The Green Mountain Care Board

Vermont Health Benefit Exchange
Plan Design Recommendations Summary

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Health Reform in Vermont

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Recap of 8/9: Essential Health Benefits

- ACA requirements, some state flexibility
- Key considerations in picking benchmark plans for benefits package: market disruption, cost vs comprehensiveness, starting point
- Recommendations made:
  - Benchmark benefits package: BCBSVT
  - Pediatric Dental benefits package: SCHIP
  - Habilitative Services: Plans should offer habilitative services at parity with rehabilitative services
  - Pediatric Vision benefits package: FEDVIP
- Follow-up requests:
  - Cost of adding adult dental coverage to EHB
  - Additional information on habilitative recommendation

AGENDA for 8/21

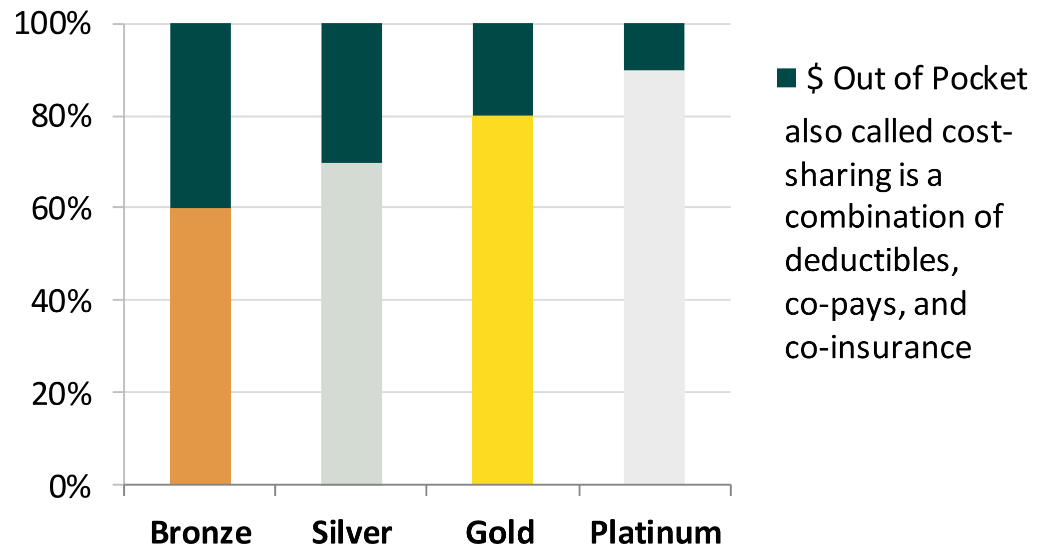
- Federal requirements
- Process, factors, and principles for making recommendation
- Plan Design and Cost-Sharing Structure Recommendations
  1. What plan purchasing approach should the Exchange take?
  2. What plan designs should the Exchange offer?

Federal Definitions for Plan Design

All Qualified Health Plans (QHPs) must cover "**essential health benefits**". The total cost of providing these benefits will be split between insurance coverage and what people pay out of pocket for services.

QHPs are grouped into four sets of actuarial value (AV) or "metal level" which is the amount covered by insurance:

- **Bronze – 60%**
- **Silver – 70%**
- **Gold – 80%**
- **Platinum – 90%**



Factors Driving Plan Designs

- Additional federal regulations
  - Out of pocket maximum limits of $6250 (estimated 2014)
  - Small group plan designs must have deductible no greater than $2000, although HSA and HRA contributions can be considered

- Vermont prescription drug law
  - Limits out of pocket expenditures for Rx to $1250 (2014)

- Current market parameters
  - Existing copay only plans are at gold or platinum-equivalent levels

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DVHA Process for Plan Design Recommendations

- Study current market
  - Distribution of members by actuarial value (AV) of plan
  - Common plan design cost-sharing structures
- Develop a set of plan designs at each of the metal levels for GMCB consideration
  - Determine which existing plan designs should be considered
  - Gather input from advisory board
  - Provide multiple options for each metal level, allocating cost-sharing to services categories, setting co-pay and deductible $$, or co-insurance %
  - Get feedback from workgroup on each plan design's benefits, concerns, including member group disruption, and make revisions
  - Make recommendations to the GMCB on the number of plans and cost-sharing structures to offer in the Exchange
  - Once federal model is released adjust the cost-sharing amounts if AVs differ from those developed if necessary (i.e. move deductible from $1,000 to $1,100)

Principles for Decision Making

- Creating meaningful choice for consumers
- Encouraging high value services, like primary care and generic drugs, and innovation – in alignment with State priorities
- Minimizing disruption for small group and individual market
- Maximizing portability of plans, allowing consumers to move between employer and individual coverage while maintaining desired plan
- Affordability
- Administrative simplicity
- Maximizing individual premium tax credits

Stakeholder Input

- Workgroup with a variety perspectives met over last few months
  - Included consumer and patient advocates, brokers, representatives from insurance companies, providers, and other interested parties
  - Weighed in on number of plans to offer on the Exchange and the cost-sharing structures they prefer
  - Examples of input: priority to low copays for PCP office visits and generic drugs, certain services before deductible, include coinsurance to encourage consumer cost awareness, align cost-sharing within tiers and by services, offer fewer and distinct plans, allow insurance companies flexibility

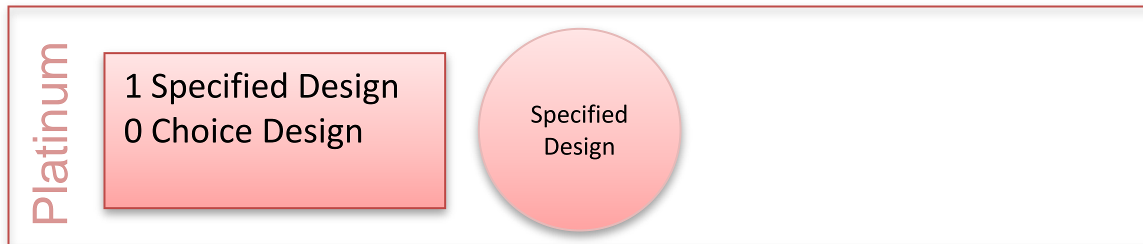
Plan Design Decision 1: Approach

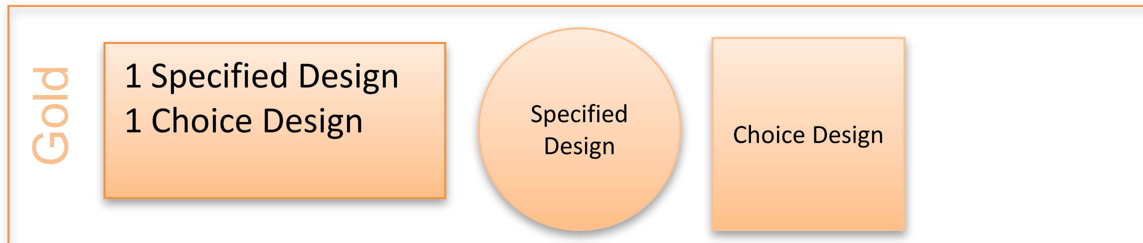
- Exchange as "active purchaser"
  - Required by Vermont law 18 V.S.A 1803(b)(1)(A)
  - Solicit insurers to propose plans to be offered on the Exchange
  - Provide guidelines that these plans must meet to ensure consistency with Vermont's health care reform goals
  - Exchange applies guidelines to the plans proposed & selects plans, number approved by the GMCB

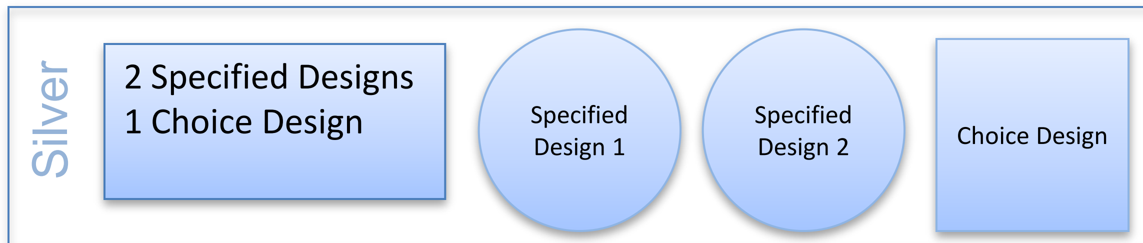
Approach Recommendations

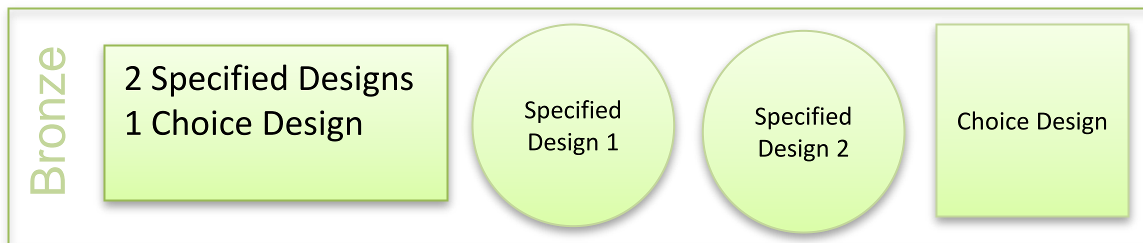
- A **hybrid approach** of state-specified plan designs and some "choice" plans designed by insurance carriers within set parameters
- **4 specified design options across four actuarial levels:**
  - **At Platinum**: 1 Specified Plan Design
  - **At Gold**: 1 Specified Plan Design
  - **At Silver**: 2 Specified Plan Designs
  - **At Bronze**: 2 Specified Plan Designs
- Additional "Choice" Plan Designs, to be discussed at 9/6 meeting

Proposed Specified Plan Design Options









Total

6 Specified Designs
3 Choice Designs (to be discussed 9/6)

Key:
Circle = State-Specified Design

Square = Insurer Choice Design

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Approach Recommendation Rationale

- **Finding balance with a reasonable range of options**
  - **Consumer research and stakeholder input suggest offering fewer plans**
    - Specificity removes small variations, making plan differences more apparent and easier to compare, giving consumers meaningful choice
    - At platinum and gold levels, little meaningful variation in cost-sharing → one specified design is sufficient. However 2-3 specified designs for the silver and bronze levels is necessary for meaningful choice
  - Administrative simplicity with fewer plans
  - **Including flexibility in plan options has benefits as well**
    - Reduces the small-group market disruption of jumping entirely to state- specified designs
    - Uses insurers' experience in designing plan cost sharing structures, networks and wellness programs
    - Flexibility allows for targeted innovation

Decision 2: Specified Plan Designs

- As stated previously, we will come back with recommendations on parameters for “choice” designs submitted by insurers to the Exchange

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Specified Platinum Plan

Deductible/OOP Max-	Plan Design: Deductible
Medical Ded	$250
Rx Ded	$0
Integrated Ded	No
Medical OOPM	$1,250
Rx OOPM	$1,250
Integrated OOPM	No
Family Deductible / OOP	Stacked, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER
Service Category	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	10%
ER	$100
Preventive	$0
PCP Office Visit	$10
Specialist Office Visit	$20
Urgent Care	$40
Ambulance	$50
Rx Generic	$5
Rx Preferred Brand	$40
Rx Non-Preferred Brand	50%

Why this plan?

- Moderate deductible
- Comparatively small OOP maximum
- Creates a range of different choices across metal levels
- Similar to most popular state employee plan - familiarity
- Priority for affordable cost-sharing for primary care services and generic drugs
- Portability for individuals – one specified plan design for individuals and small groups

Specified Gold Plan

Deductible/OOP Max	Plan Design: Deductible
Medical Ded	$750
Rx Ded	$50
Integrated Ded	No
Medical OOPM	$4,250
Rx OOPM	$1,250
Integrated OOPM	No
Family Deductible / OOP	Stacked, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER
Drug Deductible waived for:	Generic scripts
Service Category	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	20%
ER	$150
Preventive	$0
PCP Office Visit	$15
Specialist Office Visit [4]	$25
Urgent Care	$45
Ambulance	$50
Rx Generic	$5
Rx Preferred Brand	$40
Rx Non-Preferred Brand	50%

Why this plan?

- Mid-range deductible – creates a range of options along metal levels
- Close to Catamount Health design – familiarity (though CH is higher metal)
- Priority for affordable cost-sharing for primary care & generic drugs
- Portability for individuals – one specified plan design for individuals and small groups

Specified Silver Plans

Deductible/OOP Max	Plan Design 1: Deductible	Plan Design 2: HDHP
Medical Ded	$1,900	$1,750
Rx Ded	$100	$1,250
Integrated Ded	No	Yes
Medical OOPM	$5,000	$6,250
Rx OOPM	$1,250	$1,250
Integrated OOPM	No	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Aggregate, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER	Preventive
Drug Deductible waived for:	Generic scripts	Wellness scripts
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient/Outpatient	40%	20%
ER	$250	20%
Radiology (MRI, CT, PET)	40%	20%
Preventive	$0	0%
PCP Office Visit	$20	20%
Specialist Office Visit	$30	20%
Urgent Care	$50	$20
Ambulance	$100	20%
Rx Generic	$10	$10
Rx Preferred Brand	$50	$50
Rx Non-Preferred Brand	50%	50%

Why these 2 plans?

- Priority for affordable cost-sharing for primary care & generic drugs
- Portability for individuals – important at silver for federal premium tax credits & cost-sharing subsidies
- Variation in cost-sharing design between two plans (mostly co-pays versus mostly coinsurance)
- HDHP plan design qualifies for health savings accounts & health reimbursement accounts

Specified Bronze Plans

Deductible/OOP Max	Plan Design 1: Deductible	Plan Design 3: HDHP
Medical Ded	$1,900	$2,000
Rx Ded	$100	$1,250
Integrated Ded	No	Yes
Medical OOPM	$6,250	$6,250
Rx OOPM	$1,250	$1,250
Integrated OOPM	Rx -No, Medical - Yes	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Aggregate, 2x Individual
Medical Deductible waived for:	Preventive	Preventive
Drug Deductible waived for:	Applies to all scripts	Wellness scripts
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	50%	50%
ER [3]	$350	50%
Preventive	$0	0%
PCP Office Visit	$35	50%
Specialist Office Visit	$80	50%
Urgent Care/Ambulance	$100	50%
Rx Generic	$10	$10
Rx Preferred Brand	40%	40%
Rx Non-Preferred Brand	60%	60%

Why these 2 plans?

- Deductible limit in federal law restricts plan design at this level
- Priority for affordable cost-sharing for primary care & generic drugs
- HDHP plan design qualifies for health savings accounts & health reimbursement accounts
- Deductible design has lower drug out of pocket costs

A note on mental health & substance abuse

- Discussion at the stakeholder workgroup about preferences for cost-sharing to be set at primary care office visit amounts for all levels, except bronze
- Bronze actuarial value made it difficult to set at the primary care level
- Legislative directive to come back with a definition of certain mental health & substance abuse services as "primary care" and others as "specialty care"
  - Due in January 2013

Final Topics to Address September 6

- Defining "choice" plans and process
- Approach for additional plans on the Exchange
  - Stand-alone dental plan
    - Carriers intend to offer
    - Delta seeks to offer but has concerns
  - Catastrophic plan required by ACA
  - Child–only plans at each tier required by ACA
- Adult dental cost estimates
- Further consideration of habilitative services