Relative Pricing of Three Essential Health Benefits Candidate Plans

Presented to:
New Hampshire Health Care Reform Oversight Committee
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On Behalf of the New Hampshire Insurance Department
Background

- The ACA requires plans on the Health Benefits Exchange to be “qualified health plans” (QHPs)
- QHPs must have “essential health benefits” (EHB) in ten specific, required areas
- EHBs must be based on a “typical” employer-sponsored plan, and can be selected from one of ten benchmark plan types designated by CMS
- The New Hampshire Health Care Reform Oversight Committee selected three of the benchmark plans for pricing
### EHB Benchmark Candidate Plans and Plans Priced

<table>
<thead>
<tr>
<th>Benchmark Plan Category</th>
<th>Candidate Plans</th>
</tr>
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</table>
| The largest plan by enrollment in any of the three largest small group insurance products in the State's small group market | HMO Blue New England  
Matthew Thornton Blue  
Access Blue New England |
| Any of the largest three State employee health benefit plans by enrollment               | HMO Blue New England (HMO plan for State employees)  
Blue Choice New England (POS plan for State employees)  
(Only two options offered, no third option) |
| Any of the largest three national FEHBP plan options by enrollment                      | Government Employees Health Association (GEHA)  
Blue Cross Blue Shield Basic (BCBS Basic)  
Blue Cross Blue Shield Standard (BCBS Standard) |
| The largest insured commercial non-Medicaid Health Maintenance Organization operating in the State | HMO Blue New England  
(for small groups, same as above) |

Plans for which pricing was performed are shown in red
Approach to Relative Pricing

• Prices for EHBs are calculated for full *allowed cost* of covered services, without any reduction for patient cost sharing (cost sharing features come into play at a future step captured by the Bronze, Silver, etc. “metal levels” that apply to EHB-compliant benefit packages)

• Morbidity, provider network contracts, and other features other than covered benefits that cause premiums to vary between plans were held constant

• Prices are expressed in relative terms, with HMO Blue New England total medical cost set as benchmark = 100% as the starting point

• Covered benefit differences between the plans were identified (see Pricing Exhibit)
Approach to Relative Pricing (cont)

• *Differences* in benefit levels were priced
• Pricing exhibit doesn’t display benefits that are materially the same between the plans (differences in price = 0)
• Exhibit and analysis don’t include required benefits that are not currently included in any of the plans – the estimated cost would be the same and would be added to all three, so it doesn’t materially affect the relative prices
Results

• Differences in benefit levels were small, with the exception of GEHA Dental coverage included as part of the medical policy

• Pricing differences were similarly small, with the same GEHA Dental benefit exception

• Matthew Thornton estimated allowed cost equals 99.76% of HMO Blue New England

• GEHA estimated allowed cost equals 102.54% of HMO Blue New England (99.15% before estimated cost of Dental coverage is included)
Results (cont)

• Matthew Thornton benefit differences accounting for the 0.24% lower allowed cost compared to HMO Blue NE:
  – Limit of 12 on chiropractic visits
  – Infertility: coverage only for diagnosis, not for treatment
  – Slightly different vision coverage
  – Slightly more limited hearing test coverage

• GEHA is 2.54% higher than HMO Blue NE despite slightly leaner coverage in general:
  – Does not include mandates for early intervention, telemedicine, HLA testing for bone marrow donation, scalp hair prostheses (wigs), autism spectrum disorders, non-prescription enteral formulas, certain dental procedures for children under 6
  – But, includes full basic Dental coverage, which costs four times as much as the reduced costs of the other benefit differences
  – Would require New Hampshire to pay incremental cost (0.1%) of premium cost subsidies for mandated benefits not included in the benchmark plan
## Summary of Results

<table>
<thead>
<tr>
<th>Potential Benchmark Plan</th>
<th>Allowed Benefit Relativities</th>
<th>Example PMPM Allowed Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMO Blue New England</td>
<td>100.00%</td>
<td>$500.00</td>
</tr>
<tr>
<td>Matthew Thornton Blue</td>
<td>99.76%</td>
<td>$498.79</td>
</tr>
<tr>
<td>GEHA Benefit Plan</td>
<td>102.54%</td>
<td>$512.70</td>
</tr>
</tbody>
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HMO Blue New England is the default plan that CMS will use for the EHB package if New Hampshire does not specify a benchmark plan choice to CMS.