

Dental Benefits and the Repeal/Replace and Repair of ACA

GUAA's Annual Update on ACA Requirements,
Policies and Impacts



NATIONAL ASSOCIATION OF DENTAL PLANS



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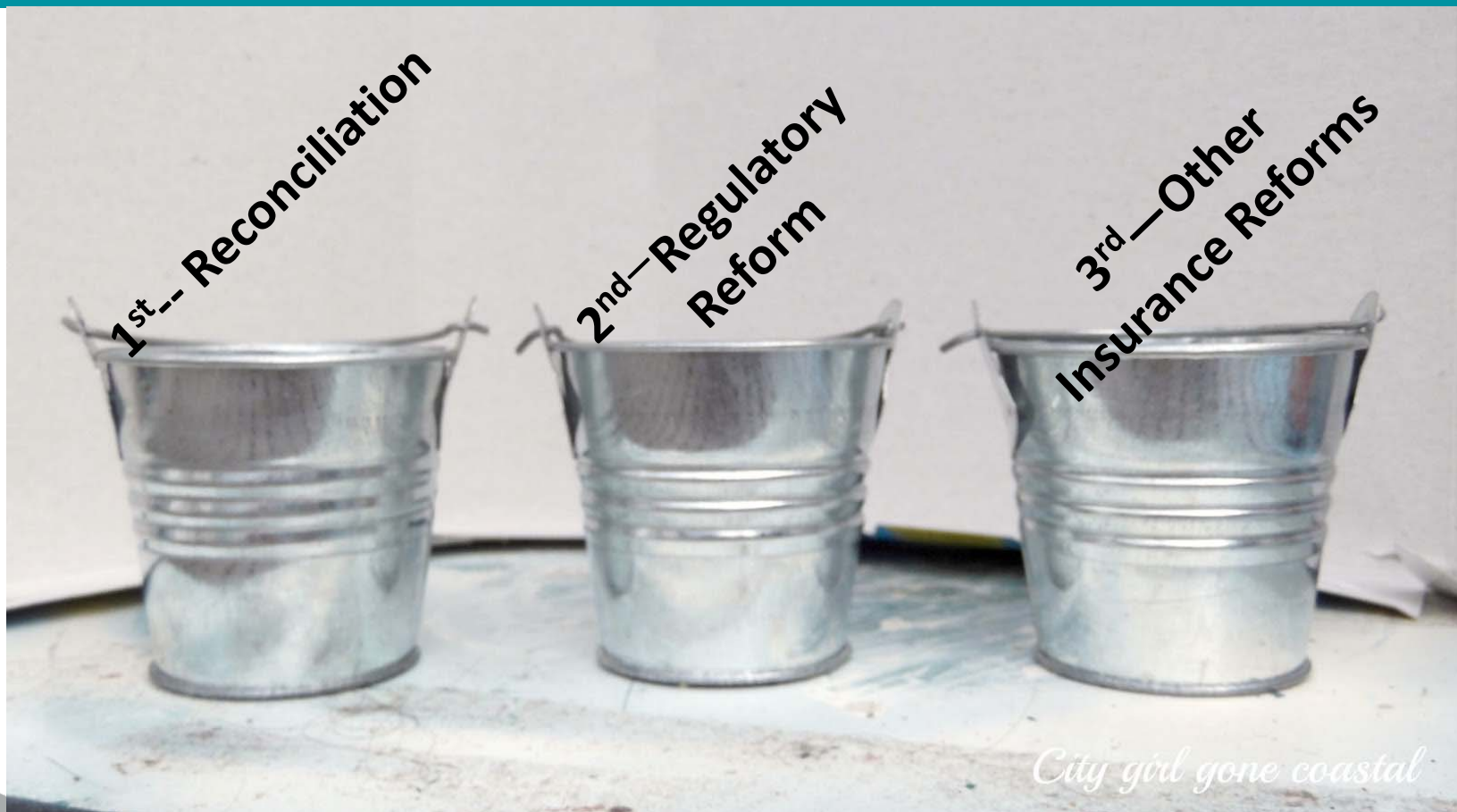
BFA from Texas Tech University

NADP's members provide dental benefits for more than 92% of all Americans. Members include dental plans affiliated with national and state medical insurers, standalone dental plans, as well as single state and regional dental plans.

AGENDA

1. 3 Buckets of Repeal/Replace and Repair
2. Impacts on ACA Elements that Challenged/Benefitted Dental
3. Changes in Dental Industry Policy Priorities
4. Bumpy Politics & Potential Election/Congressional Control Impacts
5. Other Federal and State Developing Issues

3 Buckets of Republican Repeal/Replace & Repair



American Health Care Act—HR 1628

- AHCA eliminates ACA provisions impacting the federal budget (and thus eligible to be included in a reconciliation package), including
 - Individual and employer coverage mandates;
 - All taxes except the Cadillac tax which is delayed until 2025;
 - Medicaid expansion by 2020;
 - Income-related tax subsidies;
 - Essential Health Benefits for Medicaid but not private market insurance products;
 - AV requirements, and
 - Moves age rating from 3:1 to 5:1*(states can go higher by waiver).

**Open question if this will meet procedural requirements for reconciliation.*

AHCA Additional Provisions (continued)

- Conversion of Medicaid to a “per capita cap” or “block grant program” (state option)
- States’ option to waive the ACA's Essential Health benefit requirements*
- Fixed dollar “age-adjusted” tax credits ranging from \$2,000 - \$4,000 replacing “means-tested” subsidies by 2020.
- NEW \$138 billion fund to states to stabilize premiums in the individual market which can be used to
 - lower out-of-pocket costs,
 - create high risk pools,
 - *promote access to dental care services (whether preventive or medically necessary).*
 - establish reinsurance programs,
 - fund preventive services, and
- A 30 % penalty for lack of continuous coverage, i.e. more than 63 days during which they did not have coverage over the prior 12 months with state option to allow insurers to health status underwrite individuals w/o continuous coverage.

**Open question if this will meet procedural requirements for reconciliation.*

ACA Elements that Challenged/Benefitted Dental

Challenges

- Health Insurance Tax/other ACA Fees
- Pediatric Dental MOOP & AVs
- Sale of ACA Compliant Benefits in Small Group/Individual Mkt
 - Reasonable Assurance of Medical Carrier
 - Dental Plan Product Exchange Certification
- Operational Issues on Exchanges
 - Subsidies Not Always Covering Pediatric Dental Premium
 - Linked Offer of Medical/Dental
 - Lack of Transparency on Adult Benefit
- Consumer Advocate Push for Application of Consumer Protections, esp. Loss Ratios

Benefits

- Expansion of Adult Medicaid Market
- Uptake of SADP on Exchanges
- Embedded Pediatric Dental relatively “Skinny” Benefit

NADP Updated Estimate of ACA's HIT Tax

	2016	2017 Suspended	2018	2019	2020
Private health Insurance (billions)¹	\$ 1,072.10	\$ 1,135.40	\$ 1,208.80	\$ 1,280.40	\$ 1,351.30
Full-Insured Plans²	\$ 656.63	\$ 669.17	\$ 700.26	\$ 740.88	\$ 784.59
Tax to be Collected³ (Paid in following year)	\$ 11.30	\$ 13.90	\$ 14.30	\$ 15.13	\$ 16.02
Tax as a percent of total net premium⁴	1.72%	2.08%	2.04%	2.04%	2.04%

IMPORTANT: This estimate is the low end of a range; we expect the % of premium will rise with additional information or federal clarification on:

- the extent of premiums that are exempted because of the size of companies, type of company or insureds,
- shifts in the mix of fully insured and self-insured plans over time.

¹The health spending projections based on 2016 version of the National Health Expenditures released in February 2017.

²Based on Aggregate net premiums written as estimated by the Internal Revenue Service. Retrieved on March 29, 2017

³Tax to be collected in billions.

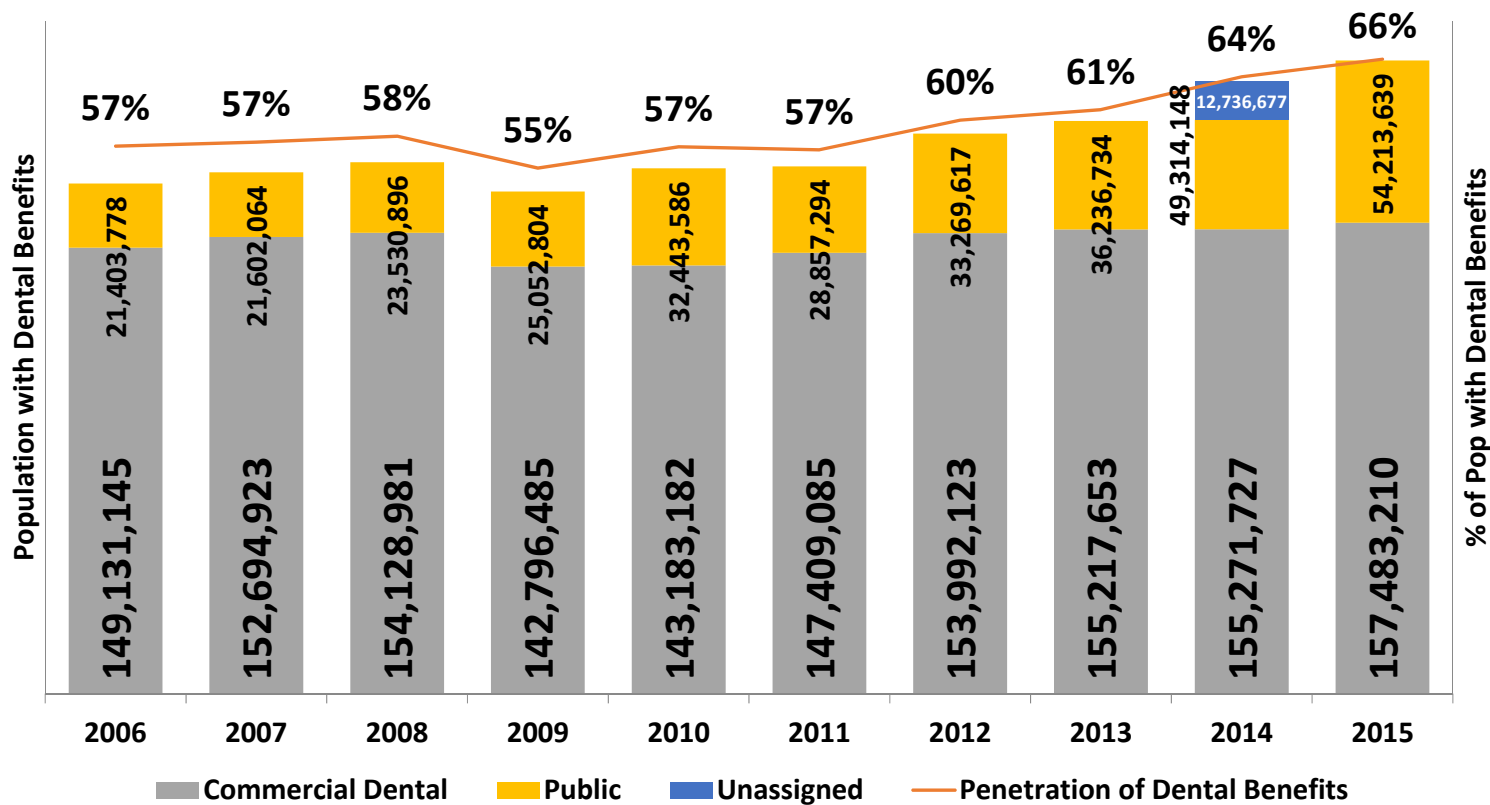
⁴The Health Premium Assessment Fee is not tax deductible. The tax-effective percent of premium may be higher.

Medicaid Expansion Increased Population with Dental Benefits

Dental benefits enrollment grew dramatically in 2015 reaching a new high as a percentage of the population, i.e. 66%.

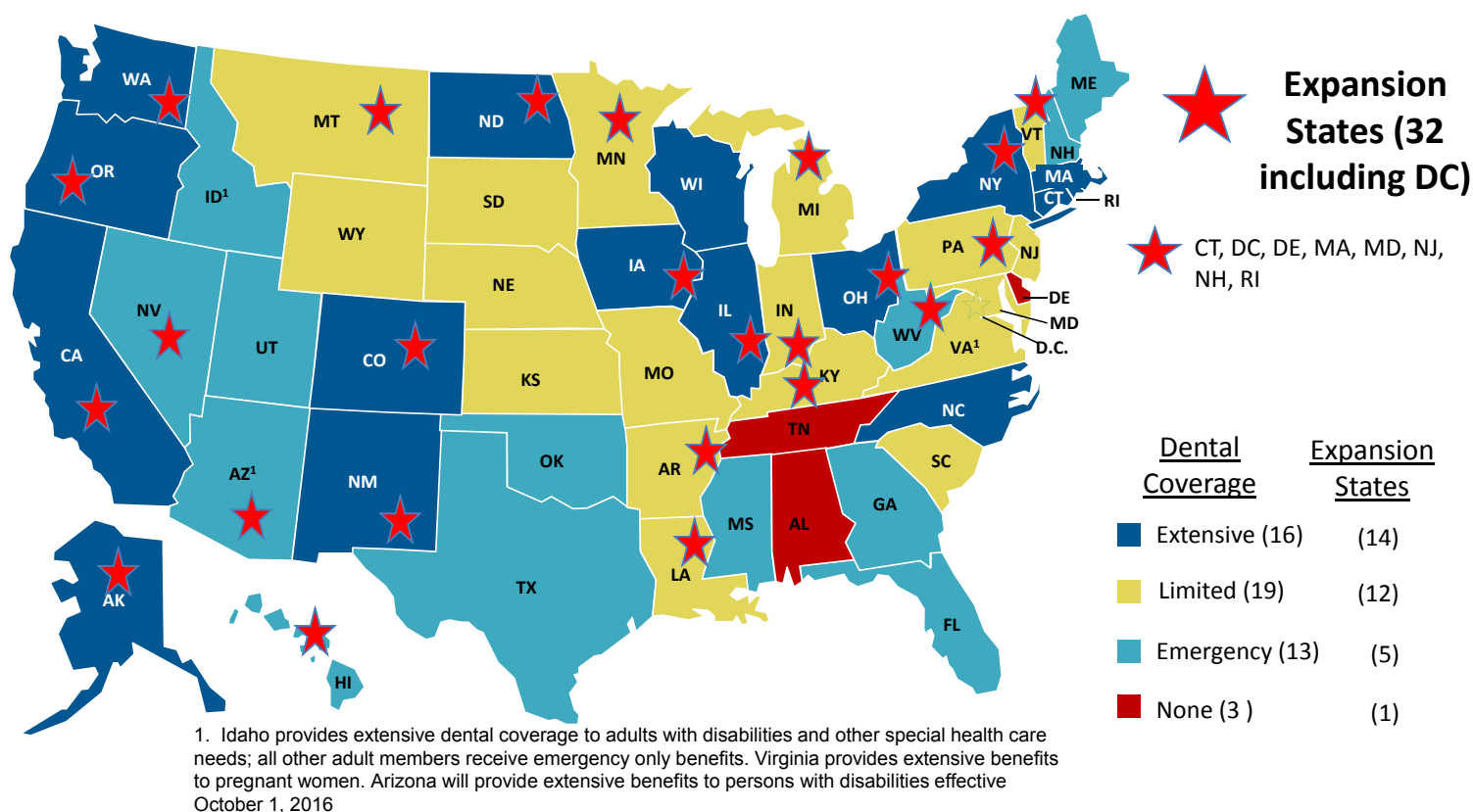
The increase in enrollment was due to indirect effects of the Affordable Care Act as more people—largely adults—gained access to dental benefits through Medicaid.

SOURCE: NADP 2016 Dental Benefits Report: Enrollment



NOTE: The “public program” segment of NADP enrollment data includes only enrollment in Medicaid and CHIP programs that is administered by dental carriers. The estimated total dental enrollment in Medicaid/CHIP is 71 million, i.e. 22 million more than reported by NADP. No consistent, timely data is available for inclusion of this segment of Medicaid/CHIP population in this the NADP Enrollment Report, but if 71 million is correct, the % of those with dental benefits would increase 5.5% to 69.5%.

Medicaid Adult Dental Coverage and Expansion Decision



Sources: Kaiser Family Foundation, "Current Status of Medicaid Expansion: State Decisions," Updated July 7, 2016; DentaQuest Foundation, August 2, 2016.

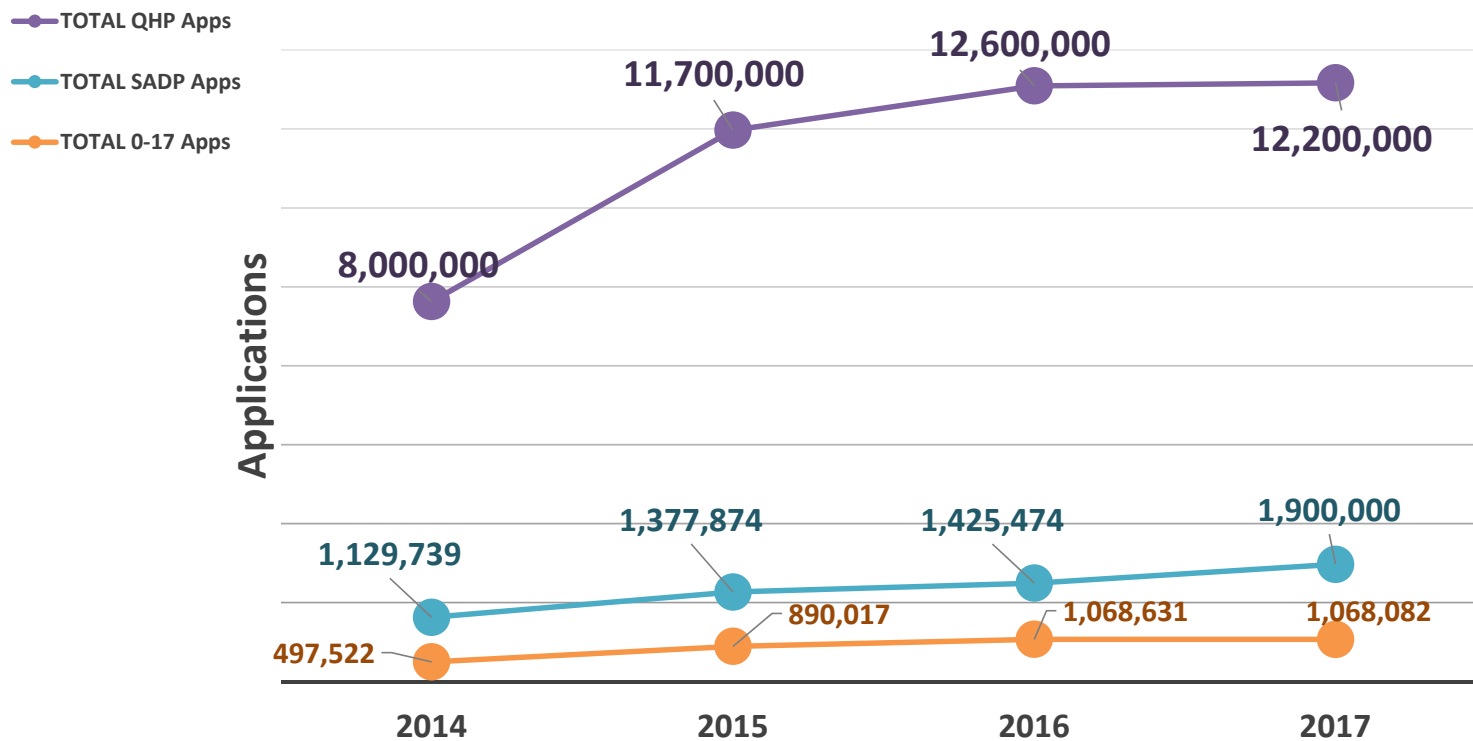
DentaQuest
FOUNDATION

Categories of Medicaid Adult Dental Benefits

Extensive A more comprehensive mix of services, including many diagnostic, preventive, and minor and major restorative procedures. It includes benefits that have a per-person annual expenditure cap of at least \$1,000. It includes benefits that cover at least 100 procedures out of the approximately 600 recognized procedures per the ADA's Code on Dental Procedures and Nomenclature	Limited A limited mix of services, including some diagnostic, preventive, and minor restorative procedures. It includes benefits that have a per-person annual expenditure cap of \$1,000 or less. It includes benefits that cover less than 100 procedures out of the approximately 600 recognized procedures per the ADA's Code on Dental Procedures and Nomenclature
Emergency Relief of pain and infection. While many services might be available, care may only be delivered under defined emergency situations	None No Dental Benefit

Exchange Coverage Added Primarily Adults

Medical/Dental Child/Adult Public Exchange Commercial Applications

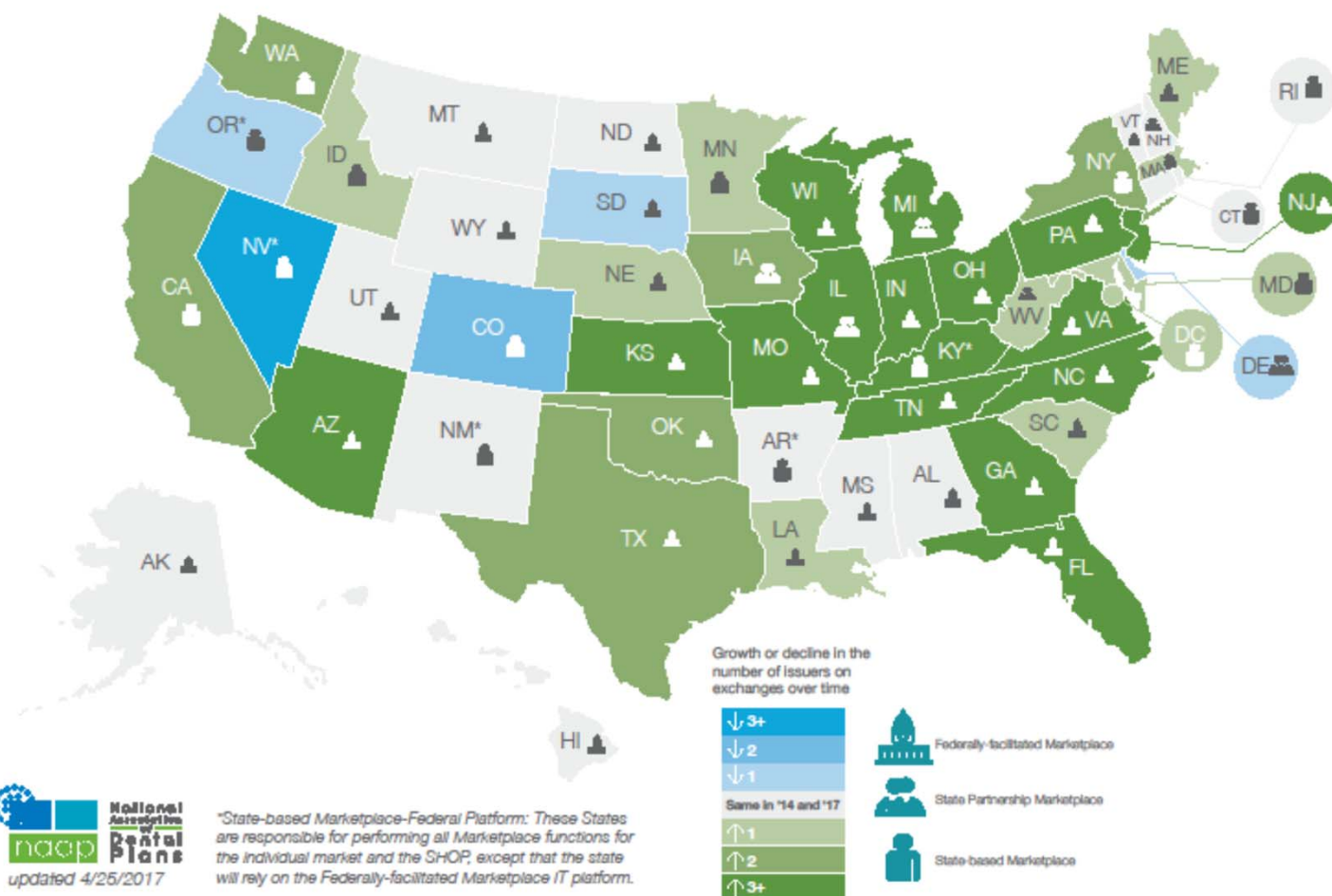


Applications for children in state and federal exchanges have increased a percent per year from 6% in 2014 to 9% of total applications in 2017. These percentages have been consistent in SADP applications at the federal level.

About 1/3 of all applicants are in the 18-34 age range.

Most children applying through these exchange are referred to Medicaid or CHIP programs.

Change in Number of Issuers Offering Dental Plans on Exchanges from 2014 to 2017

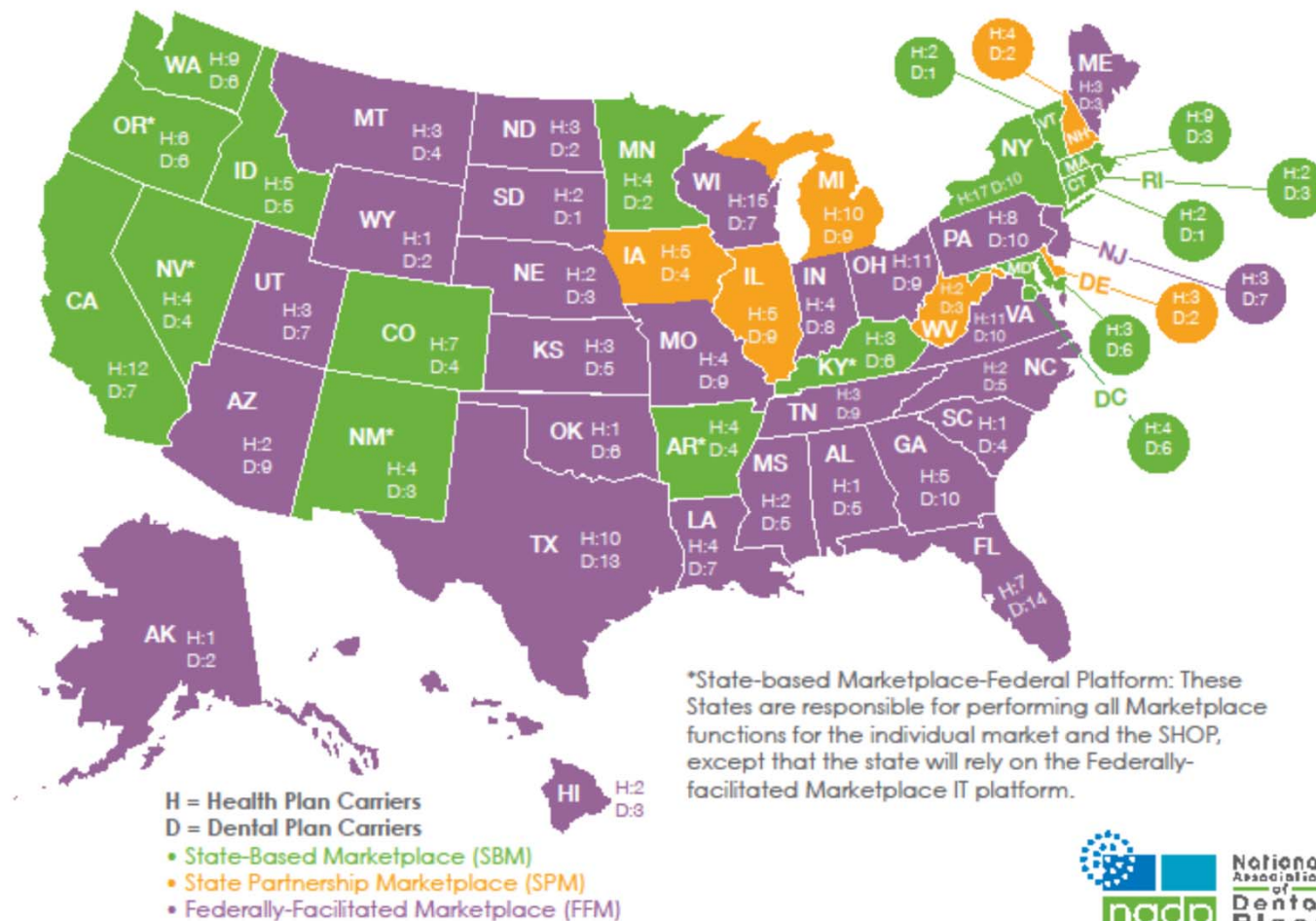


In most states, the number of dental plan offerings increased from the 2014 inception year in Exchanges through 2017.

NADP conducts the survey for CCIIO on dental plan offerings for the coming year. For 2018, there is an increase in the number of states with only one dental plan being offered.

Exchange Participation

Health and Dental Carriers Offering in AHBE Marketplaces in 2017



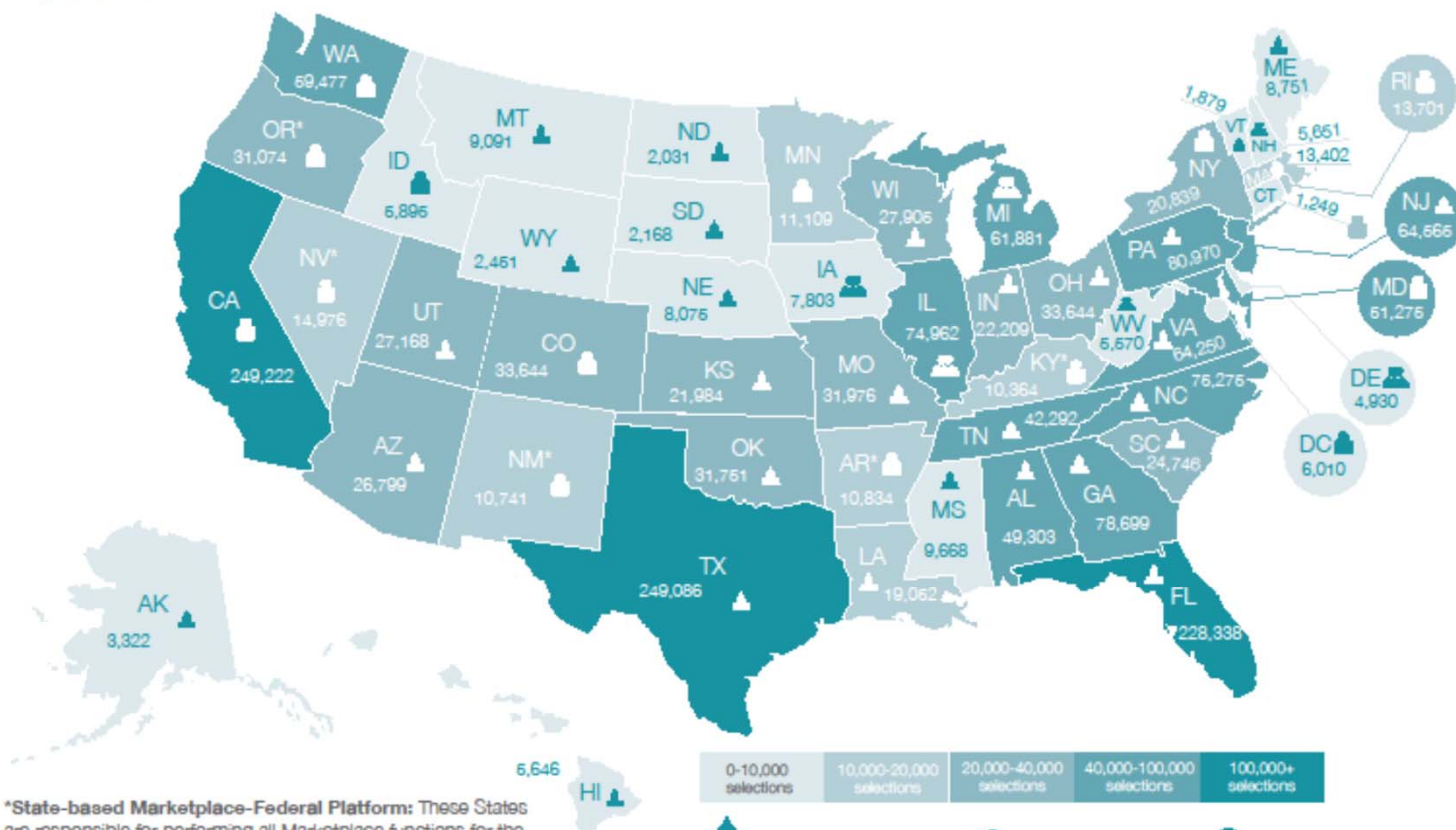
By 2017 with increases in dental plan participation over 4 years of operation, dental plan participation in Exchanges is comparable to or exceeds Health Plan participation in almost every state.

Selection of Qualified Dental Plans in 2017 Marketplaces

Only a handful of states have SADP selections exceeding 100,000.

Almost half the states have fewer than 20,000 selections.

The value of public exchange offerings would be greatly enhanced by the separation of the medical and dental purchase on Exchanges. This would open these markets to the senior population.



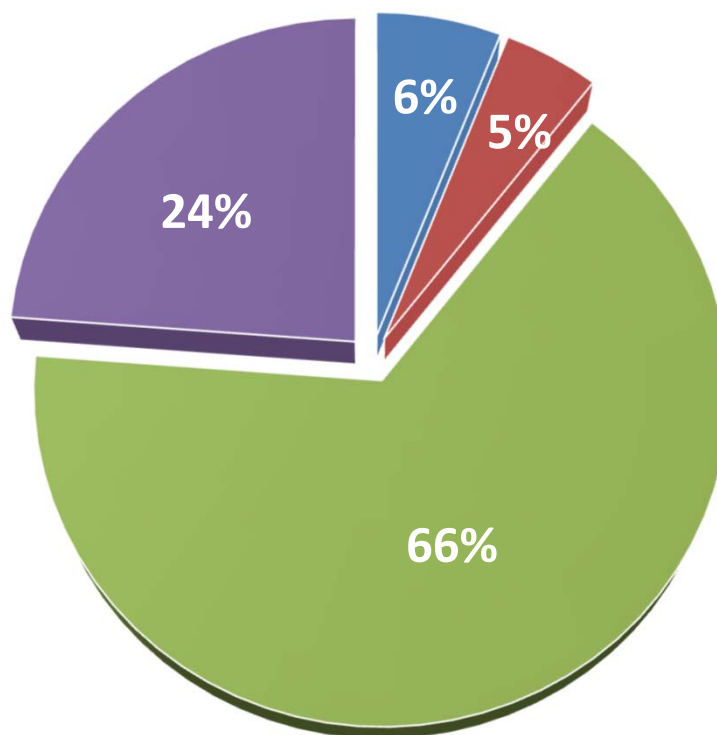
***State-based Marketplace-Federal Platform:** These States are responsible for performing all Marketplace functions for the individual market and the SHOP, except that the state will rely on the Federally-facilitated Marketplace IT platform.

Source: Colorado data available in C4HCO report: <http://bit.ly/2oR9BKv>. All others available in CMS state-level public use file: <http://go.cms.gov/2msPOQx>

Levels of Coverage in Embedded Dental*

Application of Medical Deductible

- No Deductible
- Dental Specific Deductible > \$100
- Medical Deductible Waived for Prevention;
Applied to Basic/Major Services
- Medical Deductible Applied to All Services
(Catastrophic Benefit Only)



NOTE: Cumulative medical services subject to 2016 medical maximum OOP limit of \$6850 individual and \$17,500 for a family

*Based on Survey of 2015 Federal Exchange Coverage

Other Republican Initiatives

- Administrative Simplification
 - Executive Order provides opportunities to eliminate/amend ACA Rules
 - Reasonable Assurance/Exchange Certification in the private small group/individual market
 - Non-discrimination Rules
 - Changes in Operation of Exchanges
 - Streamlining direct enrollment through agents/web brokers as early as 2018
 - End of SHOP Exchange
- Other Insurance Reforms
 - Sale Across State Lines (HR 314)
- Tax Reform
 - Corporate and Individual Income Tax Reductions/Simplification
 - Cap on Deductibility of Health Premiums for Employers

NADP Policy Priorities

2017

1. **Ensure tax incentives for employers and individuals to purchase dental coverage.**
2. Provide choice in purchasing dental benefits for employers, employees and families in group markets.
3. Ensure continuity of coverage for Exchange enrollees.
4. Renewal of funding for CHIP.
5. Preserve Medicaid coverage for children's and adult dental services.

2016

1. Equitable Treatment for Group Dental Markets (same as #2 for 2017)
2. Revision of ACA Subsidy Calculations to Include Pediatric Dental in all States
3. Independent Purchase of Dental on Exchanges
4. Opposition to Dental Loss Ratios
5. Opposition to "Dental and Optometric Care Access Act" aka Federally Defined Non-Covered Services and Contract Interference

Trump Administration

special prosecutor
Congress collusion
tapes White House firings
Comey
FBI
Mueller
TRUMP
Republicans
Pence
travel ban
Russians tweets Flynn
2018 Midterm Elections investigations

Other Developing Issues

1. Repeal of “McCarran” Antitrust Exemption for Health Insurance—HR 372
 - Federal antitrust does not apply for insurance coverage when
 - Regulated as the “business of insurance” and
 - Not boycott, collusion or intimidation
2. Dentist Registration via Long Form App for MA Plans by 2019
3. HR 1606—2017 version of “Dental & Optometric Access Act”
4. URAC Dental Plan Accreditation Standards
5. State Issues
 - Network Adequacy Continues as Key State Issues
 - State Pushes to Revamp Non-Covered Services Definitions
 - Dental Loss Ratios

Your Questions

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