



WAKELY  
CONSULTING GROUP

CONSULTING ACTUARIES & HEALTHCARE SPECIALISTS

State of Vermont  
Plan Design  
Current Market Overview  
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Julie Peper, FSA, MAAA

[JulieP@Wakely.com](mailto:JulieP@Wakely.com)

720.226.9814

# Agenda

- **Background – ACA and State of Vermont**
- **Process for Selecting Plan Designs**
- **Current Market Enrollment**
- **Current Actuarial Values by Market**
- **Next Steps**
- **Caveats**

# Background - Affordable Care Act

- An essential health benefits package is a benefits package that:
  - Provides coverage for essential health benefits (EHB) and
  - Meets ACA requirements for Cost Sharing and Actuarial Value (AV)
- Actuarial Value is the average expected health care costs a health plan will cover with the essential health benefits as the base benefits
  - The ratio of the total amount the insurer will pay for the EHBs (based on the defined cost sharing of the plan) over the total costs of the EHBs
  - Based on utilization for a standard population for a specified region
  - Employer contributions to HSAs/HRAs can be considered
  - HHS is expected to release a model that calculates AVs
- Definitions of different metal (or AV) levels
  - Bronze 58-62% AV
  - Silver 68-72% AV
  - Gold 78-82% AV
  - Platinum 88-92% AV

# Background – State of Vermont

- **State of Vermont may offer a number of plan design options within each metal level (this is current guidance from GMC Board)**
  - **Plan designs within each metal level will have approximately the same AV but can have significantly different cost sharing by benefit**
  - **For example, prescription drugs may have first dollar copay coverage under one silver plan but be integrated with a medical deductible of \$2,000 with another silver plan**
- **Plan designs will consider the following**
  - **Market disruption**
  - **What the state envisions plan designs should look like long term**
  - **Input from the health insurers, consumers, employers, and other advisory group members**
  - **Vermont regulations (e.g. prescription drug)**

# Process for Selecting Plan Designs

- **Understand current market**
  - Distribution of members by actuarial value of plan
  - Common plan design structures
- **Develop a set of plan designs at each of the metal levels for GMC Board consideration**
  - Determine which current plan designs should be considered
  - Gather input
  - Provide multiple plan design options for each metal level, focusing on both structure and dollar/percent cost share amounts
  - Discuss benefits and concerns with each plan design, as well as member/group disruption
  - Get feedback and make revisions
  - Once federal model is released, may need to adjust the cost sharing amounts (e.g. move deductible from \$1,000 to \$1,100) if AVs differ from those developed
  - GMC Board makes final decision on designs & approach

# Current Market Enrollment

- January 2012 Members by Insurer and Market
- Includes markets that are expected to enter the Exchange
  - “Associations” only includes small groups that are currently in associations

Market Enrollment	BCBS	MVP	Total
Catamount	13,492	577	14,069
Individual (incl Safety Net)	2,066	1,948	4,014
Small Group (incl Safety Net)	24,850	15,979	40,829
Associations	20,716	-	20,716
Total	61,124	18,504	79,628

Market Distribution	BCBS	MVP	Total	Market as % of Total
Catamount	96%	4%	100%	18%
Individual (incl Safety Net)	51%	49%	100%	5%
Small Group (incl Safety Net)	61%	39%	100%	51%
Associations	100%	0%	100%	26%
Total	77%	23%	100%	100%

# Current AVs by Market

- Based on current set of benefits which does not include all of the required EHBs
- Benefits and members based on January 2012 enrollment
- “Percent of market analyzed” is the percent of members in the plan designs reviewed
- Still refining analysis so member distribution may change but any changes are not expected to be significant
- Assumptions made for prescription drug cost sharing for some plans
- Using Wakely model which will vary from the federal model
  - Standard population
  - Utilization and unit cost assumptions
  - Induced utilization
- HSA/HRA contributions from employers not currently considered
  - This data is not collected in Vermont, so assumptions will need to be used

# Current AVs by Market - Catamount

- **Plan Design**
  - \$500 deductible / \$1,050 out of pocket maximum (OOPM)
  - 20% coinsurance
  - \$10 copay for office visits
  - Prescription drug copays of 10/35/55 (no deductible)
- **Percent of market analyzed = 100%**
- **Average AV = 87%**

Catamount Actuarial Value Range	# of Members	% of Members
<45.0%	-	0%
45.0%-55.9%	-	0%
55.0%-64.9%	-	0%
65.0%-74.9%	-	0%
75.0%-84.9%	-	0%
85.0%-94.9%	14,069	100%
95.0% or higher	-	0%
<b>Total</b>	<b>14,069</b>	<b>100%</b>

# Current AVs by Market - Individual

- **Common Plan Designs**
  - High deductibles (\$3,500 to \$100,000) with higher or no OOPM
  - 20% to 30% coinsurance
  - \$15 or \$30 copays for office visits or must reach the deductible
  - Prescription drug integrated with medical deductible/OOPM or a separate small deductible (\$100 to \$275) with 50% cost share for non-brand and \$10 copay or 50% coinsurance for generic
- **Percent of market analyzed = 92% (24 plan designs)**
- **Average AV = 51%**

<b>Individual Actuarial Value Range</b>	<b># of Members</b>	<b>% of Members</b>
<45.0%	1,009	27%
45.0%-55.9%	817	22%
55.0%-64.9%	1,678	45%
65.0%-74.9%	-	0%
75.0%-84.9%	192	5%
85.0%-94.9%	-	0%
95.0% or higher	-	0%
<b>Total</b>	<b>3,696</b>	<b>100%</b>

# Current AVs by Market - Small Group

- **Common Plan Designs**
  - HSA Qualified plans most common but more variability in Small Group (over 10% of the members are in copay plans with no deductible)
  - Moderate deductibles (\$2,000 to \$5,000) with 0% coinsurance after deductible
  - Prescription drug integrated with medical deductible/OOPM
- **Percent of market analyzed = 89% (51 plan designs)**
- **Average AV = 74%**

<b>Small Group Actuarial Value Range</b>	<b># of Members</b>	<b>% of Members</b>
<45.0%	-	0%
45.0%-55.9%	-	0%
55.0%-64.9%	5,789	16%
65.0%-74.9%	18,017	50%
75.0%-84.9%	11,547	32%
85.0%-94.9%	856	2%
95.0% or higher	-	0%
<b>Total</b>	<b>36,209</b>	<b>100%</b>

# Current AVs by Market - Association

- Groups in associations that may enter the exchange (i.e. small group size)
  - Vermont Association of Chamber Executives (VACE), Vermont Health Services Group (VHSG), Business Resource Services (BRS), Associated Industries of Vermont Insurance Services (AIVIS) Old VLCT Small Groups, and Vermont State Dental Society
- Common Plan Designs are much more variable but most are either HSA Qualified plans or deductible/OOPM with copays for office visits
- Percent of market analyzed = 97% (19 plan designs)
- Average AV = 66%

Association Actuarial Value Range	# of Members	% of Members
<45.0%	-	0%
45.0%-55.9%	103	1%
55.0%-64.9%	8,233	41%
65.0%-74.9%	10,263	51%
75.0%-84.9%	1,169	6%
85.0%-94.9%	143	1%
95.0% or higher	277	1%
11 Total	20,188	100%

# Current AVs by Market - Combined

- Percent of market analyzed = 93%
- Average AV = 73%

<b>Combined Actuarial Value Range</b>	<b># of Members</b>	<b>% of Members</b>
<45.0%	1,009	1%
45.0%-55.9%	920	1%
55.0%-64.9%	15,700	21%
65.0%-74.9%	28,280	38%
75.0%-84.9%	12,908	17%
85.0%-94.9%	15,068	20%
95.0% or higher	277	0%
<b>Total</b>	<b>74,162</b>	<b>100%</b>

# Current AVs by Market - Findings

- For all markets combined, the distribution by metal level is relatively consistent with around 20% for each of the bronze (60% AV), gold (80% AV) and platinum (90% AV) levels. The silver level (70% AV) has approximately 40% of the current members.
- Members in the individual market will be impacted most by the AV requirements but this is the smallest market and many of these members may be eligible for premium and cost sharing subsidies
- 64% of small group members and 84% of association members are currently in plans that would violate the maximum deductible allowed (\$2,000 individual) for groups under ACA
- 94% of individual members, 6% of small group members and 22% of association members are currently in plans that have an OOPM in excess of the allowed (\$5,950 individual) under ACA

# Next Steps

- Refine analysis, including incorporating assumptions on employer HSA/HRA contributions
- Determine which current plan designs should be considered
- Gather input from insurers, consumers, employers, and others
- Provide multiple plan design options for each metal level, focusing on both structure and dollar/percent cost share amounts
- Discuss benefits and concerns with each plan design, as well as member/group disruption
- Get feedback and make revisions
- Provide recommendations to GMC Board to review and make final decision

# Caveats

- This document is for discussion purposes. The final report should be consulted for complete information.
- AVs for certain Essential Health Benefits, such as habilitative services and pediatric dental, are not included in the current AVs.
- The federal AV model will use a “standard population” as well as unit cost and utilization assumptions. AVs produced from the federal model will vary from the AVs presented in this report to the extent the standard population and underlying assumptions vary from the Wakely model.
- Enrollment and AVs are based on information provided by the insurers. To the extent that the information received is not accurate, the results of the analysis will also be inaccurate.