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Vermont Essential Health Benefits Premium Impact of Benchmark Options April 30, 2012

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Agenda

- **Goals of Analysis**
- **Comparison of Benefit Differences**
- **Premium Impact of Benefit Differences**
- **Summary of Analysis**
- **Next Steps**
- **Appendix: Benefit Differences by Benchmark Option**

Goals of Analysis

- **Ultimate goal is to assist in the selection of the Essential Health Benefit (EHB) benchmark by quantifying the premium impact of the different benchmark options**
- **Other key considerations in selecting a benchmark**
 - Coverage of state mandates
 - Benefit gaps that must be supplemented from other plans (pediatric oral and vision, habilitative services and potentially prescription drugs)
 - Since benefits may be substituted within categories as long as they are substantially similar and actuarially equivalent, the relative richness of each plan should be the focus compared to the specific benefits covered

Comparison of Benefit Differences

- **Analysis compares the benefit differences of the two largest small group plans and the state employee plan**
 - MVP EPO and BCBSVT HMO small group plans
 - Cigna state employee plan
- **Identification of detailed benefit differences developed using information provided by Bailit Health Purchasing**
 - Provided detailed information with over 500 benefits compared
 - Supplemented with updated information in their presentations
 - Updated based on follow up information provided by the health insurers (contributed to some significant differences from prior reports)

Comparison of Benefit Differences

- **Excluded from the comparison**
 - Benefits were excluded from the comparison when the covered services for at least one insurer is unknown. These benefits should have minimal to no premium impact should benefit differences exist
 - Benefits that are covered under optional riders (for example, small group prescription drug)
 - Analysis does not evaluate the increase in benefits that are required under the EHB guidance but may not be included in any of the benchmark options (e.g. habilitative services)
 - Non-benefit differences such as prior authorizations and provider limitations. The only exception is the prior authorization differences for chiropractic services since the data suggests that this does have a cost impact. Whether these premium differences should be considered is unclear given the current guidance.

Comparison of Benefit Differences

- Benefit differences were grouped into two categories based on expected impact to premiums. Since MVP has the leanest benefits, it was used as the baseline plan.
 - A benefit is considered a difference if it is a benefit that is not covered by or is a richer benefit than either of the other two benchmark options
 - Benefits with a high cost impact are estimated to increase premiums by more than 0.05%; low cost impacts by 0.01% to 0.05%
- Cigna has the most additional or richer benefits with four that are high cost

Number of Benefit Differences	MVP EPO	BCBS HMO	CIGNA
Low Cost Impact (0.01% - 0.05%)	3	4	8
High Cost Impact (> 0.05%)	0	2	4
Total Differences	3	6	12

Premium Impact of Benefit Differences

- Where possible, benefits were analyzed with VHCURES data; industry data and actuarial judgment used as needed
- Impacts were estimated considering the benefit independent of downstream effects. For example, if infertility treatments are covered it may increase the incidence of higher cost multiple births. However, only the estimated cost of the infertility treatment is included in the estimates.
- There are an additional 22 benefit differences that have a negligible premium impact (less than 0.01%). These benefits are included in the appendix.

Premium Impact of Benefit Differences

- The percent differences are based on medical costs only (i.e. prescription drugs are not included)
- Cigna benefits are expected to impact premiums by approximately 1%, driven by four highly significant additional benefits such as infertility.

Estimated Impact of Benefits % of Premium	MVP EPO	BCBS HMO	CIGNA
Low Cost Impact	0.03%	0.08%	0.23%
High Cost Impact	0.00%	0.31%	0.89%
Total Differences	0.03%	0.39%	1.12%
Compared to MVP		0.36%	1.09%

Premium Impact of Benefit Differences

- Assuming a per member per month (PMPM) medical premium of \$290, we estimated the monthly premium impact for the benefit differences
 - That is, if you added the BCBSVT benefits to a medical plan with a \$290 PMPM that did not already have the benefits, premiums would be expected to increase by approximately \$1.00 PMPM
- The actual premium impact will be dependent on multiple factors, including but not limited to benefit design (i.e. metal tier), health insurer, and demographics of the enrolled population.

Estimated Impact of Benefits PMPM	MVP EPO	BCBS HMO	CIGNA
Low Cost Impact	\$0.09	\$0.24	\$0.67
High Cost Impact	\$0.00	\$0.90	\$2.59
Total Differences	\$0.09	\$1.14	\$3.26
Compared to MVP		\$1.05	\$3.17

Premium Impact of Benefit Differences

- The table below shows the range of premium impacts, separating the high and low cost benefit differences
- The benefit differences with the most significant impact are highlighted in the table below and show that infertility is roughly one-third of Cigna's overall benefit difference

Detailed Impact of Benefit Differences PMPM Range of Estimates	MVP EPO	BCBS HMO	CIGNA
High Cost Benefits			
Chiropractic services	n/a	\$0.10 - \$0.20	\$0.20-\$0.40
Infertility treatments	n/a	n/a	\$1.00-\$1.25
Pediatric vision care	n/a	\$0.00 - \$0.10	\$0.15-\$0.35
Routine vision care and lenses	n/a	\$0.60 - \$0.75	\$0.70-\$0.85
Total High Cost Benefits	n/a	\$0.70 - \$1.05	\$2.05 - \$2.85
All Low Cost Benefits	\$0.00 - \$0.20	\$0.15 - \$0.35	\$0.50 - \$0.90
Total Differences	\$0.00 - \$0.20	\$0.85 - \$1.40	\$2.55 - \$3.75

Summary of Analysis

- The benefit richness of the three benchmark options only varies by around 1%, with the state employee plan being the richest of the three plans.
- The most significant benefit enhancement for the state employee plan is infertility treatments. While substitutions are expected to be allowed within the ten benefit categories, the specific rules around the substitutions are not final and the higher cost of this benefit may make it difficult to substitute and still be substantially similar.
- We do not expect prior authorizations will be considered as part of the process for determining actuarial equivalence for EHBs since that process will “not take into account any differences in coverage based on the method of delivery or means of cost control or utilization used.” However, the data suggests that the preauthorization for chiropractic visits does have a notable cost impact. This impact is itemized should the final regulations state with certainty whether preauthorization differences will be considered.
- While a comparison of the prescription drug coverage for the three benchmark options was not completed, a smoking cessation benefit (including drug products) is covered by both small group plans but is not covered by the state employee plan. If the state employee plan is chosen as the benchmark, smoking cessation would not be a covered benefit. If a small group plan is chosen as the benchmark, whether smoking cessation drugs are covered would depend on the supplemental drug plan chosen.

Next Steps

- Selection of a benchmark plan
- Determine benefit gaps that must be supplemented
 - Prescription Drugs – will need to be supplemented if either small group plan is the selected benchmark; Options less clear
 - Habilitative Services – pending definition from HHS
 - Pediatric Oral – CHIP or FEDVIP, both have comprehensive coverage (non-medically needed orthodontia does not need to be included)
 - Pediatric Vision – FEDVIP (no option based on current guidance)
- If needed, compare supplemental benefits and estimated premium differences

Caveats

- This document is for discussion purposes. The final report should be consulted for complete information.
- Future EHB guidance may alter the results provided in this analysis.
- Actual premium impacts will vary from the estimates provided. These impacts will also vary by factors such as health insurer, benefit design (metal level) and the demographics of the enrollees.
- We have relied on the benefit information completed by Bailit Health Purchasing (Bailit), benefit information provided by the health insurers, and data from the Vermont Healthcare Claims Uniform Reporting and Evaluation System (VHCURES). We reviewed the data for reasonability, but have not audited the data. Any errors in the data provided will affect the accuracy of our analysis and the conclusions drawn in this report.
- This report is to aid the State of Vermont in its Exchange planning process. All results presented in this report are specific to the State of Vermont. Other uses and application to other states may be inappropriate.

Appendix

Benefit Differences by Benchmark Option

Grouped into the 10 categories of Essential Health Benefits required by the ACA

√ = Covered benefit. Any limits on the benefit are noted.

NC = Not a covered benefit

H = High Cost Benefit Difference

L = Low Cost Benefit Difference

I = Insignificant Cost Benefit Difference

Benefit Differences by Benchmark Option

Benefit	Maximum Benefit Impact	MVP Small Group Plan	BCBS Small Group Plan	CIGNA State Employee Plan
1. Ambulatory patient services				
a. Chiropractic (therapeutic, adjustive, manipulative)	H	√ 8 visits/yr before preauth	√ 12 visits/yr before preauth	√
b. Infertility treatment services	H	NC	NC	√ Lifetime Max of \$50,000
c. Non-cancer clinical trials	I	√	NC	NC
d. Cancer clinical trials	I	√	NC	NC
e. Dental Injury	L	NC	√	√
f. Pain management programs	I	√	NC	NC
i. Biofeedback	I	√ only for treatment of bowel and bladder incontinence	NC	NC
2. Emergency services				
3. Hospitalization				
a. Hospice - homemaker services	I	NC	√ Up to 100 hours/month	√
b. Hospice - room and board	I	√ up to 210 days	√	√
c. Skilled nursing facility room & board	L	√ limit 60 days/yr	√	√
d. Home health care - dietician services	I	√	NC	NC
f. Home health care - home health aide, services, physical and occupational therapy, skilled nursing	L	√ limit 60 visits/yr	√ must recertify after 60 visits/yr	√
g. Private duty nursing	I	NC	√ Up to \$2,000/yr	NC
e. Medical supplies - catheters	L	NC	√	√
h. Mandibular orthopedic repositioning device	I	NC	√ only for TMJ	√
4. Maternity and newborn care				
a. Routine circumcision	L	√	NC	√
b. Lactation consultant services	L	√	√	NC
5. Mental health and substance use disorder services, including behavioral health treatment				
a. Family and marital psychological or psychiatric treatment	I	NC	√	√
b. Organic mental disorders	I	√	√	NC

Benefit Differences by Benchmark Option

Benefit	Maximum Benefit Impact	MVP Small Group Plan	BCBS Small Group Plan	CIGNA State Employee Plan
6. Prescription drugs				
a. Smoking cessation products	Not factored in this analysis, covered by riders	√ Prescription and OTC covered	√ OTC covered	NC
7. Rehabilitative and habilitative services and devices				
a. Physical, speech & occupational therapy	I	√ limit 30 visits/yr	√ limit 30 visits/yr	√
b. Bone growth stimulators, trans cutaneous electrical nerve stimulation (TENS) devices or neuromuscular stimulators	I	√	√	NC
c. Durable medical equipment - automatic ambulatory home blood pressure monitoring or equipment	L	√	NC	√
d. Orthotics - custom fabricated or molded knee brace	I	√	NC	NC
e. Orthotics - shoe inserts	I	NC	NC	√
f. Prosthetic device - dental implants	I	NC	√	NC
g. Wig, toupee or hairpiece	I	NC	√	√
h. Acupuncture	L	NC	NC	√
j. Massage therapy	L	NC	NC	√
k. Osteopathic manipulation treatment	L	NC	NC	√
8. Laboratory services				
9. Preventive and wellness services and chronic disease management				
a. Routine vision care	H	NC	√ Only exam not lenses	√ 1 visit/24 mos, \$100 max for visit and lenses
b. Non prescription food supplements	I	√	√ Up to \$2,500/yr	NC
c. Gynecological exam	I	√ limit 2 visits/yr	√	√ limit 1 visit/yr
d. Smoking cessation services	I	√	√	NC
10. Pediatric services, including oral and vision care				
a. Routine vision care	H	NC	√ Only exam not lenses	√ 1 visit/24 mos, \$100 max for visit and lenses
b. Oral care - accidental injury	I	NC	√	√
c. Oral care - TMJ treatment and diagnosis	I	NC	√	√