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CONSULTING ACTUARIES & HEALTHCARE SPECIALISTS

State of Vermont
Plan Design Development
First Draft of Silver Level Plan Designs

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Julie Peper, FSA, MAAA
JulieP@Wakely.com
720.226.9814

Agenda

- Background
- Federal and Vermont Regulations
- Current Silver Plan Members
- Analysis
- Assumptions
- Summary of Plan Designs
- Plan Designs and Member Impact
- Next Steps
- Caveats

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Background

- Previous presentations can be referenced for background on Essential Health Benefits and Actuarial Value
- Goal of this analysis is to help determine the plan designs that QHPs can offer in the Exchange for each metal level
  - Starting with silver level plan designs
- 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 and federal regulations

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Federal and Vermont Regulations

- Federal regulations
  - Group plan designs must have a deductible no greater than $2000, although HSA and HRA contributions can be considered.
  - Group and non-group plan designs must have an out of pocket maximums (OOPM) no greater than the IRS limit for HDHPs, $6050 in 2012.
  - HDHP limits will continue to apply.
- Vermont prescription drug regulation, Sec. 32. 8 V.S.A. § 4089i:
  - (c) A health insurance or other health benefit plan offered by a health insurer or pharmacy benefit manager shall limit a beneficiary's out-of-pocket expenditures for prescription drugs, including specialty drugs, to no more for self-only and family coverage per year than the minimum dollar amounts in effect under Section 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and family coverage, respectively.
  - (d) For prescription drugs benefits offered in conjunction with a high-deductible health plan (HDHP), the plan may not provide prescription drug benefits until the expenditures applicable to the deductible under the HDHP have met the amount of the minimum annual deductibles in effect for self-only and family coverage under Section 223(c)(2)(A)(i) of the Internal Revenue Code of 1986 for self-only and family coverage, respectively. Once the foregoing expenditure amount has been met under the HDHP, coverage for prescription drug benefits shall begin, and the limit on out-of-pocket expenditures for prescription drug benefits shall be as specified in subsection (c) of this section.

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Current Silver Plan Members

- Table below summarizes, for all members currently in plans with an AV of 65-74.9%, the structure of the plan design
  - No Individual or Catamount members in silver level plans
- As AV decreases, the percent of members in HSA Qualified plans increases
- Copay plans are all at the gold or platinum levels

Structure Type	Individual	Catamount	Small Group	Association	Total
HSA Qualified	-	-	17,645	3,027	20,672
Deductible	-	-	372	7,236	7,608
Total	-	-	18,017	10,263	28,280

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Analysis

- Developed 7 plan designs at the silver level
  - 2 HSA Qualified plans with varying levels of deductibles, out of pocket maximums (OOPM) and coinsurance; Used $1250 deductible to simplify benefits under Vermont prescription drug regulations
  - 3 Deductible plans with various prescription drug deductibles and copays, OV copays, Outpatient Surgery cost sharing, and additional variations
  - 2 Deductible plans with minimal to no cost sharing for medical home office visits and wellness drugs
- Current plan designs have known limitations. These plan designs are a first draft and are primarily for discussion purposes.
- ACA allows AVs at the silver level between 68-72%
- We will target AVs as close to 70% as possible to decrease the potential refinements needed once Federal AV calculator is released

Analysis, continued

- For each plan design, the member disruption (i.e. change in member cost sharing) was calculated for various service categories
  - Only members that are currently in a plan with a 65-74.9% AV are included in the disruption analysis.
  - Current plans were identified as HSA-Qualified or Deductible plans (no copay plans at the silver level).
  - Assuming members would stay in a plan with a similar structure, the disruption for each plan design was determined by comparing the plan design to the current plan designs of members in similar structure plans.
  - As part of this analysis, the impact of a medical only OOPM is spread across medical benefits and a prescription drug OOPM is spread across Rx benefits.

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Assumptions

- Allowed costs PMPM
  - Wakely's pricing model was normalized to a national Allowed Per Member Per Month (PMPM).
- Deductibles
  - No deductibles greater than $2000 individual (medical and drug combined) were used to comply with group ACA requirements.
  - No HDHP deductibles greater than $1250 for simplicity with VT drug regulation.
  - Does not include any HSA or HRA employer contributions since goal is to have consistent plan designs for individual and small group.
  - For Bronze plan designs, will include plan designs with higher deductibles with an HSA/HRA component for small group.
- Out of Pocket Maximums (OOPM)
  - A relatively conservative assumption of $6250 (combined) is used for 2014.
  - A $100 change in the total OOPM impacts the AV by approximately 0.1%.
  - Rx OOPM estimated at $1250 for all plans to comply with VT regulation.
  - All cost sharing , including copays, accumulate to the OOPM.

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Assumptions, continued

- Preventive care
  - Will be covered with no member cost sharing.
  - Includes all Rating A and B services according to U.S. Preventive Services Task Force (thus includes well visits, smoking cessation, nutritional counseling, preventive screenings, etc.)
- Wellness Benefits (plan designs 5 and 7)
  - Most of the suggested wellness benefits are already captured in the preventive benefit at no member cost sharing.
  - Medical Home Office Visits – it is assumed that 60% of PCP office visits would be for medical home visits (defined as a visit to an NCQA primary care practice) and would be subject to little or no cost sharing.
  - Wellness Drugs – more discussion is needed to determine which chronic conditions and drugs would be fall under this definition; for now it is assumed that 15% of generic prescription drugs are wellness and would be subject to little or no cost sharing.

Summary of Plan Designs - 2012

- Four plan designs below cover over 70% of members in "silver" plans

	HSA Qualified 1	HSA Qualified 2	Deductible 1	Deductible 2
Deductible/OOP Max	**Amount**	**Amount**	**Amount**	**Amount**
Type of Plan	HSA Qualified	HSA Qualified	Deductible	Deductible
Medical Ded	$2,500	$2,500	$3,000	$2,500
Rx Ded	N/A	N/A	$0	$0
Integrated Ded	Yes	Yes	No	No
Medical OOPM	$3,500	$2,500	$3,000	$6,000
Rx OOPM	N/A	N/A	$2,500	$2,500
Integrated OOPM	Yes	Yes	No	No
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient	$0	$0	$0	20%
Outpatient	$0	$0	$0	20%
ER	$0	$0	$150	$150
Preventive	$0	$0	$0	$0
Medical Home Office Visit	$0	$0	$30	$30
PCP Office Visit	$0	$0	$30	$30
Specialist Office Visit	$0	$0	$50	$50
Rx Wellness Drugs	$10	$0	$3	$3
Rx Generic	$10	$0	$3	$3
Rx Preferred Brand	$30	$0	50%	50%
Rx Non-Preferred Brand	$50	$0	50%	50%
Summary				
Total AV	72%	74%	69%	66%

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Summary of Plan Designs - 2014

	1. HSAQ	2. HSAQ	3. Deductible	4. Deductible	5. Deductible - Wellness	6. Deductible	7. Deductible - Wellness
Deductible/OOP Max	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**	**Amount**
Type of Plan	HSA Qualified	HSA Qualified	Deductible	Deductible	Deductible - Wellness	Deductible	Deductible - Wellness
Medical Ded	$1,250	$1,250	$1,500	$1,900	$1,800	$2,000	$2,000
Rx Ded	N/A	N/A	$500	$100	$200	$0	$0
Integrated Ded	Yes	Yes	No	No	No	No	No
Medical OOPM	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000	$5,000
Rx OOPM	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250
Integrated OOPM	No	No	No	No	No	No	No
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient	$2,000	30%	$2,500	$2,500	$2,500	$1,750	$1,750
Outpatient	$750	30%	$750	$750	$750	$600	$600
ER	$200	30%	$250	$250	$250	$250	$250
Preventive	$0	$0	$0	$0	$0	$0	$0
Medical Home Office Visit	$40	30%	$35	$35	$10	$35	$10
PCP Office Visit	$40	30%	$35	$35	$35	$35	$35
Specialist Office Visit	$60	30%	$50	$50	$50	$50	$50
Rx Wellness Drugs	$15	30%	$10	$10	$0	$5	$0
Rx Generic	$15	30%	$10	$10	$15	$5	$7
Rx Preferred Brand	$50	30%	$50	$50	$50	50%	50%
Rx Non-Preferred Brand	$80	30%	$80	$80	$80	50%	50%
Summary							
Total AV	70%	70%	70%	70%	71%	70%	70%
% of Members exceed Med OOPM	6%	6%	6%	6%	6%	6%	6%
% of Members exceed Rx OOPM	5%	5%	8%	4%	5%	5%	5%

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1. HSAQ: Copays after Deductible

- Copays for services are higher than current market copays due to the lower deductible.
- Cost sharing impact for members currently in a HSAQ plan shown below.
- Using an embedded Ded/OOPM for Rx with a higher combined total Ded/OOPM would allow for lower copays. Need to discuss value of this compared to complexity of the plan.

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-23%	-12%	-21%
Outpatient	33%	54%	38%
ER	0%	15%	7%
Preventive	0%	0%	0%
PCP Office Visit	-17%	-7%	-12%
Specialist OV	-19%	-7%	-12%
Rx Generic	-24%	31%	10%
Rx Preferred Brand	-33%	10%	-3%
Rx Non-Preferred Brand	-42%	-3%	-13%

Deductible/OOP Max	Amount
Type of Plan	HSA Qualified
Medical Ded	$1,250
Rx Ded	N/A
Integrated Ded	Yes
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$2,000
Outpatient	$750
ER	$200
Preventive	$0
Medical Home Office Visit	$40
PCP Office Visit	$40
Specialist Office Visit	$60
Rx Wellness Drugs	$15
Rx Generic	$15
Rx Preferred Brand	$50
Rx Non-Preferred Brand	$80
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	5%

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2. HSAQ: Coinsurance after Deductible

- Rx can be changed to $15/50/80 copays with minimal impact.
- Cost sharing impact for members currently in a HSAQ plan shown below.
- Using an embedded Ded/OOPM for Rx with a higher combined total Ded/OOPM would allow for lower copays. Need to discuss value of this compared to complexity of the plan.

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-3%	12%	0%
Outpatient	-3%	12%	0%
ER	0%	15%	7%
Preventive	0%	0%	0%
PCP Office Visit	0%	11%	6%
Specialist OV	-3%	11%	6%
Rx Generic	-32%	17%	-1%
Rx Preferred Brand	-31%	13%	0%
Rx Non-Preferred Brand	-33%	13%	2%

Deductible/OOP Max	Amount
Type of Plan	HSA Qualified
Medical Ded	$1,250
Rx Ded	N/A
Integrated Ded	Yes
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	30%
Outpatient	30%
ER	30%
Preventive	$0
Medical Home Office Visit	30%
PCP Office Visit	30%
Specialist Office Visit	30%
Rx Wellness Drugs	30%
Rx Generic	30%
Rx Preferred Brand	30%
Rx Non-Preferred Brand	30%
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	5%

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3. Deductible: Higher Rx Deductible

- Deductible does not apply to office visits and outpatient surgery
- Cost sharing impact for members currently in a deductible plan shown below
  - Impacts vary due to current variation in deductible plan designs
  - Large generic drug impacts are comparing to plans with no deductible and $3 copay

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-11%	6%	-5%
Outpatient	6%	32%	19%
ER	17%	500%	119%
Preventive	0%	0%	0%
PCP Office Visit	-44%	43%	-35%
Specialist OV	-53%	125%	-43%
Rx Generic	0%	2800%	1916%
Rx Preferred Brand	-24%	209%	-12%
Rx Non-Preferred Brand	-49%	329%	-18%

Deductible/OOP Max	Amount
Type of Plan	Deductible
Medical Ded	$1,500
Rx Ded	$500
Integrated Ded	No
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$2,500
Outpatient	$750
ER	$250
Preventive	$0
Medical Home Office Visit	$35
PCP Office Visit	$35
Specialist Office Visit	$50
Rx Wellness Drugs	$10
Rx Generic	$10
Rx Preferred Brand	$50
Rx Non-Preferred Brand	$80
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	8%

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4. Deductible: Lower Rx Ded

- Deductible does not apply to office visits
- Cost sharing impact for members currently in a deductible plan shown below
  - Impacts vary due to current variation in plan designs
  - Large generic drug impacts are comparing to plans with no deductible and $3 copay
  - Deductible does not apply to current ER cost sharing

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-5%	13%	1%
Outpatient	34%	68%	51%
ER	19%	514%	124%
Preventive	0%	0%	0%
PCP Office Visit	-50%	29%	-41%
Specialist OV	-58%	100%	-50%
Rx Generic	-30%	1500%	1021%
Rx Preferred Brand	-51%	100%	-43%
Rx Non-Preferred Brand	-73%	129%	-56%

Deductible/OOP Max	Amount
Type of Plan	Deductible
Medical Ded	$1,900
Rx Ded	$100
Integrated Ded	No
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$2,500
Outpatient	$750
ER	$250
Preventive	$0
Medical Home Office Visit	$35
PCP Office Visit	$35
Specialist Office Visit	$50
Rx Wellness Drugs	$10
Rx Generic	$10
Rx Preferred Brand	$50
Rx Non-Preferred Brand	$80
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	4%

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5. Deductible: Lower Rx Ded Wellness

- Deductible does not apply to office visits
- No cost sharing for Wellness Drugs and small copay for Medical Home Office Visits
  - Offset by higher Rx Ded (which lowers Medical Ded) and higher non-Wellness Generic copay
- Cost sharing impact for members currently in a deductible plan shown below

Deductible/OOP Max	Amount
Type of Plan	Deductible - Wellness
Medical Ded	$1,800
Rx Ded	$200
Integrated Ded	No
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$2,500
Outpatient	$750
ER	$250
Preventive	$0
Medical Home Office Visit	$10
PCP Office Visit	$35
Specialist Office Visit	$50
Rx Wellness Drugs	$0
Rx Generic	$15
Rx Preferred Brand	$50
Rx Non-Preferred Brand	$80
Summary	
Total AV	71%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	5%

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-5%	13%	1%
Outpatient	34%	68%	51%
ER	19%	514%	124%
Preventive	0%	0%	0%
PCP Office Visit	-94%	-86%	-93%
Specialist OV	-53%	125%	-43%
Rx Generic	-9%	2000%	1366%
Rx Preferred Brand	-56%	82%	-48%
Rx Non-Preferred Brand	-76%	100%	-62%

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6. Deductible: No Rx Ded

- Deductible does not apply to office visits and ER
- Drug more closely resembles current plan designs
- Cost sharing impact for members currently in a deductible plan shown below
  - Impacts vary due to current variation in plan designs

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-16%	0%	-10%
Outpatient	14%	43%	28%
ER	-28%	271%	36%
Preventive	0%	0%	0%
PCP Office Visit	-44%	43%	-35%
Specialist OV	-53%	125%	-43%
Rx Generic	-96%	0%	-11%
Rx Preferred Brand	-13%	255%	1%
Rx Non-Preferred Brand	-34%	457%	6%

Deductible/OOP Max	Amount
Type of Plan	Deductible
Medical Ded	$2,000
Rx Ded	$0
Integrated Ded	No
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$1,750
Outpatient	$600
ER	$250
Preventive	$0
Medical Home Office Visit	$35
PCP Office Visit	$35
Specialist Office Visit	$50
Rx Wellness Drugs	$5
Rx Generic	$5
Rx Preferred Brand	50%
Rx Non-Preferred Brand	50%
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	5%

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7. Deductible: No Rx Ded Wellness

- Deductible does not apply to office visits and ER
- Drug more closely resembles current plan designs
- No cost sharing for Wellness Drugs and small copay for Medical Home Office Visits
  - Offset by higher non-Wellness Generic copay

Deductible/OOP Max	Amount
Type of Plan	Deductible - Wellness
Medical Ded	$2,000
Rx Ded	$0
Integrated Ded	No
Medical OOPM	$5,000
Rx OOPM	$1,250
Integrated OOPM	No
Service Category	**Copay / Coinsurance**
Inpatient	$1,750
Outpatient	$600
ER	$250
Preventive	$0
Medical Home Office Visit	$10
PCP Office Visit	$35
Specialist Office Visit	$50
Rx Wellness Drugs	$0
Rx Generic	$7
Rx Preferred Brand	50%
Rx Non-Preferred Brand	50%
Summary	
Total AV	70%
% of Members exceed Med OOPM	6%
% of Members exceed Rx OOPM	5%

Member Impact (Change in Cost Share)			
Service Category	**Low**	**High**	**Average**
Inpatient	-14%	3%	-7%
Outpatient	17%	46%	31%
ER	-25%	286%	41%
Preventive	0%	0%	0%
PCP Office Visit	-89%	-71%	-87%
Specialist OV	-47%	150%	-37%
Rx Generic	-91%	100%	58%
Rx Preferred Brand	-16%	245%	-2%
Rx Non-Preferred Brand	-36%	443%	3%

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Silver Plan Design Findings

- Infinite number of possibilities but difficult to have reasonable deductible and cost sharing if OOPM is less than the maximum.
  - More discussion is likely needed to make sure the plan designs meet the goals of the state.
- Member cost sharing disruption is less for HSA Qualified plans than for Deductible plans. This is due to the consistent structure of HSA Qualified plans. Deductible plans vary in their structure and cost sharing.
- Large increases in generic cost sharing are seen if the brand cost sharing is copays (rather than coinsurance) since it takes longer for member to reach the drug OOPM.
- Wellness benefits can be offered at minimal to no cost sharing with reasonable impacts to other benefits, provided the wellness benefits offered at no cost sharing do not become expansive.

Next Steps

- Get feedback
  - General structure
  - Copay versus coinsurance
  - HDHP structure with prescription drug regulation – balance simplicity with deductible/OOPM levels
  - Other?
- Make revisions to silver level plans based on feedback
- Sensitivity test assumptions, such as expected allowed cost per member month in 2014, wellness drug and medical home visit assumptions
- Discuss if want to adjust structure for bronze/gold (copay plans not attractive for silver level but may be for gold level)

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Caveats

- This document is for discussion purposes only. 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 current AVs are based on information provided by the insurers. This information was reviewed for reasonability but was not audited for accuracy.

Plan Design Workgroup Timeline

- First working meeting, July 13, 2012.
- Status before joint advisory committee, July 16, 2012.
- Continued work group consultation through final work meeting August 6, 2012.
- Exchange recommends essential health benefits benchmark plan to GMCB, August 9, 2012.
- Exchange recommends plan designs to GMCB, August 23, 2012.