



# Alternative Benefit Plans (ABPs)

*Kirsten Jensen, Technical Director*

*Division of Benefits and Coverage*

*Disabled and Elderly Health Programs Group*



*July 31, 2013*

# Agenda

- Welcome and Introductions
- ABP Requirements
- Q & As

# Background

- Section 1937 Medicaid Benchmark or Benchmark Equivalent plans are now called Alternative Benefit Plans (ABPs)
- The vehicle for creating an ABP is a state plan amendment (SPA)
- A set of web-based forms have been developed for submitting an ABP state plan amendment

# Why submit an Alternative Benefit Plan (ABP) State Plan Amendment?

## Revise/Renew Existing Benchmark Plans

- States with existing benchmark plans must bring them into compliance with the new ABP regulations

## Implement the Adult Expansion Group

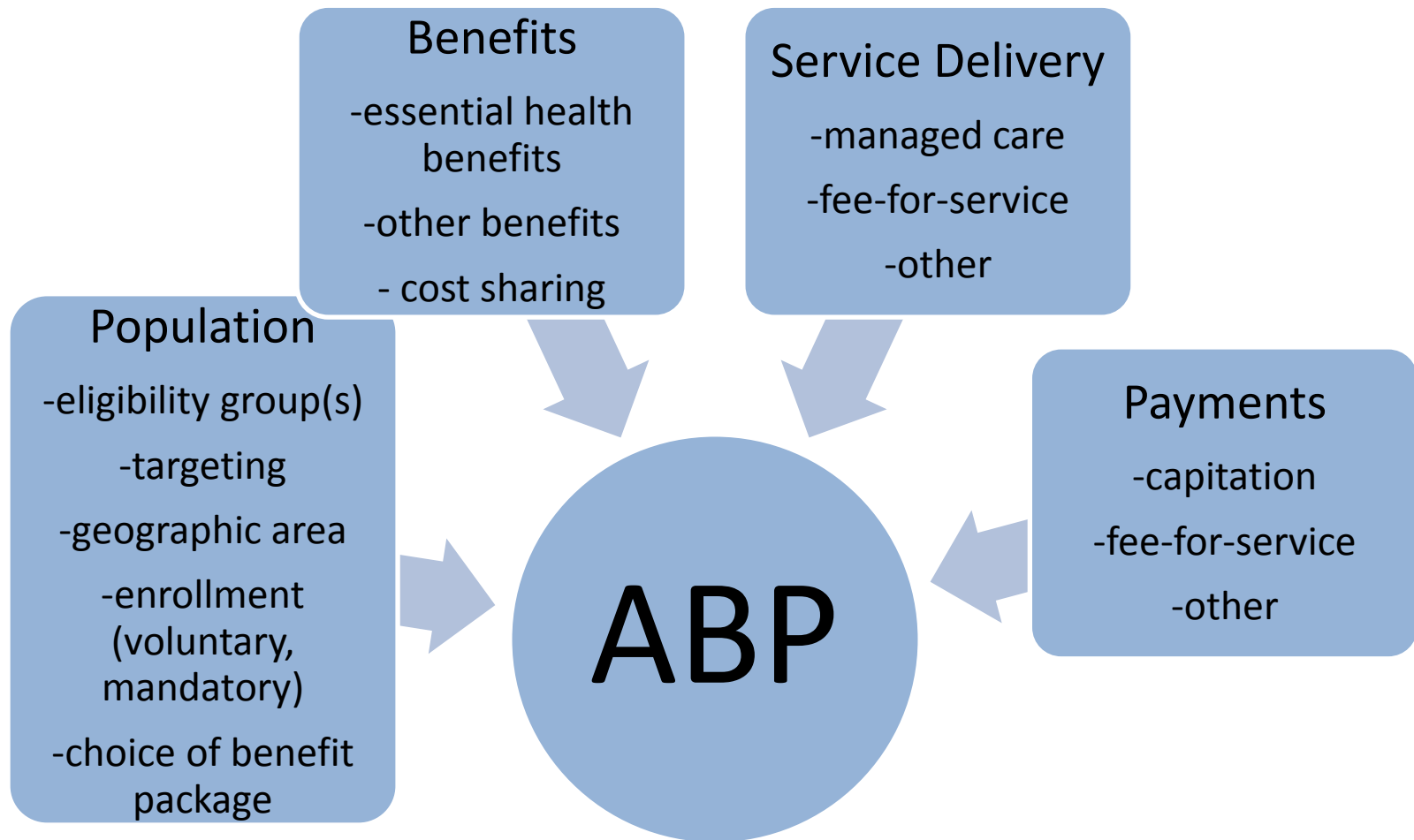
- States implementing the new adult expansion group must provide coverage through an ABP

## Develop other new ABPs

- States may create other new ABPs for existing populations eligible for full benefits

# Building an Alternative Benefit Plan (ABP)

## 4 Key Design Components



# Defining the Alternative Benefit Plan (ABP) Population

## Eligibility Group(s)

- Pick one or more non-excluded Medicaid eligibility groups
- Indicate if targeting criteria are used, and the basis for targeting

## Geography

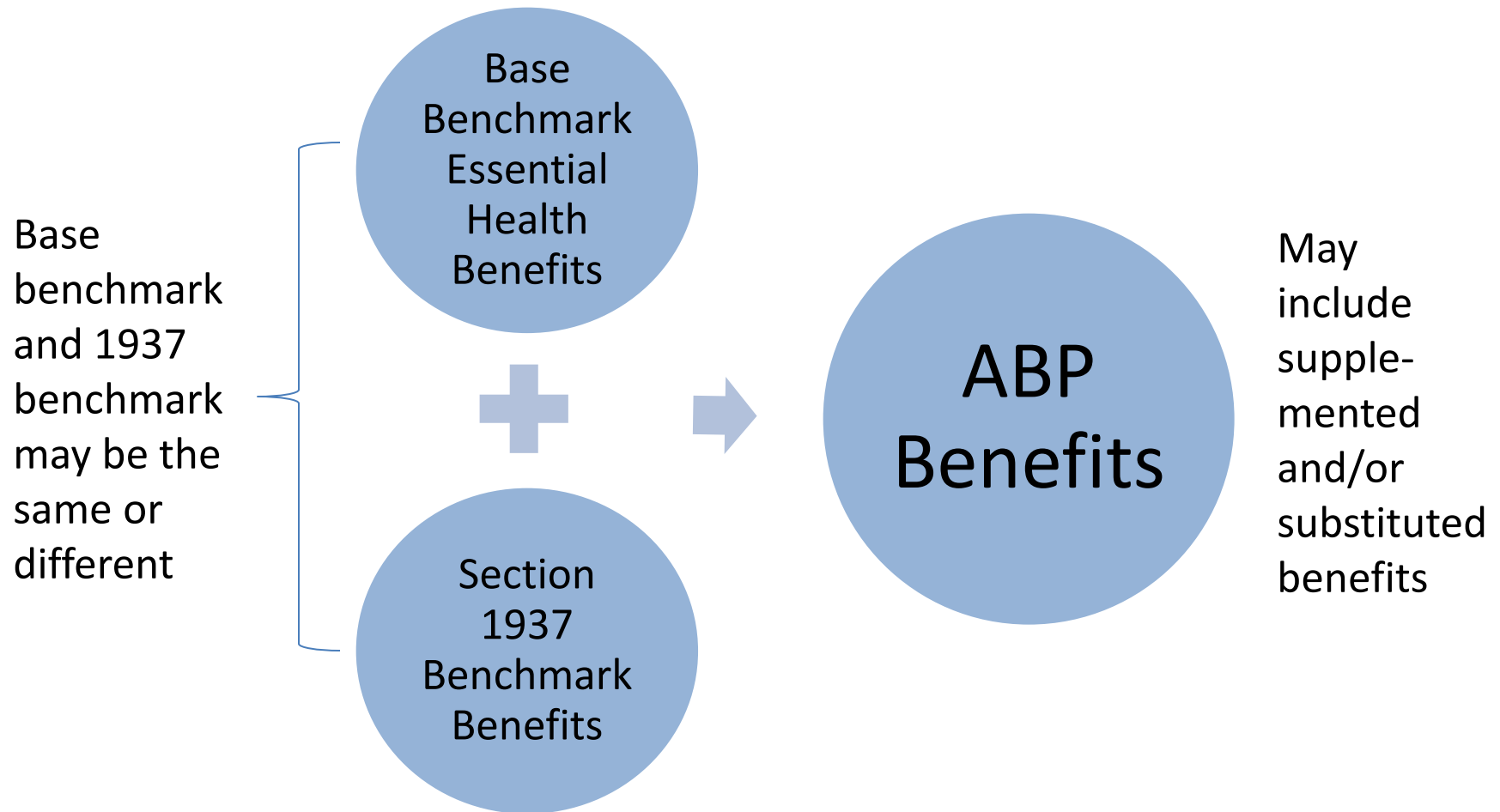
- Indicate by group if ABP is statewide
- If not, define geographic area

## Enrollment

- Indicate by group whether enrollment is voluntary or mandatory
- Assurances apply to each type of enrollment
- Exemptions (42 CFR 440.315) apply to the adult expansion group; choice of benefit package

# Alternative Benefit Plan (ABP)

## 2-Part Benefit Test\*



\*This slide reflects the 2-part benefit test and does not include all avenues for defining benefits in an ABP.

\*The test does not apply to benchmark-equivalent plans.

# Essential Health Benefits

1. Ambulatory patient services

2. Emergency services

3. Hospitalization

4. Maternity and newborn care

5. Mental health and substance abuse including behavioral health

6. Prescription drugs

7. Rehabilitative and habilitative services and devices

8. Laboratory services

9. Preventive and wellness services and chronic disease management

10. Pediatric services including oral and vision care

States must also meet requirements of the Mental Health Parity and Addiction Equity Act, provide EPSDT for individuals under age 21, assure non-emergency transportation, FHQC/RHC services and provide family planning services and supplies.



# Benchmark Options

## Base Benchmark Options

Any of the three largest federal employee health plans, based on enrollment

Any of the three largest state employee health plans, based on enrollment

Largest commercial HMO in the state, by enrollment

Any of the three largest small-group plans in the state, based on enrollment

## Section 1937 Benchmark Options

Blue Cross/Blue Shield Preferred Provider Option offered through Federal Employees Health Benefit program

State employee coverage that is offered and generally available

Commercial HMO with largest commercial, non-Medicaid enrollment in the state

Secretary-approved coverage, a package determined by the Secretary to meet the needs of the population

# ABP Benefit Components

## From Base Benchmark

- 10 Essential Health Benefits (EHBs), with exceptions when the 1937 coverage option is greater
- Other base benchmark benefits (optional)

## From Section 1937

- 1937 benchmark benefits not already included from base
- EHB from a 1937 benchmark other than Secretary-approved, when greater than base benchmark (required)
- EHB from Secretary-approved when greater than base benchmark (optional)
- Other benefits as needed pursuant to 1937 (Rx, mental health, EPSDT, transportation, FQHC/RHC, family planning)

## Supplementation & Substitution

- If base benchmark lacks an EHB category, the ABP must be **supplemented** with the missing category from any other base benchmark
- If the base benchmark includes a benefit not in alignment with state goals, actuarially-equivalent benefit(s) in the same category may be **substituted**

# ABP Benefits Form in Application

## 1-10. Essential Health Benefits (EHBs)

- If base benchmark lacks any EHB category, state must supplement from any other base benchmark option
- If base benchmark EHB doesn't align with state goals, an actuarially-equivalent benefit (same category) may be substituted



## 11. Other benefits (not EHBs) from base benchmark (optional)

- Other benefits from the base benchmark may be included but are not required



## 12. Base benchmark benefits not covered due to substitution

- List any base benchmark benefit excluded due to substitution and explain

# ABP Benefits Form, continued

13. Base benchmark benefits not covered for other reasons

- List any other excluded base benchmark benefits and explain



14. Other 1937 covered benefits that are not EHBs

- Covered benefits from the 1937 benchmark that are not already captured



15. Additional Covered Benefits

- Benefits not in either benchmark, but included to meet the needs of the population
  - Not applicable to the adult expansion group

# Alternative Benefit Plan (ABP) Service Delivery Options

## Managed Care

- May include any of the existing Medicaid managed care options (MCO, PIHP, PAHP, PCCM)
- May build from an existing Medicaid managed care program

## Fee-for-Service

- Traditional Medicaid delivery system

## Other

- States may propose combinations of service delivery options

# Alternative Benefit Plan (ABP) Payment Methodology

## Capitation

- Pursuant to managed care regulations

## Fee-for-Service

- Same as in the state plan
- If different, separate 4.19b SPA required

# Cost Sharing

Same as state plan

- Indicate on form– nothing more needed

Applied to ABP services not in state plan

- Revise and submit 4.18-A

Applied to persons >100% FPL

- Complete and submit 4.18-F

# Prescription Drugs

Coverage must be at least the **GREATER** of:

One drug in each  
USP category  
and class

OR

The same  
number of drugs  
in each category  
and class as the  
base benchmark



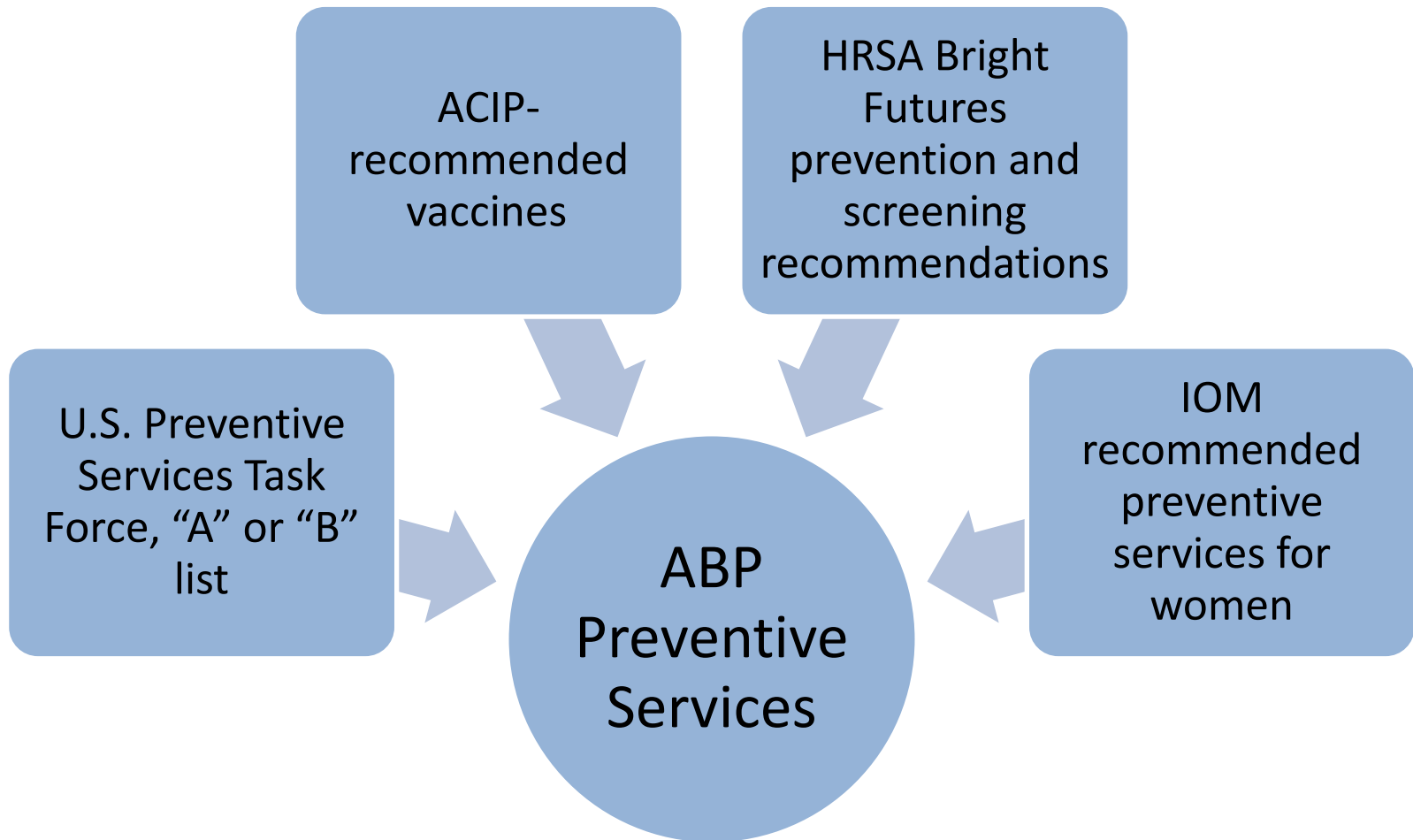
# EPSDT

- All medically necessary 1905(a) services must be provided to eligible individuals under age 21 in an ABP
- Benchmark limitations to pediatric services do not apply to ABPs

# Habilitation

- States may define the habilitation benefit as it applies to Medicaid ABPs

# Preventive Services



# Employer Sponsored Insurance and Assistance with Premiums

- May be offered as a voluntary ABP option
- Description must be provided with submission, including
  - Population covered
  - Amount of premium assistance
  - Required contribution by insured
  - Cost-effectiveness test
  - Benefits

# Questions and Next Steps