

TO: Board Members, Connect for Health Colorado

FROM: Patty Fontneau, Marcia Benshoof

DATE: August 12, 2013

RE: **Approval to Proceed with Implementation of Stand Alone Vision Insurance**

Essential Question

Should Connect for Health Colorado facilitate access to stand alone vision insurance as an interim service option for its customers as a predecessor to a fully integrated shopping experience?

Background

Connect for Health Colorado had planned to offer Vision, through the development of the marketplace, as the third product in the traditional suite of purchases related to health benefits, i.e. medical, dental and vision. However, on March 29, 2013 guidance was received from the Centers for Medicare and Medicaid Services (CMS) outlining how a State Based Marketplace (SBM) may offer Ancillary products. Essentially, the SBMs must establish a separate program to offer Ancillary products. Clearly establishing a separate program and the offering of Ancillary products is a longer term and more strategic issue for C4HCO, the stakeholder communities and the Board of Directors. Due to consumer interest, the inclusion of offering Vision as part of go-live planning as an interim option was developed.

The interim option involves embedding a “link” to Stand Alone Vision carriers at the C4HCO exit page for consumers to access a co-branded landing page and commence shopping for individual, stand alone vision insurance on the carrier’s site. There will be an additional link on the C4HCO exit page giving the consumer the option to link over to our Resources page where more information, the carrier’s link, and several disclosures will be noted.

This interim approach requires no technological lift. Other resources required to design and implement this option have been: operational, product development, legal and financial. The stand alone vision plans to be offered are only insured products, approved by the Division of Insurance. No discount plans will be offered, at this time. C4HCO has solicited the interest and involvement of a number of carriers. Vision Services Plan (VSP)

is the carrier currently able and ready to participate. Founded in 1955, VSP serves 65 million customers and is the largest vision carrier in the U.S. VSP's provider network is comprised of 29,000 providers across America and their Choice Network has 1,094 provider access points in Colorado. VSP's % of applications accepted is >90%.

VSP has the following recognitions:

- ❖ J.D Power – highest member satisfaction, 3 consecutive years
- ❖ NCQA Credentialed
- ❖ Service Quality Measurement, Inc. – call center excellence, 11 years
- ❖ Fortune Magazine – Best 100 Companies to Work For, 9 years

Due diligence of stand alone vision insurance carrier(s) is three fold:

- ❖ DOI process for obtaining an insurance license – a preponderance of the standard review and scrutiny is satisfied by the process of licensure ([see chart on Page 4](#)).
- ❖ DOI process of review and approval of product/plan filing requirements – Vision carriers are required to use SERFF to submit documentation in the following areas for approval: administrative, plans and benefits, network, service area, forms and business rules.
- ❖ C4HCO specific Marketplace requirements
 - Review of: customer support processes, customer satisfaction results, complaint (DOI) statistics, marketing materials and approach, and ability to track referrals and sales from the Marketplace.
- ❖ C4HCO will require Vision carriers to:
 - Execute an Agreement
 - Create a co-branded landing page
 - Remunerate C4HCO for leads or sales
 - Develop notices re: coverage for children
 - Create tracking reports of leads, sales, service, broker involvement
 - Prohibit distribution of customer lists for any purpose
 - Participate in training about the Marketplace

Guiding Principles

- Honor the expectations of the consumer
- Provide value to consumers and their families
- Support parity of available coverages inside and outside the Marketplace

Stakeholder Considerations

Stakeholders wanted to be assured that coverage was “real” and benefit plans were adequate. In addition, employer stakeholders affirmed the need for access to vision insurance. Brokers expressed concern over the interim option not being integrated with C4HCO and not being able to be the Agent of Record (AOR) in this product from a commission and service perspective. VSP does not pay commissions on individual vision insurance in Colorado nor in the U.S. They have a strategic initiative to introduce commissions and track AORs slated for 2014.

Recommendation

Connect for Health Colorado staff recommends the Board approves the due diligence, contracting, and implementation of an interim vision insurance plan, as set forth in this memo.

Note: Recommendation affirmed with Connect for Health Colorado’s IT and Implementation Board Committee on July 31, 2013.

Due Diligence – License to Insure (DOI)

Cert. of Compliance	Premium collection processes	Producer recruitment and mgmt	Website, trademarks	Investment policy
Service to Process Cert.	Claims handling narrative	Producer contracts	Policy book by line	Org. chart, sr.mgmt and directors
Cert. of Authority	Provider network detail	Sample policy	Benefit plans and summaries	O-chart, all functions
Plan of Operations	Complaint and remediation processes	Underwriting guidelines and practices	Rate and Form filings	Officer affidavits and fingerprinting
3yr pro-forma financials by line, assumptions	Policy for setting reserves	P&P on Training	Provider contract	Fidelity bond binder
Reinsurance	Oversight of delegated func.	Marketing plan	Bank custody agreements	Reinsurance binder
Delegated func.	Sales plan	Market analysis	Statutory deposit	Fraud policy
Agreements	Commission plan	Sample Marketing materials	RBC plan	Compliance with capital req.