

March 10, 2022



900 Cottage Grove Road
Bloomfield, CT 06002

TO: Senate Financial Institutions and Insurance
RE: Oral Neutral testimony Pan/Panda Coverage Mandate-HB 2110
FR: Kandice Sanaie, State Government Affairs Cigna and Larrie Ann Brown, Legislative Counsel

Cigna is a global health services company dedicated to improving the health, well-being, and peace of mind of those we serve. Cigna covers more than **180 million customer and patient relationships** in more than **30 countries and jurisdictions**, and has a global workforce of more than **70,000 employees, including hundreds in Kansas**, Cigna is dedicated to living our mission and being champions for our customers and communities and working together in close partnership with our colleagues, customers, providers, clients, and communities to create personalized solutions and advance whole-person health.

While we appreciate the proponents following the procedures laid out in statute to help determine the costs of a mandate before passing it along to the private market, Cigna has concerns regarding the Kansas Legislature's attempt to mandate coverage for PANS/PANDA. While Cigna already covers a variety of treatments for these conditions, many of the prescribed therapies are experiential. However, the bigger policy issue, one that must be determined by the Committee, is the additional of this mandate to Kansas's Essential Health Benefits. The Affordable Care Act (ACA) requires health plans to cover the "essential health benefits" (EHB) package for health insurance policies that start on or after January 1, 2014. These requirements apply to qualified health plans in the exchanges, as well as health insurance plans offered in the small group and individual markets outside of the exchanges. EHB requirements do not apply to health insurance coverage provided in the large group market (either fully-insured or self-funded) nor do they apply to grandfathered plans (certain plans existing prior to March 23 2010) or transitional plans (certain plans existing prior to October 1, 2013).

Under the ACA, the EHB package must:

- Provide coverage for 10 broad categories of services;
- Limit annual cost-sharing to specified amounts (e.g. annual out-of-pocket limits); and
- Meet minimum standards for actuarial value (bronze, silver, gold or platinum levels).

Rather than defining a national EHB standard, HHS provided broad flexibility to states in defining a state-specific EHB package. The final EHB regulation, released in early 2013, permitted states to choose among four state-specific "benchmark" plans for purposes of providing the EHB package in 2014 and 2015. HHS has proposed that states select an ACA-compliant plan sold in 2014 as an updated benchmark plan for the 2017 benefit year.

Allowing states to select from among several benchmark plan options available in the state struck the right balance between affordability and comprehensive coverage. The benchmark plans were popular products that provided coverage within the scope of a typical employer plan. However, states can and do

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mandate the coverage of additional benefits by health plans sold within their borders – thereby increasing the cost of coverage. To preserve the balance between comprehensive coverage and affordability, the ACA allows states to enact benefit mandates that go beyond the EHB package, but also requires the state to pay for the increased cost associated with the mandate for those enrollees who purchase health insurance in the Exchange. Under the final EHB rule, states must defray the cost of any mandated benefits enacted after December 31, 2011, for enrollees who obtain coverage through the exchange and receive a tax credit. The final regulation tasks the Exchange with determining which benefits are in excess of the EHB package, *and requires the state to make payments to either the enrollee or directly to the health plan issuer on the enrollee's behalf for the actuarially determine cost of the additional required benefits.* These costs will need to be picked-up by the state and reported annually.

Again, while we appreciate the proponents following the statutory procedure required before passing any new health insurance mandate, we feel it's appropriate that we make sure to identify our concerns with this and any other health insurance mandate proposed to the legislature. Thank you for your time and you may contact me at kandice.Sanaie@cigna.com or Larrie Ann Brown at 785-640-2747 our local legislative counsel.