MEC Application Status
Implications for 2015

BOARD OF DIRECTORS MEETING – SEPTEMBER 10, 2014
Background

- State high risk pools were designated as Minimum Essential Coverage (MEC) for 2014.

- For coverage beginning after December 31, 2014, state high risk pools may apply to be recognized as MEC.

  CMS Final Rule - “To be consistent with the treatment of self-funded student health plans, HHS is applying the same one-year transitional period to state high risk pools. For coverage beginning after December 31, 2014, sponsors of state high risk pools may apply to be recognized as MEC pursuant to the process provided under 156.604.”

  45 CFR section 156.602 (d) State high risk pool coverage. State high risk pools are designated as minimum essential coverage for plan or policy years beginning on or before December 31, 2014. For coverage beginning after December 31, 2014, sponsors of high risk pool coverage may apply to be recognized as minimum essential coverage pursuant to the process provided under 156.604.

- WSHIP submitted an MEC Application to CMS on May 5, 2014, requesting an extension of its MEC status.

- Based on CMS’s initial response received on July 14, 2014, WSHIP determined that a potential amendment to plans would be preferable to developing a brand new plan for enrollees to switch to in the event CMS does not agree to extend our MEC status.
MEC Application Recap

• May 5, 2014 – MEC Application submitted to CMS.

• July 14, 2014 – CMS responded to WSHIP’s application but did not comment on our request for an MEC extension; instead CMS identified potential plan changes that may be required for MEC recognition.
  • Some changes do not appear objectionable.
  • Some changes are objectionable including CMS’s request that WSHIP’s benefits be substantially equal to the Wyoming Essential Health Benefits (EHB) Benchmark Plan. CMS indicated it selected Wyoming’s plan to use for all MEC applications. The requested modifications would provide more extensive and more expensive coverage than the Qualified Health Plans in the Washington Health Benefit Exchange or plans in the private market.

• July 29, 2014 – WSHIP submitted a response to CMS reiterating our request for an extension of MEC recognition during our enrollees’ transition period. Alternatively, WSHIP conveyed a willingness to consider plan changes if required but only if modifications are substantially equal to Washington’s EHB Benchmark Plan - not Wyoming’s. WSHIP also requested a waiver for adding pediatric dental and vision benefits due to the cost to develop these programs and the small number of enrollees under age 19 (currently 35 enrollees).

• Sept. 2 and 3, 2014 - Per telephone inquiries to CMS, WSHIP was informed that recommendations concerning our application have been forwarded to decision-makers but CMS cannot commit to a timeframe for a decision. CCIIO official Jim Mayhew agrees to escalate our request for a decision.

• Sept. 8, 2014 - Jim Mayhew indicates he is hopeful to have a decision to us by the end of this week (Sept. 12).
Potentially Required Plan Changes by CMS and Estimated Impact

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<tr>
<th>REQUIREMENT</th>
<th>ESTIMATED RATE IMPACT</th>
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<tbody>
<tr>
<td>1. Removal of annual dollar limits on Preventive Health Care and Hospice Respite Care, and the lifetime dollar limit on Transplant Surgery benefits.</td>
<td>+1.0%</td>
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<td>2. Removal of the annual limit on the number of inpatient days and outpatient visits for Chemical Dependency services.</td>
<td>+0.1%</td>
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<td>3. Removal of the pre-approval requirement for Durable Medical Equipment.</td>
<td>0.2%</td>
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<td>4. Removal of any cost-sharing differential for in-network versus out-of-network providers for Emergency services.</td>
<td>0.2%</td>
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<td>5. Preventive Health Care coverage for all services recommended by the United States Preventive Services Task Force (USPSTF) A and B, the Advisory Committee on Immunization Practices (ACIP) of the Centers for Disease Control and Prevention, and the Health Resources and Services Administration (HRSA). These preventive care items and services are not subject to cost-sharing.</td>
<td>0.5%</td>
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<tr>
<td>6. Coverage for medically necessary inpatient and outpatient Habilitative Services.</td>
<td>1.5%</td>
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<tr>
<td>7. Tobacco Cessation coverage for up to two participations per year instead of one.</td>
<td>Insignificant</td>
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<td>8. Removal of the Pre-Existing Condition Limitation.</td>
<td>Insignificant</td>
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<tr>
<td>9. Removal of the eligibility requirement that dependent children be “unmarried.”</td>
<td>Insignificant</td>
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Key Deadlines
(Extended as far as possible from normal timeline)

Board Approval Deadline • Sept 10

CMS Approval Deadline • Oct 6

Executive Committee Approval Deadline for Final Terms • Oct 13

OIC Approval Deadline • Oct 24

Open Enrollment Begins • Nov 15

SERFF File Preliminary Endorsement • Sept 15

Calculate Amended Rates (and update Endorsement if needed) • Oct 10

SERFF File Amended Rates (and updated Endorsement if needed) • Oct 15

Materials to Printer for Enrollee Mailing • Nov 1
Challenges and Considerations

No Assurance of CMS Approval - Tight timing and expenses of developing an MEC Endorsement with no assurance of CMS approval is a challenge and a risk.

- CMS has approved only one MEC Application to date (in total for 2014 and 2015). (That application was from Access Health; its approval was recorded August 6, 2014 on CMS’s website for a January 1, 2014 effective date.)
- Recommendations to decision-makers and likelihood of approval are unknown.

Efforts to Seek MEC Extension for all State High Risk Pools - We have received conflicting information regarding the likelihood of an extension. Jim Mayhew advises WSHIP to not plan on it.

OIC Support - The OIC does not anticipate any objections to the potential plan modifications under consideration and has been very accommodating of our need for more time to file a potential plan endorsement for OIC approval.

Enrollee Communications & Operations - Enrollees need to know whether or not WSHIP plans will be recognized as MEC in 2015 in order to make informed decisions about their coverage options. BMI needs adequate time for operational setup of any plan modifications to ensure appropriate adjudication of claims beginning January 1, 2015.

Limited Plan A - This WSHIP plan will require more significant benefit modifications to meet MEC. Currently there are only 3 enrollees remaining in this plan.
Options

**Option 1: Move forward without an MEC Endorsement to non-Medicare Plans**

- Inform enrollees that WSHIP’s Non-Medicare plans will not be recognized as MEC in 2015 unless CMS takes action to recognize state high risk pools as MEC.
- Continue to support NASCHIP’s efforts to extend MEC for all state high risk pools.

**Option 2: Conditionally approve an MEC Endorsement in the event an agreement can be reached with CMS by early October**

Conditions:

- CMS approves WSHIP’s MEC Application and proposal by October 6, 2014;
- Final terms for the MEC Endorsement are approved by the Executive Committee (or by Special Board Meeting) and the OIC by October 24, 2014;
- Rate impact is consistent with estimates; and
- Plans to be endorsed are Preferred Provider Plan, Standard Plan and HSA Qualified Plan.

*Note: The MEC issues discussed in this presentation only apply to non-Medicare enrollees. Enrollees in WSHIP’s Medicare-eligible plans (Basic and Basic Plus) already meet the MEC requirement because Medicare coverage is recognized as MEC.*
**Proposed Resolution**

**Option 2 - MEC Proposal**

WHEREAS, it is generally in the interest of non-medicare enrollees that WSHIP plans constitute “minimum essential coverage” for purposes of the Affordable Care Act requirement that non-exempt individuals maintain minimum essential coverage or pay an individual shared responsibility payment pursuant to section 5000A of the Internal Revenue Code;

WHEREAS, WSHIP has submitted an application to CMS, in compliance with applicable regulations, for recognition of WSHIP plans as providing minimum essential coverage and has submitted a proposal by letter dated July 29, 2014 to CMS for specific modifications to WSHIP plan coverage (“MEC Proposal”) under the Preferred Provider Plan, the Standard Plan, and the HSA Qualified Plan;

WHEREAS, the number of enrollees in Limited Plan A is so small that changes to that plan are not appropriate;

WHEREAS, WSHIP has received the estimate of its actuary that the changes to rates that would be required if the MEC Proposal is adopted for these WSHIP plans in 2015 would be approximately 3.5% over 2014 rates;

IT IS RESOLVED: that the WSHIP Preferred Provider, Standard Plan, and HSA Qualified Plan be modified by an endorsement (“MEC Endorsement”) that will be effective January 1, 2015 and make the changes in coverage substantially as described in the MEC Proposal, subject to the following conditions:

(i) CMS approves the WSHIP MEC Proposal by October 6, 2014;

(ii) Final terms for the MEC Endorsement are approved by the Executive Committee (or by a Special Board meeting) and the OIC by October 24, 2014;

(iii) Rates as calculated for final plans as modified by the MEC Endorsement do not exceed a 5% increase (as compared to 2014 rates).