decision support tools that educate consumers on deductibles, MOOPs or coinsurance. As a result, were the Health Connector to offer these plans for 2016, we would want to revisit the way we display the plans and the tools we provide consumers before they purchase Bronze coverage, assuming they are not otherwise served by a licensed insurance producer/Broker.

Before making a final recommendation on whether the Board should consider offering Bronze plans in 2016, Health Connector staff proposes certifying all of these plans, conditional upon their review and approval by DOI and a review of their rates compared to 2015 and other 2016 offerings. Staff will present the results of this analysis and provide a final recommendation regarding the certification for Bronze plans at the September Board meeting.

## Catastrophic Plans

The Health Connector requires that all Issuers submit Catastrophic plan proposals, with the option to request the withdrawal of that offering. Withdrawals are contingent on there being a minimum of two (2) Catastrophic plans available in every zip code in the Commonwealth. For 2016, this minimum availability threshold has been met and, accordingly, Health Connector staff recommend the certification of one (1) Catastrophic plan from each of the following Issuers: BCBSMA, FCHP, HNE, Minuteman, NHP and Tufts - Direct. Health Connector staff recommend the acceptance of the request for waiving the offering of a Catastrophic plan from the following Issuers: BMC, Celticare HPHC, Tufts - Premier and United.

*Catastrophic Benefit Design*

| Benefits | | Catastrophic |
|---|---|---|
| **Annual Deductible** | | $6,850 |
| ***(Individual/Family)*** | | $13,700 |
| **Annual Out-of-Pocket Maximum** | | $6,850 |
| ***(Individual/Family)*** | | $13,700 |
| **PCP Office Visits** | | $35 or 50% coinsurance for first three (3) non-preventative visits, then no charge after deductible * |
| **Specialist Office Visits** | | No charge after deductible * |
| **Emergency Room** | | No charge after deductible * |
| **Inpatient Hospitalization** | | No charge after deductible * |
| **High-Cost Imaging** | | No charge after deductible * |
| **Outpatient Surgery** | | No charge after deductible * |
| **Prescription Drug** | **Retail Tier 1** | No charge after deductible * |

| | | |
|---|---|---|
| | **Retail Tier 2** | No charge after deductible * |
| | **Retail Tier 3** | No charge after deductible * |

*Star (*) indicates that this benefit is subject to the annual deductible. Annual Deductible and Annual Out-of-Pocket Maximum represent individual amounts; family amounts are twice individual amounts, unless stated otherwise.*

### New Networks and Network Changes

No new network designs have been proposed by Issuers for 2016 and there are no major changes in the hospital availability of the currently offered networks.

## QDP ISSUER RESPONSE, EVALUATION AND RECOMMENDATIONS

Health Connector staff, with the support and counsel of Boston Benefits Partners, reviewed all proposed QDP plan design features and networks. Proposed Standardized plans were evaluated to ensure that benefits were offered in compliance with Standardized plan designs and EHB requirements as described in the RFR. Furthermore, like the QHP certification process, the QDP certification process is similarly a joint effort between the Health Connector and the DOI. Stand-alone dental Issuers were also required to submit information to the DOI, including information on licensure and qualification, plan data and detailed network information.

The Health Connector required Issuers to submit standardized plans and permitted Issuers to propose up to three (3) Non-standardized plans. Standardized plan options were designed to offer a common set of plan design features.

### QDP Response Summary

The Health Connector received proposals from the existing five (5) stand-alone dental Issuers: Altus Dental, BCBSMA, Delta Dental of MA, Guardian and MetLife.

These Issuers submitted proposals to meet the Health Connector's requirements to offer standardized plans on their largest provider networks for all three (3) standardized plan designs (*i.e.,* Pediatric-Only, Family High and Family Low Plans). Plan designs include prescribed benefits and cost-sharing amounts in the categories of deductibles, co-insurance, plan year maximums and out-of-pocket maximums.

All currently participating Issuers proposed to maintain their existing product portfolios and did not propose any material changes. Delta Dental proposed one (1) new Non-standard plan design for 2016. As such, all Issuers met the minimum portfolio requirements, offering at least one (1) plan for each of the standardized plan designs in the small-group, non-group or both market segments, depending on their current market participation. Consistent with their 2015 proposals, all five (5) Issuers submitted proposals for the small-group shelf while two (2) of the five (5) Issuers also submitted non-group plans. Moreover, all three (3) Issuers proposed all of their 2015 Non-standardized plans for recertification.

*New Non-Standardized QDP Submission – Low*

| Benefits | Low Family Standard | Delta Dental EPO Family Basic Exclusive Network Plan |
|---|---|---|
| Plan Year Deductible Individual/Family | $50/$150 | **$100/$300** |
| Deductible Applies to: | Major & Minor Restorative | Major & Minor Restorative |
| Plan Year Max (>=19 only) | $750 | $750 |
| Plan Year MOOP <19 Only | $350 (1 child)/ $700 (2+ children) | $350 (1 child)/ $700 (2+ children) |
| Preventive & Diagnostic Co-Insurance In/out-of-Network | 0%/20% | **0% In-Network Only** |
| Minor Restorative Co-Insurance In/OON | 25%/45% | **EHB-60% In-Network Only** >=19-70% In-Network Only |
| Major Restorative Co-Insurance In/OON | 50%/70% No Major Restorative >=19 | **60% In-Network Only** No Major Restorative >=19 |
| Medically Necessary Orthodontia, <19 only, In/OON | 50%/70% | **60% In-Network Only** |

*Costs in **bold** indicate the plan design feature is different from any of the standardized plan designs for the same benefit.*

*Delta Dental EPO Family Basic Exclusive Network Plan*

The EPO Family Basic Exclusive Network plan proposed by Delta Dental offers differentiation compared to the Standardized Low plan by increasing cost sharing for minor and major services and limiting the access to in-network only providers. Preventative services are covered in full by the plan. Health Connector staff recommend certifying the proposed Low plan offering as it will provide a valuable, lower cost option to consumers.

The chart below summarizes the standardized and Non-standardized QDP submissions.

| Issuers | Small Group Only | Both NG and SG | Standardized QDP Plans | | | | Non-Standardized QDP Plans | | | | All Plans |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Total | Configurations | | | Total | Configurations | | | |
| | | | | Pedi | High | Low | | EHB | 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 | 3 | 2 | | 1 | 10 |
| 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 | | | | 3 | | | | 13 |
| | **Total** | | **19** | | | | **6** | | | | **25** |
| | Unique Plan Designs | | 3 | | | | 6 | | | | 9 |

As all Issuers are proposing to maintain their existing QDPs for the 2016 benefit year without material changes and the addition of one (1) new non-standardized QDP from Delta Dental, the Health Connector recommends certifying all plans as submitted.

## BOARD RECOMMENDATION AND NEXT STEPS

Health Connector staff recommends conditionally awarding the 2016 SoA to all proposed Standardized and Non-standardized Platinum, Gold, Silver and Catastrophic QHPs and all proposed Standardized and Non-standardized QDPs for both the non-group and small group shelves. Health Connector staff recommend conditionally awarding the 2016 SoA to all proposed Bronze plans only on the small group shelf.

All standardized QDPs and QHPs and select Non-standardized QDPs and QHPs, as outlined in this memorandum, proposed by the following Issuers are recommended for approval:

- 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
- United Healthcare

The award of the final 2016 SoA is contingent upon the successful completion of the DOI's rate review and form filing process. In accordance with existing DOI processes, all QHP Issuers in the Massachusetts merged market and all QDP Issuers seeking the SoA submitted proposed premium rates for coverage effective January 1, 2015 no later than July 3, 2015. We will discuss with the Board the results of the premium rate review process and any proposed changes to our initial recommendation for the 2016 SoA later this summer.

Staff will also be working to propose which Issuers are eligible to offer ConnectorCare plans to qualified individuals in 2016. All QHP Issuers recommended for the conditional award of the 2016 SoA submitted proposed premium rates to the Health Connector for all Silver plans. Working in collaboration with the DOI, Health Connector staff will validate the lowest cost Silver plan from each QHP Issuer and will recommend which Issuers should be selected to offer ConnectorCare plans. We will also work closely with the Board later this summer to select those Issuers best positioned to serve the subsidized non-group market.

We anticipate returning to the Board at the September Board meeting to present our final recommendation for the 2016 Seal Approval, based upon information received through the above-described processes.