

District of Columbia Essential Health Benefits

Stakeholder Update on Submission

October 29, 2012



Government of the District of Columbia
Vincent C. Gray, Mayor



October 26, 2012

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20001

Dear Secretary Sebelius:

This letter is meant to inform you of the District of Columbia's submission of the District's Essential Health Benefits (EHB) Benchmark Plan. The benchmark plan is the largest small group plan currently available in the District: BlueCross BlueShield CareFirst Blue Preferred PPO Option 1. The pediatric dental and pediatric vision benefits have been supplemented by the FEDVIP BlueVision plan and FEDVIP MetLife plan.

I thank you for the flexibility provided by your Department and in particular staff at the Center for Consumer Information and Insurance Oversight (CCIIO) on the timeline of submission. We received robust stakeholder comment on the proposed benchmark that both illustrates a vision for the future of plan benefit design in the District and several questions that require timely resolution prior to final implementation of the EHB.

The District requires final guidance on issues of parity between mental health and substance abuse as well as rehabilitative and habilitative care. In addition, we look forward to further guidance on the drug formulary. This is a particular area of interest to several stakeholders and they are committed to working with the Department of Insurance, Securities, and Banking (DISB) and CCIIO to resolve outstanding issues.

The District and my department remain fully committed to implementation of ACA, establishment of the DC HBX, and codification of necessary market reforms to ensure not only a successful launch on October 1, 2013, but long-term sustainability in the years and decades to come. We look forward to working closely with the Department throughout the next several months to further refine our EHB selection as new guidance is made available.

Sincerely,

William P. White
Commissioner
District of Columbia
Department of Insurance, Securities, and Banking

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**District of Columbia Essential Health Benefits Submission
Update to Stakeholders
October 29 2012**

The District of Columbia Department of Insurance, Securities, and Banking (DISB) has completed submission of the essential health benefits (EHB) benchmark through the federal Health Insurance Oversight System (HIOS). BlueCross BlueShield CareFirst BluePreferred Option 1, the largest small group plan available in the District, is the benchmark plan, with Federal Employees Dental and Vision Program (FEDVIP) Metlife and BlueVision plans supplementing pediatric dental and vision benefits.

Despite submission of the EHB benchmark, there are several critical issues that must be addressed prior to final implementation. The Department received a remarkable amount of feedback from a diverse array of stakeholders, from insurance carriers to advocacy groups, illustrating a shared passion and dedication to improving the quality of care for all District residents.

Commissioner White has noted the outstanding issues in a letter to Department of Health and Human Services (HHS) Secretary Kathleen Sebelius. As one stakeholder pointed out, “the final HHS guidance regarding benefit substitution may ultimately affect the way the District of Columbia addresses the benchmark plan.” We agree and think this applies for all areas outlined below as well. When further guidance is provided to the District, DISB will immediately release it to stakeholders for consideration.

The District’s chosen benchmark serves as the reference plan “reflecting both scope of services and any limits.” Carriers are given discretion in adoption of the EHB services- they can either adopt the scope of services and limits of the state benchmark or vary them within described parameters. Although neither the Insurance Subcommittee nor DISB have formally engaged stakeholders on plan standardization, this is a necessary next step in the process of establishing the baseline benefit package for the small group and individual markets in the District. With or without final guidance from CCIIO/HHS, the District will work with stakeholders to establish parameters for “substantially equivalent” plans in the DC HBX insurance marketplace.

Parity:

DISB and stakeholders have noted that there are discrepancies within the benchmark with respect to mental health and substance abuse parity. The EHB submission to CCIIO omits the benefit limits contained within the benchmark selection to allow flexibility pending further guidance. “To date,” one stakeholder notes, “HHS guidance has been unclear as to whether the states and the District are responsible for ensuring that EHB coverage for mental health and substance abuse disorder services meets parity or whether HHS will review and amend EHB packages to ensure that they comply...” We have asked CCIIO how we can go about ensuring parity in the benchmark plan and will share their feedback as soon as it is available.

Similar questions remain for parity between rehabilitative care and habilitative care. CCIIO guidance allows for a plan to offer the same services for habilitative needs as it offers for rehabilitative needs and offers them at parity, or a plan could decide which habilitative services to cover and report the coverage to HHS, which would then evaluate and further define habilitative services in the future. This guidance provides a path forward on parity between rehabilitative care but it does not address the status of the District’s current statutory definition of habilitative care defines it only for children 21 and younger. ACA requires habilitative services for adults.

“Defined too broadly, habilitative services could expand the scope of today’s notion of health care so that it finances a wide range of social and educational skills. Habilitative services should only be covered when they address a specific and articulated health care goal.”

We have explained this issue to CCIIO and have requested additional guidance of how to address parity.

Drug Formulary:

The benchmark submission includes the CareFirst Blue Preferred Option 1 drug formulary. However, final federal guidance has not been released and therefore District reserves the right to work with stakeholders to modify the benchmark drug formulary. As stated by one stakeholder, “the District should establish clear and meaningful standards for comparing health plans to the benchmark plan, including consideration of the formulary breadth and cost-sharing.” We recognize that this is another issue that our stakeholders have great interest in addressing and agree that we should “work closely with CCIIO to establish a more comprehensive drug coverage floor that is truly equivalent to the full scope of drugs covered by a typical employer plan...and meets the health care needs of diverse segments of the population.” We will work closely with HHS and CCIIO to provide final guidance for District insurance carriers and residents as soon as possible.

Pediatric Dental:

DISB and the Insurance Subcommittee recognize that proposed benefits for pediatric dental, although robust, could have a significant impact on premiums. Dental carriers and other stakeholders have recommended limiting pediatric dental benefits to either class A only or class A and class B. Stakeholders also pointed to (and provided) an analysis commissioned by the National Association of Dental Plans through Milliman that found the average cost per child per month could be between \$24 and \$27. This contradicts the analysis done by Compass Solutions on behalf of the District estimating costs of approximately \$4 per month. In light of this information we reserve the right to adjust the pediatric dental benefits and look forward to continuing to work with dental carriers, stakeholders, and CCIIO to come to reasonable determination. We will also work with CCIIO and HHS to ensure the pediatric dental benefit is not only affordable, but meets the requirements and intent laid out in the ACA.

Moving Forward:

DISB thanks Insurance Subcommittee stakeholders and all other District residents for submission of comment on the EHB package selection. As described above, there are still several questions that must be resolved prior to final implementation of the selection. We look forward to engaging stakeholder through the Insurance Market Working Group as we work through the outstanding issues and continue efforts to successfully implement the ACA.