

## Dental Benefits in the Washington State Insurance Exchange

IOH Interview with Sean Pickard, Public Relations, Washington Dental Service Foundation

IOH: Tell us what the dental benefits will look like in the exchange in WA State.

**Sean:** Although we still do not have a lot of clarity, we have more since the Supreme Court decision in June upheld the Affordable Care Act (ACA). We felt that was going to happen and Washington has been working on the exchange for a year, so we were ahead of the game. Some states had not started working on it while waiting for that decision. The nuts and bolts of the exchanges are very much in flux as to how they relate to dental. However, the government has decided they will only include a children's benefit; not coverage for adults.

IOH: Children up to 21?

**Sean:** Probably up to age 18 or 19. It has yet to be defined by the feds, so that is what the state is going with. Dental benefits on the exchange will be available for kids above 300% of the poverty line.

IOH: Because the children below 300% will end up in Medicaid?

**Sean:** Yes, in Washington State Medicaid eligibility covers those below 300% of the federal poverty level.

IOH: Is that level 133% of the poverty level in some states?

**Sean:** Some states are at 133% of the federal poverty level for Medicaid and some states have CHIP programs that cover kids from 133% to 300%. For dental in Washington State, the exchange will be for the band from 300 to 400% of the federal poverty level. However, this is where the exchange will be the most attractive: anyone can get benefits on the exchange; they do not have to be below 300% to get benefits on the exchange.

IOH: But they will pay?

**Sean:** Yes, people will pay the whole thing and those folks below 400% of the poverty level will get a tax credit on what they have to pay.

IOH: They will get the credit on what they have to pay for both medical and dental?

**Sean:** Yes, people will get the credit on what they have to pay. Let's peel back the onion on the tax credit; the tax credits; the IRS and Health and Human Services (HHS) have said the tax credits will go to medical first and if anything is left over, the credit can go to dental, which means in all likelihood there will be very little or nothing left over to go to the dental tax credit. All along we thought that they would go at it proportionally so it would be 95% to medical and 5% to dental similar to the premium ratios, so determined by the cost. But for simplicity's sake, they have decided to go all to medical first and if there is anything left, then they will use the credit toward dental. That is the only way that dental is going to get any benefit from the tax subsidies

The other thing the feds have decided is that the cost sharing (only on dental) will not apply, if it is stand alone. So after you have your coverage and you are under the 400% of the poverty line, there is a sliding scale of how much out-of-pocket maximum you will have to spend. Suppose there is a \$500 cap (for

example) and you have medical and dental from different carriers. Now the feds decided that cap will not apply to dental.

IOH: So you could have endless out-of-pocket on your dental?

Sean: Yes, there is no cost sharing reduction on dental.

IOH: That is the same as most dental plans now, dental as a benefit up to a prescribed level and then anything above that or that is not a covered benefit is a personal choice and responsibility.

Sean: Yes, which makes it easier from an administrative perspective and more burdensome on the consumer. However, since we are talking about a pediatric benefit for children, not including orthodontics etc. it should not be very large.

IOH: Mostly preventative coverage?

Sean: Yes.

IOH: How are they going to inform the consumers of all of this?

Sean: I am not sure.

IOH: It is pretty complex!

Sean: Yes, it is very complex, but the thing you should know is that there is a battle specifically about dental between the Offices of the Insurance Commissioner (OIC) and the exchange staff. The exchange staff has built options of how dental can look in the exchange based on 3 things: the ACA itself, state law, and HHS or CISIO. Federal law says that pediatric dental benefit is one of the 10 essential health benefits and it also says that the state exchanges must allow stand-alone dental plans to be on the exchanges to provide at least the pediatric dental benefit. Washington State says that stand-alone dental benefit plans must be on the exchanges at the start 2014, and that when dental is offered on the exchange it will be offered and priced separately.

IOH: Is that for more transparency?

Sean: Yes, more transparency. As the exchange staff was trying to present this, they got caught up in the differing language between federal law and state law. The staff sought guidance from HHS, which gave everybody a surprise: it is their interpretation of federal law (and the first time we ever heard this), that the pediatric dental benefit is a mandated offering but not a mandated purchase.

IOH: So tell us what that means.

Sean: By the HHS definition, the exchange has to offer the dental benefit on its website. Consumers can see the benefit is available for purchase but they can decline the dental benefit and check out without it. That means there are not 10 essential benefits but nine. The OIC says federal and state law dictates there are 10 essential benefits and that FQHC's (federally qualified health centers) have to file their products with all 10. We are saying no, you can file a product with nine, and the tenth benefit for dental could be through a stand-alone. Then you could also buy just dental in the exchange if you were offered a plan through your employer that was just medical.

IOH: Is WDS going to offer several plans with varying coverage levels so people can add on their own?

Sean: Right now we are trying to decide who is going to win the shoving match between the IOC and the exchange. The exchange is saying that CISCO and the feds say dental is optional and that consumers could check out with just nine benefits. The OIC is saying heck no.

IOH: Is the OIC a state regulating body and every state has one?

**Sean:** Yes, insurance regulations are a state issue regulated through the Office of the Insurance commissioner (OIC); Washington State's laws differs from other states. The exchange bill that talked of separate pricing for medical and dental also had the language about FQHCs stating they had to offer all 10 essential benefits. Now the OIC is seeing the conflict between the state law and federal law, and they are saying the state law goes beyond the federal law and they are being very firm that all 10 essential benefits must be provided and purchased, although it can be through different carriers. The exchanges are saying they have federal guidance that all 10 benefits are optional. So there are three different agencies involved in oversight and they do not agree on the rules.

IOH: How long do you have to figure it out?

**Sean:** We have a couple of weeks to figure it out because the exchange has to release its platform to carriers in November in order for them to file their products in January. After the carriers present their product offerings, the IOC will say these filings meet the requirements and then they can be offered to the public. The OIC says that pediatric dental is one of the 10 essential benefits and must be purchased. The exchange is the one that will release the platform to the carriers and then to the public, and the OIC has to agree. It is really a jumble right now.

IOH: The states that decided not to build an exchange will have to offer the federal package, correct?

**Sean:** Yes, states that decide not to do anything will have the federal offering. The feds have tried to get the states to at least partner with them in being the administrative office. There may be federal only exchanges. I have heard that 12 states are moving ahead with the state exchanges, 38 will partner with the feds so the federal office does the backend work and the state will be the administrative arm or the feds do everything. The problem is that the federal office is not any farther along to provide guidance. So at this time we do not know how the pediatric dental benefit is going to look on the federal exchange. DDPA has been very involved and California has been very involved in providing the feds with input. WDS has been focused on the offering within Washington State.

IOH: The plans on the exchange will only be offered within the state; each state will be responsible for their residents.

**Sean:** Correct. For now, the Washington State exchange will only be for Washington state residents.

IOH: Will folks who buy coverage on the exchange look any different to the providers?

**Sean:** No, WDS will not be developing a special network for the exchange; we will use our existing network. The products will most likely be out of the PPO network, similar to our small group network.

IOH: Are the providers involved in this at all yet?

**Sean:** Yes, they have been getting tutorials from the Washington State Dental Society and they are interested in if it will be a skinny coverage or more comprehensive like our other products. That is still to be decided; my guess would be that it will be a comprehensive CHIP-like coverage.

IOH: How difficult will it be to navigate the offerings on the exchange? If this is marketing to the currently uninsured, how will consumers understand what they are purchasing? Most folks do not understand that there is a difference between a dental benefit and medical insurance.

**Sean:** That is a challenge for how we develop our product and how user-friendly the state exchange website becomes. The exchange will provide the education on how to use the exchange. No one is required to buy their coverage on the exchange; there will be private exchanges soon. Now is the critical time for agencies to make decisions so we can move forward. The state will be in charge of the administration and the mechanics of the exchange. Payment would be to the state. The state wants to be the only payee, but the feds said no, there may be more than one source of payment. Like the tribes maybe contributing a portion of the payment.

IOH: This will be a large undertaking!

**Sean:** Yes, they figure 150 employees and \$50 million in operating costs to run the exchange for a year, and where is that money coming from? The feds are paying for the first two years, then it becomes 100% exchange and the Washington State legislator said that it has to be self-sustaining; it cannot get money from the general fund. The exchange will have to charge consumers, providers, carriers, and individuals in some formula to cover the cost of the administration.

IOH: What is the likelihood they will out-price themselves?

**Sean:** The worry is that this is not going to be cheaper or more affordable because of the number of people involved. The goal was to provide less expensive coverage and make it available to the individual. We will see if those goals can be met and maintained. We do not know what the price points will be or the tipping point.

IOH Thank you for helping to make this more clear. We would like to check in with you in a few months and have you bring us up to date with the progress of the exchange.

**Sean:** Sure you can, and I will hope I know more.