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STANDARDIZED PLANS
IN INDIVIDUAL MARKET HEALTH INSURANCE

Key Considerations for Consumer Advocates

Today's Moderator

Katie Vlietstra Wonnenberg
Consumers for Quality Care

Thank you to our Partners!

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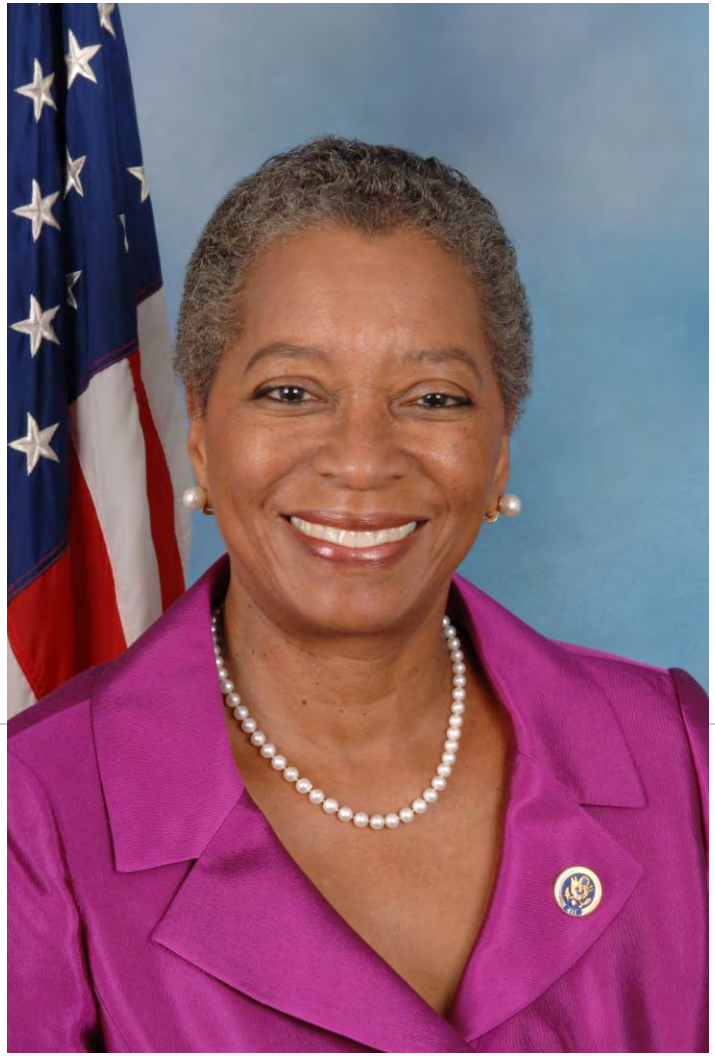

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Housekeeping

- **Please chat the moderator to enter the queue with any questions you might have for the Q&A portion.**

- **This session is being recorded.**

OBJECTIVES OF PRESENTATION

- To understand existing approaches to the development and implementation of standardized cost-sharing designs in individual market health insurance
- To identify:
  - Potential benefits for consumers offered by standardized plans
  - Challenges that may prevent the realization of those benefits
- To identify how consumer advocates can be prepared to engage in standardized plan discussions

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HEALTH PLAN (SEMI) STANDARDIZATION UNDER THE ACA

- Essential health benefits (EHB)
  - 10 standard benefit categories
    - Preventive services without cost-sharing
  - Leeway for states and insurers in actual benefit design
- Actuarial value tiers
  - Rough measure of generosity of plan within AV target range
  - Allows for considerable variations plan-to-plan on cost-sharing
- Limits on:
  - Annual out-of-pocket costs for EHB

No requirement to follow standardized cost-sharing designs

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STANDARDIZED PLANS: **POTENTIAL BENEFITS FOR CONSUMERS**

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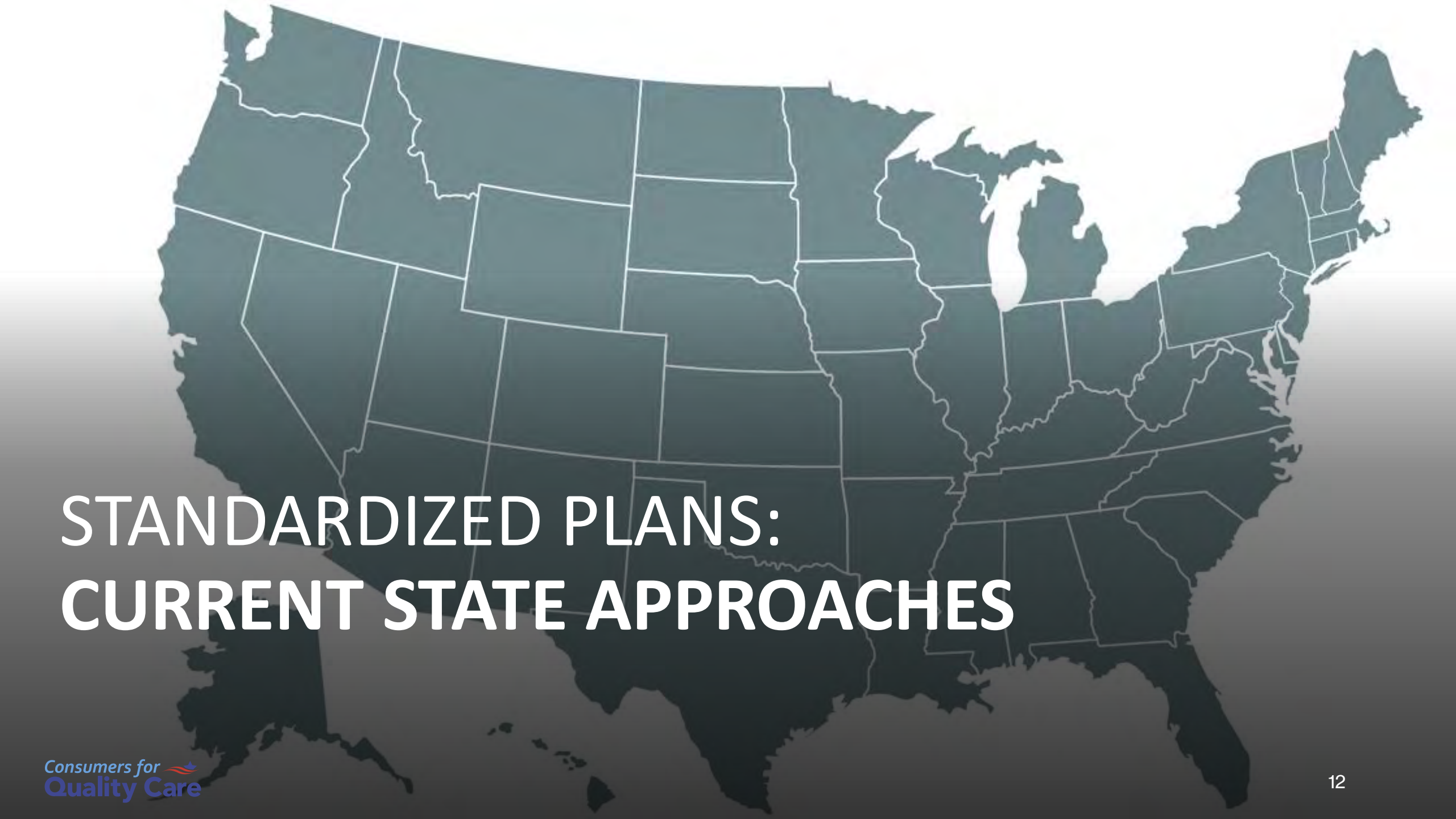
POTENTIAL CONSUMER BENEFITS

- **Simplified plan choice**
  - Facilitates apples-to-apples comparisons, allowing consumers to focus plan comparison on premium, provider networks and quality
  - Some states take this goal further by limiting plan choice
- **Higher value coverage**
  - Design features that provide the most value to consumers will vary by state
  - May include providing services pre-deductible, limiting opportunity for discriminatory benefit design, reduced cost-sharing for chronic conditions, or addressing health equity



STANDARDIZED PLANS:
CURRENT STATE APPROACHES

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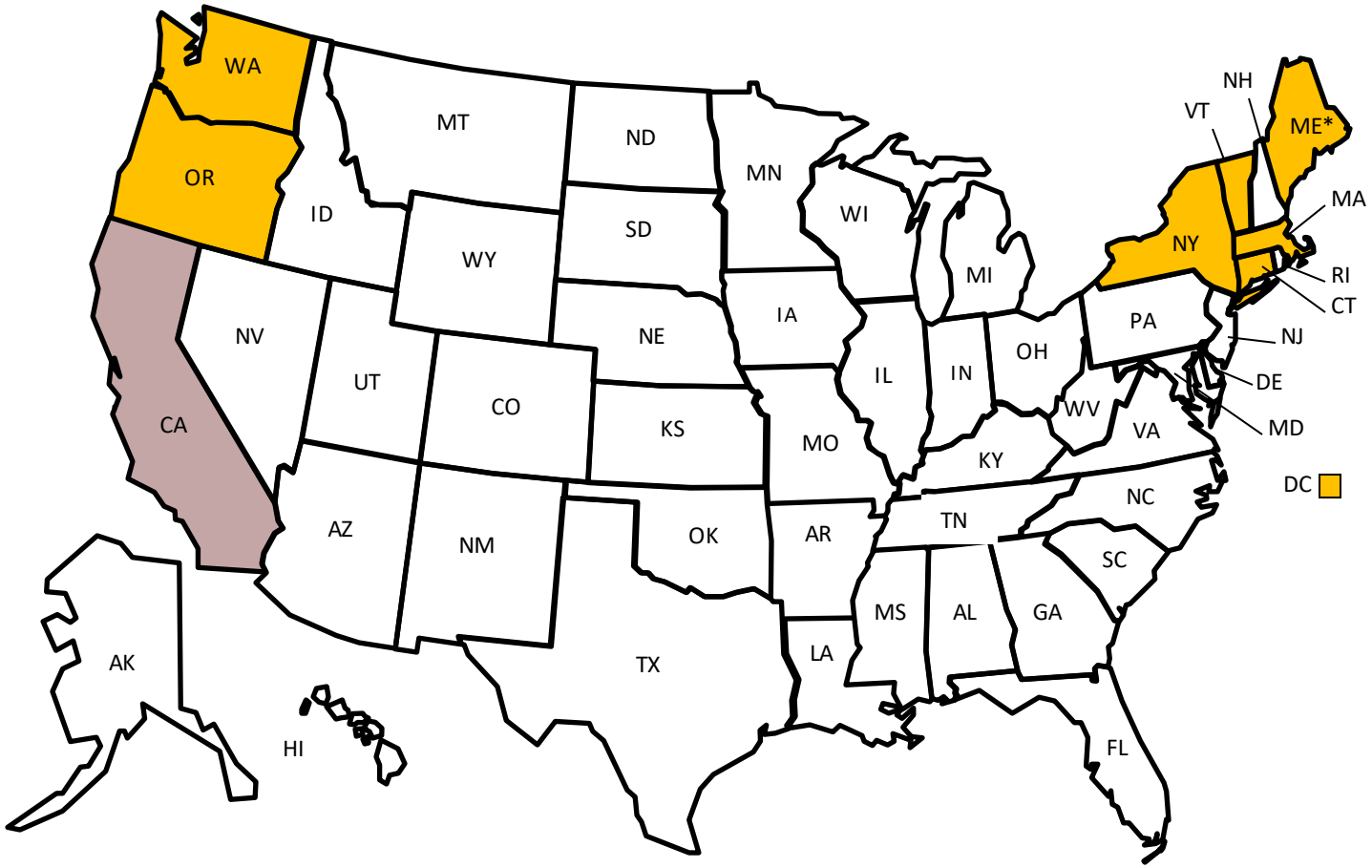
* Maine's requirement will take effect in 2022.



State requires all individual market plans to be standardized.

State requires participating individual market insurers to offer some plans with standardized designs.

STATES REQUIRING STANDARDIZED INDIVIDUAL MARKET HEALTH PLANS

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Source: What is Your State Doing to Affect Access to Adequate Health Insurance? https://www.commonwealthfund.org/publications/maps-and-interactives/2021/jan/what-your-state-doing-affect-access-adequate-health

APPROACHES TO PLAN STANDARDIZATION

- Seven states and DC require some plan standardization
  - In most states, requirement applies:
    - Only to marketplace plans; and
    - To some, but not all, marketplace offerings.
  - California – only state to require standardization for entire individual market
- What plans are standardized?
  - Always: Gold, Silver, Bronze
  - Sometimes: Platinum; Bronze HDHP
- Four states limit the number of non-standardized offerings
- Almost all require standard naming conventions to make it easier for consumers to find plans when shopping

2021 STANDARDIZED SILVER PLANS: KEY FEATURES

State	Medical Deductible (individual)	Drug Deductible (individual)	MOOP (individual)	Copay or Coinsurance Amount for Key Benefits/Services					
				Primary Care Visit	Specialist	Tier 1 Drugs	Tier 2 Drugs	Tier 3 Drugs	Tier 4 Drugs
California	$4,000	$300	$8,200	$40	$80	$16	$60	$90	20%, max $250
Connecticut	$4,300	$250	$8,150	$40	$60	$10	$45	$70	20% , $200 max
District of Columbia	$4,000	$250	$8,250	$40	$80	$15	$50	$70	$150
Mass.*	$2,000		$8,550	$25	$50	$25	$50	75	N/A
New York	$1,300	$0	$8,500	$30	$50	$10	$35	$70	N/A
Oregon	$3,650	$0	$8,550	$40	$80	$15	$60	50%	50%
Vermont*	$3,200	$350	$8,150, $1400 for Rx	$35	$80	$15	$60	50%	N/A
Washington	$2,000		$7,800	$25	$60	$20	$70	$250	$250

* Massachusetts and Vermont also require HSA-compatible Silver Plans.
Deductible does not apply to benefits and services shaded in green.
Deductible applies to benefits and services shaded in red.

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STANDARDIZED PLANS:
CONSIDERATIONS FOR ADVOCATES

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STANDARDIZATION REQUIRES TRADE-OFFS

- Premiums and cost-sharing
  - A standardized plan designed to reduce premiums will likely result in a lower actuarial value (within the allowed AV range)
  - A plan that prioritizes lower cost-sharing may result in higher premium

- Pre-deductible coverage and other cost-sharing
  - Should priority for pre-deductible be to reduce costs for greatest number of enrollees or those with high-cost health needs, or to encourage services that will improve enrollee health
  - Requiring more pre-deductible services may require higher cost-sharing post-deductible, including a higher out-of-pocket limit

- Copays and coinsurance
  - Copays provide more certainty for consumers and are easier to understand
  - Coinsurance may result in higher costs for consumer but can make it easier to deal with year-to-year changes needed for medical inflation

STANDARDIZATION REQUIRES TRADE-OFFS

- Striking an appropriate balance of cost-sharing across the benefit package
  - Different designs have different impacts for those with minimal health care needs, those with chronic conditions who need regular care, and those with high-cost acute incidents; for example:
    - Lower cost-sharing for most enrollees may come at expense of enrollees with high-cost condition that is likely to hit the out-of-pocket limit
    - Value-Based Insurance Design (VBID) will help those with chronic condition(s) targeted by design but result in higher costs for others
- Designing Prescription Drug Coverage
  - Lower prescription drug deductible than medical deductible will make drug coverage more affordable but may require higher medical deductible
  - Cover some prescription drugs pre-deductible

POTENTIAL BARRIERS FOR PLAN DEVELOPMENT

- Actuarial value
  - Historically late-issued annual updates to federal calculator and out-of-pocket limit allow little time for states to finalize plans and impede ability to pursue policy goals
  - Federal calculator could be improved to make plan AVs more reliable and consistent
    - Uses broader categories of services for calculations and so gives insurers flexibility to interpret differently
    - Based on national population, whose health mix may vary from state-based population
- Lack of data
  - States lack the data needed to ensure standardized plans are providing value and meeting policy goals, for example, utilization of pre-deductible services
  - Data can be obtained from insurers or from APCD, but marketplaces may not have resources to do analysis

OTHER KEY DESIGN CONSIDERATIONS

- Limits on non-standard plans
  - Some states limit overall number of plans or limit the number of non-standardized plans; others opt not to limit because they have few participating insurers
  - Consumers' interests may be different – fewer plan choices shown to optimize ability to choose best plan for their health needs

- Marketing and display of standardized plans
  - Early experience was that states paid little attention to display and promotion, which undermined policy goals
  - Improvements have been made in this area but more still to be done

OPPORTUNITIES TO ENGAGE

- With new administration, there may be opportunity to revisit federal rules on standardized plans to allow again or to require all participating insurers to offer standardized plan

- Several states are considering new legislation or regulations creating standardized plans

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HOW ADVOCATES CAN BE PREPARED

- Have clear goals at the outset but be ready to adjust as you learn more
  - Having goals identified early in process can help advocates play a stronger role in benefit design discussions
- Be prepared to talk about the trade-offs
  - Particularly as they relate to policy goals
- Engage with the actuarial analysis
  - Advocates should understand basic actuarial value concepts and trade-offs
  - Could tap outside AV expertise or rely on marketplace's contracted or in-house actuary
  - Actuary can be neutral party on impact of plan design options
- Embrace a transparent process
  - Engaging broad spectrum of stakeholders can minimize opportunity for challenges or surprises in the end process

Q&A

Thank you for attending

Additional Questions or Information on CQC please contact:

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THANK YOU