



Kansas EHB Benchmark Plan 1st Stakeholder Meeting

**Recommendations / Process
Changes to Benchmark Plan Effective 2025**

Michael Brown, FSA, MAAA

03/03/2023

Meet your speaker

Michael Brown, FSA, MAAA, Principal
Lewis & Ellis Actuaries and Consultants

Mike has been in the actuarial profession for 20+ years. Fives years at Coventry Health Care as a plan actuary and 15+ years as a consultant. Mike's primary roles are as Self-Insured Health Trust expert and Assisting Departments of Insurance, particularly in ACA implementation. This includes 1332 waiver approval and implementation, ACA rate analysis and approval, APCD/EDGE server analytics and trend studies, subsidy analysis, Covid 19 analysis, mandated benefits, and state filing templates. Prior to becoming an actuary, Mike was a college mathematics instructor.

Jason Dunavin, FSA, MAAA

Brad Blankenship, Associate Actuary, Director of Data Science

Joe Miller, Actuarial Student

Disclaimer

The information presented here is intended for the sole use of the Kansas Insurance Department (KID) and will only be distributed based on KID determination and remain in compliance with insurance laws and regulations of the state, and subject to the confidentiality requirements thereof. Parties receiving this report should rely on experts when interpreting results. Assumptions and estimates in this report are the result of actuarial modeling and are inherently uncertain. Therefore, actual results may vary. Subsequent events such as Federal or State regulations may have a material impact on these results.

Introduction – Benchmark Plan

- ACA requires health insurance sold to individuals and small group cover Essential Health Benefits (EHB)
 - Ambulatory, Emergency, Hospitalization, Maternity, MHSU, Prescription Drugs, Rehabilitative/Habilitative, Lab, Preventive, Pediatric including oral and vision
- Beginning Plan Year 2017, CMS set forth that states choose new benchmark plans from choice of ten “typical employer plans”
 - Three largest FEHBP plans
 - Three largest State Employee Health Plans
 - Three largest Small Group Employer Plans
 - Largest insured commercial non-Medicaid HMO

Introduction – Benchmark Plan

- Current Benchmark Plan
 - Small Group, BCBS KS, Blue Choice Comprehensive Major Medical, Supplemented with Pediatric Dental, Pediatric Vision, Habilitation Services
- Beginning 2020 CMS allowed for more flexibility
 - Select a Benchmark plan used by another state
 - Replace one or more EHB categories in the current benchmark plan with those categories as defined by another state
 - Select a set of benefits to become the state benchmark plan

Kansas Benchmark Plan



A Benefit	B EHB	C Is the Benefit Covered?	D Quantitative Limit on Service?	E Limit Quantity	F Limit Unit	G Exclusions	H Explanations
Inpatient Physician and Surgical Services	Yes	Covered	No				
Bariatric Surgery	No	Not Covered	No				
Cosmetic Surgery	No	Not Covered	No				
Skilled Nursing Facility	No	Not Covered	No				
Prenatal and Postnatal Care	Yes	Covered	No				Also covers surrogate mother if there is a petition to adopt within 90 days of birth.
Delivery and All Inpatient Services for Maternity Care	Yes	Covered	No				Also covers surrogate mother if there is a petition to adopt within 90 days of birth.
Mental/Behavioral Health Outpatient Services	Yes	Covered	No				
Mental/Behavioral Health Inpatient Services	Yes	Covered	No				
Substance Abuse Disorder Outpatient Services	Yes	Covered	No				
Substance Abuse Disorder Inpatient Services	Yes	Covered	No				
Generic Drugs	Yes	Covered	No				
Preferred Brand Drugs	Yes	Covered	No				
Non-Preferred Brand Drugs	Yes	Covered	No				
Specialty Drugs	Yes	Covered	No			Coverage for Specialty Prescription Drugs will be limited to a supply sufficient for 34 consecutive days of therapy.	
Outpatient Rehabilitation Services	Yes	Covered	Yes	90	Day(s) per Benefit Period	Excludes vocational rehabilitation; Cognitive therapy; social rehabilitation.	These therapies include but are not limited to PT, OT, and ST. Further, "[Rehab] Services are covered only if they are expected to result in significant improvement in the Insured's condition. The Company, with appropriate medical consultation, will determine whether significant improvement has occurred". "Speech Therapy", limited to one service per day up to a maximum benefit of 90 daily services per Insured per Benefit Period. This limitation is not applicable to Mental Illness or Substance Use Disorders.

- Partial snapshot of Kansas EHB Benchmark Plan Above
- Each states' plan is loaded on CMS website
 - <https://www.cms.gov/ccio/resources/data-resources/ehb>

New Kansas Benchmark Plan?

- State Flexibility to Stabilize the Market Cycle II Grant
 - <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Market-Reforms/State-Flexibility>
- Kansas Insurance Department (KID) Retained L&E to Review EHB Benchmark
- Determine if the current Benchmark plan meets the needs of Kansans in the individual and small group markets
- Recommend changes and cost impacts to Benchmark Plan

Process

- L&E reviews potential changes to Benchmark Plan
- L&E reviews the cost impacts
- L&E recommends changes – not final
- March 2023: Stakeholder Meetings as required and determined by KID & Stakeholders
- March 3rd – April 3rd: Public Comment Period
- April 4th – April 25th: Finalize Benchmark Plan
- May 1st – File with CMS

CMS key requirements

- Select a New Benchmark Plan Which
 - Provides coverage of items and services for at least the ten categories
 - Does not have benefits unduly weighted towards any of the categories
 - Provides benefits for diverse segments of the population, including women, children, persons with disabilities, and other groups
 - Does not include discriminatory benefit designs
 - https://regtap.cms.gov/uploads/library/PMSC_Slides_022421_5CR_022421.pdf

CMS key actuarial requirements

- Typicality Standard
 - Kansas EHB plan has a scope of benefits equal to the scope of benefits under a typical plan
 - Maintains states' traditional role in defining the scope of insurance benefits and permitting the exercise of that authority by selecting a plan that reflects the benefit priorities of that state
 - May have to alter recommendations slightly or remove other EHB
- Generosity Standard
 - Kansas EHB plan cannot be more generous than any of the ten comparison plans
- Standards measured using 100% actuarial value
 - Expected value of carrier paid claims + member cost share

Initial L&E Review

- Review other states' benefits with emphasis on those updated since 2020
- Review Consumer Complaints through KID
- Is there a general consensus the benefit improves population health
- Estimate Cost, are the expected increase in costs acceptable?
- Carrier Data Call
- <https://insurance.kansas.gov/EHB/>
- <https://insurance.ks.gov/documents/healthlife/ehb/EHB-recommendation.pdf>

Other States – Summary

	Kansas	Colorado	Michigan	New Mexico	Oregon
Accidental Dental	Green	Red	Red	Green	Green
Accupuncture	Red	Green	Red	Green	Green
Bariatric Surgery	Red	Green	Green	Green	Red
Gender Affirming Care	Red	Green	Red	Red	Red
Hearing Aids	Red	Green	Red	Green	Green
Infertility	Green	Green	Green	Green	Red
Orthodontia Child	Green	Red	Red	Green	Green
Private Duty Nursing	Green	Green	Red	Red	Red
Routine Eye Exam Adult	Red	Green	Green	Red	Red
Routine Foot Care	Green	Red	Red	Red	Green
Weight Loss Programs	Red	Red	Green	Green	Red

- L&E summary using CMS downloads, 70 categories
- Eleven categories are not the same across the board
- Caution, Relies on exact entries from CMS document, Cosmetic Surgery vs Reconstructive Surgery

Other States – Summary

Benefit	Number of States, DC, Territories Covering
Acupuncture	7 of 53
ABA	27 of 53
Bariatric Surgery	22 of 53
Hearing Aids No Restrictions	8 of 53
Hearing Aids, age restrictions	26 of 53

- <https://www.cigna.com/static/www-cigna-com/docs/top-11-ehb-by-state-2022.pdf>
- 50 States, DC and two territories requiring EHB, Puerto Rico, Virgin Islands

Initial Recommendation

- Add three coverages to existing Benchmark
 - Hearing aids by prescription for insureds 18 years of age and older with severe or profound hearing loss, and over the counter (OTC) hearing aids for insureds 18 years of age and older with mild or moderate hearing loss; and
 - Medically necessary bariatric surgery for insureds 18 years of age and older with a body mass index (BMI) of 35 or higher and an obesity-related comorbidity; and
 - Medically necessary applied behavior analysis (ABA) for insureds up to 18 years of age with autism spectrum disorder (ASD).

Recommendation Change?

- Remove age restrictions
- Add three coverages to existing Benchmark
 - Hearing aids by prescription for insureds with severe or profound hearing loss, and over the counter (OTC) hearing aids for insureds with mild or moderate hearing loss; and
 - Medically necessary bariatric surgery with a body mass index (BMI) of 35 or higher and an obesity-related comorbidity; and
 - Medically necessary applied behavior analysis (ABA) for insureds with autism spectrum disorder (ASD).

Initial Recommendation: 2025 Cost

	Carriers Expectation					
	Individual			Small Groups		
	Min	Max	Market Average	Min	Max	Market Average
Hearing Aids	\$0.19	\$2.02	\$0.51	\$0.41	\$1.32	\$0.60
Bariatric Surgery	\$0.16	\$5.43	\$1.00	\$1.04	\$2.50	\$1.74
Applied Behavioral Analysis	\$0.42	\$9.86	\$1.05	\$0.34	\$3.40	\$0.82
Total	\$1.16	\$13.32	\$2.56	\$2.58	\$6.11	\$3.16

- Cost in 2025 average claims per member per month
- Per Kansas Insurance Carriers
- L&E estimate \$2.74 (after adjustments to our reported upper bound on ABA)
- Analysis in progress to determine removal of age restriction impact

Initial Recommendation: 2025 Cost

	Individual	Small Group
Expected Total Claims	\$792.15	\$707.60
Cost of Considered Benefits	\$2.56	\$3.16
Minimum Added Cost of Considered Benefits	\$2.00	\$2.87
Cost of Considered Benefits %	0.3%	0.4%

- L&E assumed 6% trend applied to market 2022 claims
- Added Cost is lower as some carriers currently offer some of these benefits
- Premium impact will be lower than claims impact

Next Steps

- Stakeholder Input & Public Comments
 - Submit comments to kid.publiccomment@ks.gov
 - Include “EHB-Benchmark Plan Selection” in the subject line or title of document
 - Comments will be posted on KID website
- Follow up stakeholder meeting(s) may be warranted
- If the process leads to changes
 - May require another carrier data call
 - Must satisfy KID/Stakeholders tolerance for cost increase if applicable
 - Must satisfy CMS requirements for cost

Contact Us



785-296-3071



kid.commissioner@ks.gov



insurance.kansas.gov



@KSinsurancedept



1300 SW Arrowhead Road, Topeka, KS 66604



KANSAS
INSURANCE
DEPARTMENT