Bulletin No. B-4.51

Actuarial Equivalent Service Limits for Certain Essential Health Benefits

I. Background and Purpose

The purpose of this bulletin is to provide carriers with information about the anticipated actuarial equivalent service limits for certain essential health benefits for use in the health benefit plan rates to be filed on or before May 1, 2013 to be considered for approval as a qualified health plan for purposes of the Colorado Health Benefit Exchange and otherwise.

Bulletins are the Colorado Division of Insurance’s (“Division”) interpretations of existing insurance law or general statements of Division policy. Bulletins themselves establish neither binding norms nor finally determine issues or rights.

II. Applicability and Scope

This bulletin is intended for carriers, consumers and health service providers to advise them of the actuarial equivalent service limits the Division has received from an independent actuary and anticipates promulgating through rulemaking.

III. Division Position

On and after January 1, 2014, Section 2711 of the Affordable Care Act prohibits the use of annual or lifetime limits on the dollar value of benefits which are essential health benefits under section 1302 of the Affordable Care Act. Legislation is currently pending before the Colorado General Assembly to replace annual dollar limits that are present in the statutory mandates with rule-making authority granted to the Commissioner of Insurance to set an actuarially equivalent number of services or visits to equal or approximate the dollar limit in current law. In addition, the benchmark plan selected by Colorado under the federal essential health benefit requirements, the Kaiser Foundation Health Plan of Colorado Deductible HMO 1200D, includes, on certain essential health benefits, dollar limits that are prohibited under federal law on and after January 1, 2014.

To facilitate carriers filing their premium rates and for form certification for health benefit plans to begin on or after January 1, 2014, the Division requested an independent actuarial analysis to establish actuarially equivalent service limits to replace the dollar limits currently in effect under state law and in the benchmark plan. Wakely Consulting Group provided the Commissioner with its independent analysis. If the changes to state law incorporated in HB 13-1266 are enacted, the Division will proceed with formal rulemaking to promulgate rules which replace the dollar limits with these actuarially equivalent numbers of services or visits. However, carriers should be aware that HB13-1266 at this point has not been enacted, and, if it is enacted, that the recommended amounts could be changed in the rulemaking process.

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1 HB13-1266 Section 3.
The chart below identifies the benefits with a dollar limit under state law or the benchmark plan, the dollar amount of that limit, and the recommended actuarially equivalent service limit. It should be noted that the actuarially equivalent service limits are minimums, and that carriers may file benefits which exceed the listed amounts. In addition, in particular regard to the Durable Medical Equipment (DME) amount, the Division recognizes that the $1,000 amount does not comply with federal requirements. The Division will review benefits for sufficiency and compliance with the requirements of state and federal law using the structure as described below as a guideline.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Annual Dollar Limit</th>
<th>Actuarially Equivalent Service Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Intervention Services</td>
<td>$6,361</td>
<td>45 therapeutic visits</td>
</tr>
<tr>
<td>Autism – Applied Behavioral Analysis</td>
<td>$34,000 birth to age 8; $12,000 age 9-19</td>
<td>550 sessions birth to age 8; 185 sessions age 9-19 (25-minute session increments)</td>
</tr>
<tr>
<td>Outpatient Substance Abuse</td>
<td>$500</td>
<td>4 visits</td>
</tr>
<tr>
<td>Mammography</td>
<td>$105.50, with exclusions</td>
<td>Full cost of an annual mammogram (preventive or diagnostic)</td>
</tr>
<tr>
<td>Durable Medical Equipment (DME)</td>
<td>$2000, with exclusions</td>
<td>Exclude from limits small dollar items; 4 units under $1000 each OR 1 unit over $1000</td>
</tr>
<tr>
<td>Pediatric Dental</td>
<td>$600</td>
<td>2 oral exams, 2 fluoride applications, 1 set of x-rays, 1 cleaning, 2 other services from the CHP+ procedure list, which generally include the following (see full CHP+ service list for codes and additional detail and limits): - Sealants - Space maintainers - Amalgam and resin restorations - Resin and stainless-steel crowns - Extractions - Root canals - Palliative treatment/sedative fillings</td>
</tr>
</tbody>
</table>

Carriers are advised that for purposes of filing premium rates and forms with the Division, the actuarially equivalent service limits identified above can be used until a formal rule is promulgated.

IV. Additional Division Resources

A. For More Information

Colorado Division of Insurance
Rates and Forms Section
1560 Broadway, Suite 850
Denver, CO 80202
Tel. 303-894-7499
B. Related Division Regulations

V. History

- Issued April 10, 2013