NHeLP
NATIONAL HEALTH LAW PROGRAM

From NHeLP's California Office
For Advocates Everywhere

Lessons from California

Marketplace Benefits and Networks
April 2016

In September 2015, Covered California (CA) created a Benefits and Networks subcommittee of their Plan Management Advisory Group. The subcommittee included stakeholders, health plan members, and Covered CA staff, and met regularly for a four-month period. The subcommittee's role was to provide input to Covered CA staff as they developed recommendations for the 2017 benefit design.

Among the priorities identified by Covered CA for this subcommittee were to: 1) address benefit design priority areas (acknowledging that only minimal changes could be made in order to meet actuarial value requirements); 2) consider benefit changes that align with market dynamics, e.g., Non-Essential Health Benefits, Alternative Benefit Designs, and Value-Based Insurance Design (VBID); and 3) discuss tiered networks and product requirements.

ADDITIONAL RESOURCES

Meeting materials for January and February 2016 Covered CA Board meetings

STRATEGY AND ACTIONS:

Several advocacy organizations, including NHeLP, were actively involved in Covered CA's Benefits and Networks subcommittee. (See NHeLP's comment letter.) In February, the Covered CA Board voted on the changes to the 2017 benefit designs. There were several changes to promote access to care and improve consumer understanding of benefits. For example, primary care, mental health, and rehabilitative services copays were reduced by $5-10 in every metal tier (except for bronze due to actuarial value limitations). Also, urgent care copays were reduced to the same cost-sharing as primary care in every metal level. In addition, Emergency Department fees were restructured in order to improve consumer understanding of benefits, and emergency room cost-sharing will be waived for enrollees who are admitted to the hospital.

Covered CA decided to maintain its standard benefit design in order to make it easier for consumers to compare health plans. As a result, Covered CA will not allow insurance carriers to offer Non-Essential Health Benefits nor allow Alternative Benefit Designs in the Individual Marketplace. The Benefits and Networks subcommittee extensively discussed VBID, which sometimes involves building into insurance products cost-sharing and other financial incentives to promote certain behaviors deemed "beneficial" to the enrollee. Covered CA was interested in including a diabetes management VBID in its 2017 standard benefit design. Even though diabetes treatment and management are important, advocates expressed concern with the VBID due to unanswered questions regarding its effectiveness and whether it would lead to improved health outcomes and reduced costs. Ultimately, Covered CA decided not to move forward with a VBID until further research and data is collected and analyzed to determine if this is a good option for the Marketplace. But, Covered CA did clarify that cost-sharing does not apply to diabetes education and self-management.

Finally, Covered CA decided to disallow tiered hospital networks. Several advocacy organizations, including NHeLP, expressed concerns when tiered networks were allowed in 2016, and therefore were supportive of the decision to no longer allow tiered networks in 2017.

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