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CORRESPONDENCE MEMORANDUM

DATE: August 8, 2013
TO: Group Insurance Board
FROM: Mary Statz, Director, Health Benefits and Insurance Plan Bureau
Emily Loman, Manager Alternate Health Plans
SUBJECT: Uniform Benefits/Guidelines State Benchmark Update

Staff recommends the Group Insurance Board adopt the State of Pennsylvania Essential Health Benefits-benchmark plan.

Background

As part of the discussion concerning Guidelines and Uniform Benefits changes for 2014 presented to the Group Insurance Board (Board) in May 2013, staff informed the Board that under the Affordable Care Act (ACA), large-group health insurance plans, such as the State of Wisconsin Group Health Insurance program, are not required to provide Essential Health Benefits (EHB). However, if large group plans choose to provide EHB, annual dollar limits must be removed from those benefits.

The Board accepted staff's recommendation to adopt a different state's EHB-benchmark plan in order to maintain current benefits to the greatest extent possible. Staff had identified for the Board the EHB-benchmark plans of nine states (Alabama, Alaska, California, Florida, Georgia, Idaho, Massachusetts, Pennsylvania, and South Carolina) that do not conflict on essential health benefits, with the exception of pediatric dental services. All 50 states require coverage of pediatric dental services.

Staff intended to inform the Board of the Benchmark State to be used. However, the Center for Consumer Information and Insurance Oversight (CCIIO), informed staff that if our program wants to follow the EHB-benchmark of a different state, we must select an alternative states' EHB-benchmark plan.

In order to select the EHB-benchmark that best meets the needs of our program, staff analyzed the essential health benefits of the benchmark plans of the nine states identified above. The analysis focused on which EHB-benchmark plans would provide the greatest flexibility for making future changes to our program. As a practical matter,

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services

Electronically Signed 8/12/13

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this means benchmark plans that cover the fewest essential health benefits are more attractive because in the future they would provide more flexibility for our program to offer certain benefits with dollar limits, if desired.

Our analysis identified the benchmark plans of three states (Florida, Pennsylvania, and South Carolina) that do not cover habilitation services. (Note: Wisconsin's benchmark plan also does not cover habilitation services.) Therefore, by selecting the benchmark plan of one of these three states, our program could, in theory, choose to cover habilitation services with a dollar limit.

Analysis further identified that Florida's benchmark covers more essential health benefits than Pennsylvania and South Carolina, thereby making it less attractive in terms of potential for future program flexibility. Pennsylvania and South Carolina cover the same number of essential health benefits, but vary slightly in terms of which benefits they cover. South Carolina's benchmark does not cover routine eye exams for adults, whereas Pennsylvania's benchmark plan does. Pennsylvania's benchmark does not cover non-emergency care when obtained outside the U.S., whereas South Carolina's benchmark does. Our program currently covers routine eye exams for adults with an annual visit limit. Because our program currently imposes an annual visit limit to the routine eye exams for adults, it would be less likely that we would recommend also imposing a dollar limit on this benefit. By choosing Pennsylvania's benchmark plan over South Carolina's plan, our program would have the flexibility to cover non-emergency care outside the U.S. with a dollar limit in the future, should we choose to do so.

Therefore, staff recommends the Board select the EHB-benchmark plan of Pennsylvania. By selecting Pennsylvania's EHB-benchmark plan, our program will be able to maintain current benefit levels with respect to hearing aids for participants over eighteen (18) years of age; diagnostic and non-surgical treatment for TMJ; and dental implants following accident or injury. Pennsylvania's benchmark plan also gives our program the greatest amount of flexibility in the future to cover certain benefits with dollar limits as explained above. Note that EHB-benchmark plans will be reexamined at the state and federal levels and potentially revised for 2016.

Since Pennsylvania's EHB-benchmark plan covers pediatric dental benefits, our program must remove annual dollar limits for pediatric dental services. Our program is still required to cover all mandated benefits under Wisconsin state law.

Staff will be available at the Board meeting to answer any questions.