

Small Group and Limited Benefit Plans

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Plan Options to Improve Affordability

- Small Group “Mandate Flexible” Policies
 - Remove all or the majority of state mandated health insurance benefits
 - May focus on a particular population such as small group
 - May include a limitation to those who have been previously uninsured
- Limited Benefit Plans
 - Services covered vary and may include comprehensive benefits but coverage ceases once a predetermined medical expense cap is met



Small Group Policies

- States with small group mandate flexible policies include:
 - Arizona
 - Florida
 - Illinois
 - Kentucky
 - Louisiana
 - Texas
 - Washington



Arizona

- Arizona (2006, 2007)
 - Created Uninsured Small Business Health Insurance Plans, allowing small employers (2 to 50 employees) who have not offered health benefits for at least six consecutive months to offer policies without many of the mandated benefits previously required



Florida

- Florida (2008)

- The Cover Florida program targets uninsured individuals between the ages of 19 and 64 who have not had coverage for six months.
- Health plans offering coverage must develop two different plans, one of which offers catastrophic coverage.
- Basic plans must include:
 - Preventative health services (immunizations, annual health assessments, well-woman and well-care services, and preventative screenings such as mammograms, cervical cancer, and noninvasive colorectal or prostate screenings)
 - Incentives for routine preventive care
 - Office visits for the diagnosis and treatment of illness or injury
 - Office surgery
 - Behavioral health services
 - Durable medical equipment and prosthetics
 - Diabetic supplies
 - Prescription drug coverage or discount drug care
- Catastrophic plans must include all of the above benefits plus they may include the following:
 - Inpatient hospital stays
 - Hospital emergency care services
 - Urgent care services
 - Outpatient facility services, outpatient surgery, and outpatient diagnostic services



Illinois

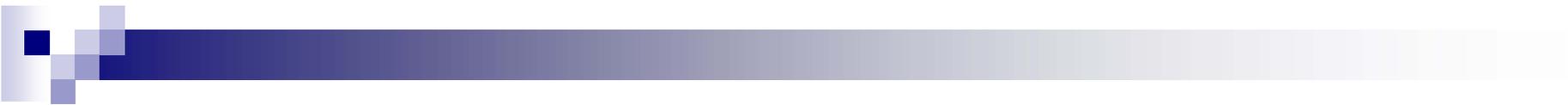
- Illinois (1990)

- Allows insurers offering cover to small employers (25 or fewer employees) to issue policies that are exempt from certain provisions including mandated benefits with the exception of the following benefits:
 - Mammograms
 - Adopted children
 - Mental illnesses
 - Fibrocystic conditions
 - Rehabilitation



Kentucky

- Kentucky (2005)
 - Insurers in the individual, small group, or employer-organized association market may offer a basic health benefit plan that excludes mandated benefits, with the exception of diabetes, hospice and chiropractic benefits.



Louisiana

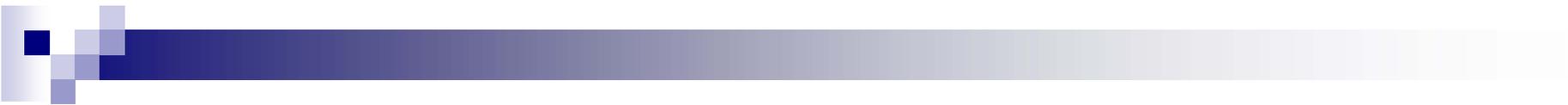
- Louisiana (2004)

- “Flexible” group health policies may be issued to groups of 50 or less and individuals. “Flexible” policies do not include all of the mandates normally required by law and insurance companies are required to notify potential purchasers that they do not contain all of the state mandated benefits.



Texas

- Texas (2003)
 - Consumer Choice of Benefits Health Insurance Plans do not provide state mandated health insurance benefits.
 - Required plan benefits include:
 - Direct services to OB-GYN care;
 - Coverage of children
 - Serious mental illness;
 - Cancer screenings;
 - Supplies and services associated with the treatment of diabetes;
 - Childhood immunizations and hearing screening;
 - Reconstructive surgery for certain craniofacial abnormalities of children;
 - Dietary treatments for PKU; and
 - Referral to non-network providers when medically necessary covered services are not available through network providers.



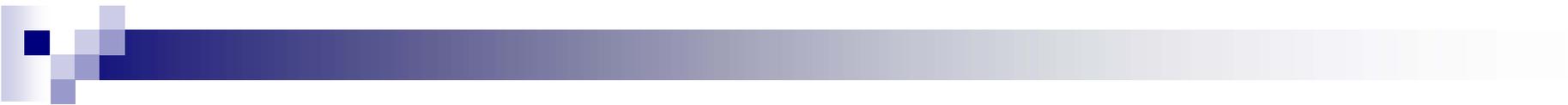
Washington

- Washington (2004)
 - Health insurers offering coverage to small employers with less than 25 employees must offer small firms the option of purchasing a basic health plan.
 - Basic health plans must provide coverage for hospital expenses and physician services, emergency care, maternity care, diagnostic and preventative screening tests, and well-child care as well as options for prescription drug coverage.



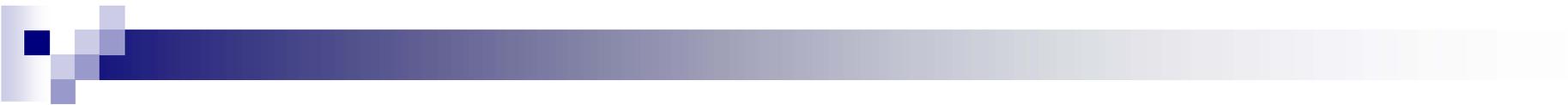
Limited Benefit Plans In Other States

- West Virginia (2006)
 - Insurers offering individual or group coverage to part-time, temporary, and seasonal employees may offer limited benefit plans that are exempt from state mandated benefits.
 - Coverage for emergency, hospital, outpatient, preventative, and primary care services as well as prescription drugs is required. Limited policies must contain specified dollar limits that will be paid for medical services.



Limited Benefit Plans in Virginia

- Anthem Limited 30/30 product available in the 2-50 small group market. (July 2006)
 - PPO benefit design that includes:
 - \$40,000 annual benefit maximum
 - \$1,500 deductible
 - \$4,000 out of pocket
 - \$30 co-pay for first four office visits (not subject to Deductible)
 - 30% coinsurance
 - Prescription drug - generic only coverage



Issues to Consider

- Potential reduction in premium is unknown
- Potential marketplace demand for product is unknown
- Unintended incentive for employer to switch to a policy with less coverage
- Cost of administration to offer versus the potential size of the marketplace