

Relative Pricing of Three Essential Health Benefits Candidate Plans

Presented to:

New Hampshire Health Care Reform
Oversight Committee

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Presented by:

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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

Benchmark Plan Category	Candidate Plans
The largest plan by enrollment in any of the three largest small group insurance products in the State's small group market	<p>HMO Blue New England Matthew Thornton Blue Access Blue New England</p>
Any of the largest three State employee health benefit plans by enrollment	<p>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)</p>
Any of the largest three national FEHBP plan options by enrollment	<p>Government Employees Health Association (GEHA) Blue Cross Blue Shield Basic (BCBS Basic) Blue Cross Blue Shield Standard (BCBS Standard)</p>
The largest insured commercial non-Medicaid Health Maintenance Organization operating in the State	<p>HMO Blue New England (for small groups, same as above)</p>

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

Potential Benchmark Plan	Allowed Benefit Relativities	Example PMPM Allowed Costs
HMO Blue New England	100.00%	\$500.00
Matthew Thornton Blue	99.76%	\$498.79
GEHA Benefit Plan	102.54%	\$512.70

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.