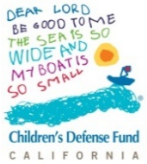

January 17, 2014
Updated

Diana Dooley, Chair
Kim Belshe, Member
Paul Fearer, Member
Susan Kennedy, Member
Dr. Robert Ross, Member

Peter Lee, Executive Director
California Health Benefits Exchange Board

Covered California
560 J St., Ste. 200
Sacramento, CA 95814

Re: Pediatric Dental Benefit Staff Recommendation

Dear Mr. Lee and Board Members,

Our organizations urge the adoption of the staff recommendation to offer pediatric dental in embedded plans to assure that all enrollees are able to purchase Qualified Health Plans (QHPs) that include all ten of the essential health benefits, including pediatric dental benefits. The staff recommendation accomplishes the goal of the Board resolution from the August 8, 2013 meeting (adopted by acceptance of the minutes of that meeting at the September meeting), and addresses consumer needs in the strongest possible way by affording 10.0 embedded as well as .5 stand-alone pediatric dental policies.

Our organizations support the staff recommendation for the following reasons:

- **Affordability**: Inclusion of pediatric dental benefits in an embedded plan allows consumers to apply the advance premium tax credit to all ten essential benefits, not a subset of those benefits. Embedded pediatric dental maximizes the affordability of coverage. As stated in the staff recommendation, under the current 2014 policy that allows only stand-alone pediatric dental benefits, consumers are "foregoing an estimated **$8.6 million to $21.2 million tax credit dollars** per year in California." For low-income and moderate-income families, every federal subsidy dollar helps.

- **Access:** Embedded plans ensure that all children eligible and entitled to receive coverage for pediatric dental benefits receive them without taking any additional action and without costing them additional financial resources. The experience to date suggests that not all families will purchase pediatric dental coverage when it is offered on a standalone basis: embedding assures that every child has dental coverage.

- **Consumer protections**: Many of the key consumer protections in California law apply to full service plans but not to specialized plans. These include guaranteed issue, community rating, rate review and medical loss ratio. Stand-alone dental plans thus lack the consumer protections that are afforded embedded plans. While Covered California imposed these protections via contract with the stand-alone plans, we believe consumers should be afforded the legal protections provided under state and federal law, not solely contract provisions.

- **Comprehensive benefits**: Under both state and federal law, pediatric dental is an essential benefit, not a supplemental or incidental benefit. Comprehensive benefits include benefits that many of us will never use: some of us will never need maternity

coverage, others among us will never need prostate cancer screening. Children need neither, yet all of the plans cover both.

- **Spreading the risk, increasing the tax credits**: Embedding pediatric dental benefits embodies a fundamental precept of the Affordable Care Act, spreading the cost for dental coverage for children across the full enrollee population, just as the costs are spread for pediatric vision and all other essential health benefits. The result is a lower price for the dental benefit than it is in a stand-alone product. Moreover, while embedding pediatric dental increases the overall cost very slightly of each QHP, individuals eligible for subsidies will benefit from the increased tax credits, even those enrollees eligible for subsidies who do not have children.

- **Market distortions**: California has a long, dysfunctional history in which different rules in different parts of the market have resulted in market shifts. Allowing consumers in the Exchange to purchase a partial benefit package that does not include pediatric dental benefits while requiring consumers in the outside market to buy all ten essential health benefits will have predictable, unfortunate market consequences.

- **Continuity of care rules should apply either by statute or contract provision**: Existing California law, Health and Safety Code Section 1373.96 and Insurance Code Section 10133.56, provide consumers with serious conditions or in the midst of treatment the opportunity to complete care or transition to other providers when a provider is terminated or not participating. Both provisions apply to specialized plans, including dental plans. Further legal research is needed to determine whether these sections apply to the Exchange products in the individual exchange but the Exchange could apply these provisions by including them in the 2015 plan year contract, as has been done for other consumer protections. The QHP carriers are familiar with these statutory requirements which have been in place for a decade.

Given these impacts, we believe that it is in the best interests of consumers to offer pediatric dental embedded in a comprehensive QHP product. The .5 stand-alone product offering ensures the continuity of care that is important to consumers. Through the Affordable Care Act, Congress made an important policy decision to include pediatric dental as a comprehensive medical benefit, not as a separate benefit. We understand that the market has long separated out dental from medical benefits, but believe that Congress was very clear that under the ACA, it was no longer business as usual.

We urge moving forward with the staff recommendation without delay, as much work still must be done to incorporate pediatric dental benefits into the 2015 standard benefit package. We encourage the Exchange to adopt a policy that maximizes the offering of embedded pediatric dental plans to ensure that all ten essential health benefits are included in QHPs offered both inside and outside the Exchange.

We look forward to the opportunity to discuss next steps with you all. If you have any questions or concerns, please contact Julie Silas or Betsy Imholz at Consumers Union (415) 431-6747.

Sincerely,

Doreena Wong, Asian Americans Advancing Justice, Los Angeles
Richard Konda, Asian Law Alliance
Karen Fessel, Autism Health Insurance Project
Suzie Shupe, California Coverage and Health Initiatives
Ellen Wu and Cary Sanders, California Pan-Ethnic Health Network
Seth South, California Primary Care Association
Serena Clayton, California School-Based Health Alliance
Michele Stillwell-Parvensky, Childrens Defense Fund, California
Kelly Hardy, Children Now
Kevin Aslanian, Coalition of California Welfare Rights Organizations, Inc.
Sonya Vasquez, Community Health Councils, Inc.
Julie Silas and Betsy Imholz, Consumers Union
Silvia Yee, Disability Rights, Education and Defense Fund
Carla Saporta, The Greenlining Institute
Anthony Wright, Health Access
Rebecca DeLaRosa, Latino Coalition for a Healthy California
Lynn Kersey, Maternal and Child Health Access
Michelle Lillienfield and Kim Lewis, National Health Law Program
John Gressman, San Francisco Community Clinic
Kathleen Hamilton, The Children's Partnership
Judy Darnell, United Ways of California
Elizabeth Landsberg, Western Center on Law and Poverty
Sandra Hamameh, Women's Empowerment