Testimony of the New York Health Plan Association

to the

Assembly Standing Committees on Insurance and Health

on the subject of

The Legislative Role in Modernizing State Health Insurance Coverages Under the Affordable Care Act

April 7, 2016

INTRODUCTION

The New York Health Plan Association (HPA), comprised of 27 health plans that provide comprehensive health care services to more than eight million New Yorkers enrolled in state regulated plans, appreciates the opportunity to present its members' views on the subject of modernizing state health insurance coverage under the Affordable Care Act (ACA). Our plans include those that offer a full range of health insurance and managed care products (HMO, PPO, POS, etc.), prepaid health services plans (PHSPs) and managed long term care (MLTC) plans. The New Yorkers who rely on these plans are enrolled through employers, as individuals, or through government sponsored programs — Medicaid managed care, Child Health Plus, Healthy New York and now, through New York's exchange, the NY State of Health (NYSOH).

HPA member health plans have long partnered with the state in achieving its health care goals, including improved affordable access to quality care in its government programs as well as providing access to care that exceeds national quality benchmarks for commercial enrollees.

SHARED GOALS

HPA and its member health plans share a fundamental health care goal with our state lawmakers and policy makers: Providing New Yorkers with affordable access to quality health care.

For more than two decades now, health plans have partnered with New York to provide lower-income New Yorkers access to quality health care through the Medicaid managed care program. Along with greater access to services in more appropriate settings — shifting care out of hospital emergency departments and providing Medicaid beneficiaries with their own doctors and, thus, with better continuity of care — health plans have worked with the Department of Health (DOH) to measure and improve the outcome of the care that is provided. Similarly, plans have worked to build

on the Medicaid managed care model to provide expanded access to and improved quality of care through the Child Health Plus, Family Health Plus and MLTC programs. In recent years, health plans have continued collaborative efforts with the state to implement the Medicaid Redesign Team (MRT) initiatives including the enrollment of new populations and the implementation of the Fully Integrated Duals Advantage (FIDA) initiative. And we continue working to undertake the implementation of New York's multi-billion dollar Medicaid waiver, the Delivery System Reform Incentive Payment (DSRIP) program.

As noted above, work to realize our shared health care goal also extends to the NYSOH, New York's health insurance exchange created under the federal Affordable Care Act (ACA). During the first two years of operation, more than 2.7 million New Yorkers have signed up for health coverage through the NYSOH. Since the creation of the state exchange, HPA and its members have worked closely with NYSOH staff on efforts to ensure this marketplace continues as a viable avenue for New Yorkers to obtain affordable coverage.

ESSENTIAL HEALTH BENEFITS

As you are undoubtedly aware, the ACA created a federal framework for essential health benefits (EHBs) that sought comprehensive benefits while minimizing cost. The EHB framework, based on IOM study recommendations, sought federal/state standardization with limited flexibility to guaranty provision of ten basic and "essential" service categories within a benchmark plan that would be selected by the state from ten plan products. In New York, these products included the New York State Health Insurance Program (NYSHIP) offered to state and municipal employees, the Federal Employees Health Benefits (FEHP) program, the state's most popular (largest enrollment) small group and HMO plans.

The ten EHB service categories generally include approximately 50 discrete benefits including pharmacy coverage. Cosmetic services, bariatric surgery and acupuncture are

examples of services that may not be covered, with adult dental and vision, custodial nursing home care and cosmetic orthodontia specifically excluded by federal regulation. The original federal process utilized to establish the final EHB package for 2014 was reviewed, modified and updated in 2015 for 2017 EHB coverage.

Critical to the EHB discussion is understanding the balance between comprehensive benefits and affordability. The federal Department of Health and Human Services (HHS) adopted the IOM recommendation to require the ten benefit service categories to insure comprehensive coverage and a guaranty for consumers that the insurance benefits were meaningful.

As a result, when implemented in 2014, some plan products that previously offered low benefit and low cost were eliminated and, for those consumers, the mandated richer benefits of EHB resulted in substantial premium increases. The related goal of the ACA was standardized benefits permitting consumers the ability to compare plan products based on cost, actuarial value (AV) and quality. To better insure standardization, the ACA limited the EHB process to curb new state mandates by making their cost a state, not a consumer expense.

The states effect affordability through their discretionary role in selecting an EHB benchmark plan among ten plan products. In 2012 and 2015 New York State reviewed the ten plan options that differed in benefits covered—beyond the required EHB package—and costs. New York's actuarial analysis by Milliman of the various product options recognized that while some products were more expansive in benefit coverage, they were also more expensive. In the end, New York exchange officials selected the Oxford EPO, which is in the largest enrollment small group category, rather than other options including the NYSHIP Empire plan, which was broader in benefits and more costly.

As previously stated, affordable access to quality health care is the HPA goal. In furtherance of that goal we support:

1. Maintaining the relationship between actuarial value standards and coverage benefits.
2. Requiring state payment of coverage mandates above the EHB.
3. Implementation of the coverage benefit cost commission.
4. Plan discretion to substitute benefits to promote design innovation.

CONCLUSION

HPA and its member plans are proud of the role they continue to play in helping New York improve access to affordable health coverage and quality of care for its residents, and plans remain committed to working with you and your colleagues on initiatives that keep New York moving forward on this course. We thank you for the opportunity to share our views today.