

California Health Benefits Review Program

Policy Brief:

Pediatric Dental and Pediatric Vision
Essential Health Benefits

October 1, 2014



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California Health Benefits Review Program
1111 Franklin Street, 11th Floor
Oakland, CA 94607

T: 510-287-3876
F: 510-763-4253

www.chbrp.org

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Suggested Citation: California Health Benefits Review Program (CHBRP). (2014). Policy Brief: Pediatric Dental and Pediatric Vision Essential Health Benefits. Oakland, CA

PEDIATRIC DENTAL AND PEDIATRIC VISION ESSENTIAL HEALTH BENEFITS

Starting on January 1, 2014, the Affordable Care Act (ACA)¹ began requiring many forms of health insurance to cover essential health benefits (EHBs).² Among the EHBs is the category of “pediatric services, including oral and vision care.”³ Prior to the ACA, this category of benefits had not typically been included among the standard benefits in health insurance, but was recommended for inclusion in EHBs by the Institute of Medicine (IOM), who cited the opportunity for life-long public health impact that comes from investing in preventive services for children.⁴

The requirement for health plans to newly offer this category of benefits has raised a number of issues for policymakers in California to consider. Its implementation has been shaped by federal guidance issued after passage of the ACA, state law and regulation, and is continually being shaped by administrative actions made by the governing board of California’s health insurance marketplace,⁵ Covered California.

This brief describes the choices California has made to comply with the ACA’s pediatric dental and pediatric vision EHB requirement, provides additional information on how this category of EHBs has been administered in California, and highlights some potential future considerations for policymakers around this topic.

Policy Context

Essential Health Benefits

The defining of EHBs since passage of the ACA has involved both federal and state oversight.⁶ EHBs were initially delineated in the ACA, and subsequently, the U.S. Department of Health & Human Services (HHS) released guidance⁷ that provided more specific parameters for defining EHBs at the state level through 2016.⁸ Based on this guidance, states have been tasked with the

¹ The federal “Patient Protection and Affordable Care Act” (P.L.111-148) and the “Health Care and Education Reconciliation Act” (P.L. 111-152) were enacted in March 2010. Together, these laws are referred to as the Affordable Care Act (ACA).

² Affordable Care Act Section 1302(b)(1).

³ Affordable Care Act Section 1302(b)(1)(J).

⁴ Institute of Medicine. 2012. *Essential Health Benefits: Balancing Coverage and Cost*. Washington, DC: The National Academies Press. 91.

⁵ The ACA requires the establishment of health insurance exchanges in every state, now referred to as health insurance marketplaces.

⁶ Health insurance in California is regulated by two agencies: the Department of Managed Health Care (DMHC) and the California Department of Insurance (CDI).

⁷ Available at: www.cms.gov/CCIIO/Resources/Files/Downloads/essential_health_benefits_bulletin.pdf and www.cms.gov/CCIIO/Resources/Files/Downloads/ehb-faq-508.pdf.

⁸ Federal guidance suggested maintaining fixed EHBs through the selection of a benchmark plan with a consistent set of benefits for plan years 2014 and 2015. This approach will be revisited in 2016 according to federal guidance. At that point, the benefits described here could change again.

decision to select EHBs through their choice of a “benchmark plan.” The benchmark plan selection defines the scope of EHBs in a particular state, and must meet the 10 EHB categories outlined in the ACA.⁹ In 2012, California passed a state law selecting Kaiser Small Group 30 HMO as its EHB benchmark plan.¹⁰

Since California’s benchmark plan selection does not include comprehensive dental and vision benefits,¹¹ federal guidance allows a state to supplement the benchmark plan choice with benefits from other plan designs in order to fulfill the EHB requirement for pediatric dental and pediatric vision care services.¹² The following section describes how California selected these supplemental benefits, and describes some of the implementation decisions that California has made to comply with the ACA’s pediatric dental and pediatric vision EHB requirement.

Policy Implementation

What are the benefits?

The ACA does not specify what particular benefits are required as part of pediatric dental and pediatric vision EHBs. Federal guidance issued after passage of the ACA suggested that a state select supplemental benefits from either its Children’s Health Insurance Program (CHIP) or from the largest (by enrollment) Federal Employee Dental and Vision Insurance Program (FEDVIP).¹³

Following this guidance, California selected Healthy Families¹⁴ (the state’s CHIP program) as the source for defining EHB pediatric dental benefits, and selected the Blue Cross Blue Shield (BCBS) FEP BlueVision FEDVIP as the source for defining EHB pediatric vision benefits,¹⁵ as described in Table 1 below.

⁹ CCIIO. Essential Health Benefits Bulletin. 12/16/11. Available at: www.cms.gov/CCIIO/Resources/Files/Downloads/essential_health_benefits_bulletin.pdf.

¹⁰ Health & Safety Code Section 1367.005, Insurance Code Section 10112.27.

¹¹ Kaiser Permanente for Small Businesses Evidence of Coverage. Available at: www.insurance.ca.gov/0100-consumers/0020-health-related/upload/KaiserSmallGroupHMO.pdf.

¹² CCIIO. Essential Health Benefits Bulletin. 12/16/11.

¹³ CCIIO. Essential Health Benefits Bulletin, 12/16/11.

¹⁴ Beginning January 1, 2013, Healthy Families ceased operating as a stand-alone program, and its enrollees have been phased into California’s Medicaid program, Medi-Cal. More information on this transition can be found here: www.dhcs.ca.gov/services/pages/healthyfamielstransition.aspx.

¹⁵ Health & Safety Code Section 1367.005, Insurance Code Section 10112.27.

Table 1. California’s Supplemental Benefits for Pediatric Dental and Pediatric Vision EHBs

EHBs	Source	Benefits Provided
Pediatric dental	Healthy Families (a)	<ul style="list-style-type: none">• Preventive care (cleanings, fluoride treatments)• Fillings• Sealants• Diagnostic services• Certain major procedures (root canals, oral surgery, crowns, bridges, and dentures)
Pediatric vision	Blue Cross Blue Shield FEP Blue Vision (b)	<ul style="list-style-type: none">• Routine eye examinations• Glasses• Contact lenses

Sources: (a) Healthy Families Summary of Benefits (as of 2011-2012)

(b) U.S. Office of Personnel Management, FEP BlueVision (2012). Available at: archive.opm.gov/insure/health/planinfo/2012/brochures/FEPBlueVi.pdf.

Who is eligible?

As with EHBs generally, the ACA requires pediatric dental and pediatric vision EHBs to be covered by most plans and policies in California sold in the individual and small-group markets, both inside and outside of Covered California.¹⁶ Grandfathered¹⁷ small-group and individual market plans and policies, as well as large-group plans and policies are exempt from the EHB requirement.¹⁸

What age group is considered “pediatric”?

Unlike EHBs more broadly, the dental and vision benefits were intended for “pediatric” enrollees, but the ACA contained no specification of what age group that would include. Federal guidance issued subsequently recommended that both pediatric dental and pediatric vision benefits be offered to individuals up to age 19, with a state option to provide coverage beyond age 19.¹⁹ Covered California chose to follow this guidance and is offering pediatric dental and pediatric vision benefits to enrollees up to age 19.²⁰

¹⁶ Affordable Care Act Section 1311.

¹⁷ A grandfathered health plan is a group or individual health plan or policy purchased on or before March 23, 2010.

¹⁸ Effective 2017, states may allow large-group purchasing through their health insurance marketplaces, which would subject large-group plans and policies to EHB requirements [ACA Section 1312(f)(2)(b)]

¹⁹ Department of Health and Human Services, Patient Protection and Affordable Care Act; Standards Related to Essential Health Benefits, Actuarial Value, and Accreditation; Proposed Rule. Federal Register, Vol. 77, No. 227. Monday, November 26, 2012. §156.110. Available at: www.gpo.gov/fdsys/pkg/FR-2012-11-26/pdf/2012-28362.pdf.

²⁰ Covered California, Children’s Dental Insurance Plan Rates. Available at: www.coveredca.com/PDFs/CC_Childrens_dental_plan_rates.pdf.

Plan Administration and Benefit Design

Before the implementation of the EHB requirement, most dental and vision benefits in the individual market were provided on a stand-alone basis in specialized dental and vision plans.²¹ This new requirement has altered that framework and has raised several plan administration and benefit design considerations that policymakers have addressed over the past several years.

As mentioned earlier, California law requires nongrandfathered plans both inside and outside of Covered California to cover EHBs. The way these benefits are being administered in both markets varies, as described in the sections that follow.

Inside Covered California

For products sold in the state's health insurance marketplace, Covered California is responsible for confirming whether an enrollee has EHB-compliant coverage. For pediatric vision, this has been fairly straightforward, as those benefits are being embedded in all qualified health plans (QHPs) sold in Covered California. For pediatric dental, the situation has been different, because of flexibility allowed by federal guidance in administration of the requirement. According to federal law, the pediatric dental EHB requirement can be fulfilled in several different ways, either as an embedded benefit in a health plan, in a bundled arrangement, or as a separate stand-alone dental plan.²²

This flexibility led to a policy shift for Covered California from initial open enrollment in 2014 to the upcoming open enrollment period for 2015. For 2014, Covered California chose not to require coverage of pediatric dental benefits for all of its enrollees, and did not accept bids for the embedded option from qualified health plans (QHPs) for open enrollment.²³ This decision allowed QHPs without pediatric dental coverage to participate in Covered California and offer what are called "9.5" plans, which are basically health plans that offer the nine other categories of EHBs along with pediatric vision. In such cases, these plans could be supplemented by ".5" plans, offering pediatric dental coverage only, to fulfill EHB requirements.²⁴

However, starting in open enrollment for plan year 2015, Covered California has chosen to embed pediatric dental benefits into all of its qualified health plan (QHP) offerings.²⁵ This decision means that all QHPs purchased through Covered California are required to include all 10 EHB categories, including pediatric dental and pediatric vision.²⁶

²¹ DHHS, Proposed Rule. Federal Register, Vol. 77, No. 227. 70650.

²² Dental plans are considered embedded when they are included like all other benefits within a health plan, under the same premium and actuarial value calculation. In an embedded plan, the health plan issuer assumes all risks and liabilities. Bundled plans are situations where a health plan pairs with a stand-alone dental plan to offer dental benefits to enrollees. In these cases, each plan is considered separately, with separate out-of-pocket limits and actuarial values. Stand-alone dental plans are dental plans that are offered completely separately from health insurance.

²³ Covered California, Pediatric Dental Coverage: Background and Policy Options. 3.

²⁴ Covered California, Pediatric Dental Coverage: Background and Policy Options. 2.

²⁵ California Health Benefit Exchange Resolution 2014-12.

²⁶ Covered California, Health Insurance Companies and Plan Rates for 2015. Available at: <http://www.coveredca.com/PDFs/CC-health-plans-booklet-2015.pdf>.

Background: Covered California Family Dental Option

In addition to the change in policy for pediatric dental, for plan year 2015, Covered California will be offering a “family dental” supplemental plan. This is an optional product that can be purchased within the health insurance marketplace that provides stand-alone, adult dental coverage with similar benefits to what are currently being offered for children up to age 19. Beyond providing adult dental coverage, the family dental plan option can also be purchased for a child if a preferred dental provider is not offered through the existing pediatric dental benefit coverage. These plans will not be available at the beginning of open enrollment, but will be available to be purchased alongside QHPs sometime in early 2015.

Source: Covered California Board Meeting, Executive Director’s Report, 8/21/14.

More information on Covered California’s Family Dental Plans and Rates is available here:

<https://www.coveredca.com/PDFs/plans/CC-family-dental-plans-2015.pdf>

Outside Covered California:

For Department of Managed Health Care (DMHC) regulated plans and California Department of Insurance (CDI) regulated policies sold outside of Covered California that are subject to EHB coverage requirements, all 10 categories of essential health benefits must be offered to all enrollees, including pediatric dental and pediatric vision.²⁷ For products sold outside Covered California, the respective regulator for each plan or policy is responsible for ensuring compliance with EHBs.

Out-of-Pocket Limits

Along with defining EHBs, the ACA required plans and policies that cover EHBs to have an annual limitation on out-of-pocket spending.²⁸ With the pediatric dental EHB requirement being offered separately from health plans in bundled and stand-alone arrangements in 2014, there were initially two separate out-of-pocket limits, one for health benefits, and one for dental benefits.²⁹ However, Covered California’s decision to embed pediatric dental coverage into their QHP offerings for 2015 brought their QHPs into alignment with plans and policies offered outside of the health insurance marketplace. This resulted in a single out-of-pocket limit for both sets of benefits, and requires plans to track their enrollee’s out-of-pocket expenditures on health and dental benefits respectively, to ensure that they are not charged beyond the combined out-of-pocket limit. According to state law, the out-of-pocket limit for a health plan with embedded dental benefits is \$6,250 for an individual plan.³⁰

Future Policy Considerations

In addition to the decisions made by policymakers in California that have shaped the implementation of pediatric dental and pediatric vision EHBs, there are several potential changes that policymakers should keep in mind as they continue to deal with this topic moving forward.

²⁷ Health & Safety Code Section 1367.005, Insurance Code Section 10112.27.

²⁸ Affordable Care Act Section 1302(c)(1)(a).

²⁹ Covered California, Pediatric Dental Coverage: Background and Policy Options. 3.

³⁰ Covered California, Ad Hoc Pediatric Dental Technical Work Group. Available at:

<http://hbex.coveredca.com/stakeholders/plan-management/PDFs/Final.Ad.Hoc.Dental.03.12.14.pdf>.

Covered California Policy Changes

Covered California's role as an active purchaser means that it is continuously exploring different configurations for its health insurance products. As QHP benefit design is being examined on an ongoing basis, there is potential for the current policy around this topic to evolve over the next several years, as it did from 2014 to 2015. An example of one major flex point could be in 2017, when the ACA allows large group purchasers the option to purchase products through Covered California.³¹

Changes to Essential Health Benefits

As mentioned previously in this brief, the selection of EHBs since passage of the ACA has involved both federal and state oversight. While federal guidance has suggested preserving the existing framework of EHBs until 2016, there is a possibility that this will be revisited at either the federal or state level through future law or regulation. Additionally, for pediatric dental and pediatric vision EHBs, the current age recommendation is to offer benefits till age 19, but that could also change based on new clinical evidence or based on legislative activity, as states have latitude to amend the coverage age in the future.

Conclusion

The ACA, federal guidance, state law & regulation, and administrative action by Covered California have shaped the way this policy has been implemented in California, and will continue to do so in the future. As health reform implementation continues, the pediatric dental and pediatric vision EHB category will continue to present new challenges to:

- Policymakers, seeking context and technical background to stay informed on this topic;
- Regulators, who must continue to monitor federal guidance and regulations;
- Plan administrators, who will continue to examine different benefit designs and ways to administer this category of benefits; and
- Enrollees, who are selecting health plans that provide adequate coverage for themselves and their family members, including pediatric dental and pediatric vision coverage.

³¹ Affordable Care Act Section 1312(f)(2)(b).

Acknowledgements

Nimit Ruparel, MPP, of CHBRP staff prepared this policy brief. Garen Corbett, MS, John Lewis, MPA, Laura Grossmann, MPH, and Hanh Kim Quach, MBA, of CHBRP staff reviewed this brief for its accuracy, completeness, and clarity.

Please direct any questions concerning this document to:

**California Health Benefits Review Program
University of California, Office of the President
Division of Health Sciences and Services
1111 Franklin Street, 11th Floor
Oakland, CA 94607
Tel: 510-287-3876
Fax: 510-763-4253
www.chbrp.org**

A group of faculty and staff undertakes most of the analysis that informs reports by the California Health Benefits Review Program (CHBRP). The CHBRP [Faculty Task Force](#) comprises rotating representatives from six University of California (UC) campuses. In addition to these representatives, there are other ongoing contributors to CHBRP from UC. This larger group provides advice to the CHBRP staff on the overall administration of the program and conducts much of the analysis.

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Garen Corbett, MS
Director