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# Prescription Drug Max Out of Pocket Proposal

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Agency of Administration

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# Problem

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- Out-of-pocket prescription drug coverage limit of \$1300 makes other parts of the bronze plans, such as co-insurance and co-pays less affordable for Vermonters.
- Given the federal requirements of an out-of-pocket maximum, the limit to out-of-pocket prescription drug coverage may prevent plans from reaching the statutorily required 60% AV level for bronze plans.
- As a result, insurers may not be able to offer as many or any bronze plans for 2018 OR federal law may supersede Vermont's current prescription drug out of pocket maximum
- This may or may not happen in 2018, but it will happen at some point in the future if there is no change

# Potential Outcomes

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- Plans meet federal requirements for 2018
  - Keep in mind: this problem will catch up to bronze plans at some point in the future and out of pocket will continue to be less affordable for those who have medical costs
- Plans do not meet federal requirements for 2018
  - Bronze plans cannot be offered on VHC
    - Approx 13,000 people at risk of losing their plan
  - Feds require bronze plans to be offered, which means insurers can disregard prescription drug limit

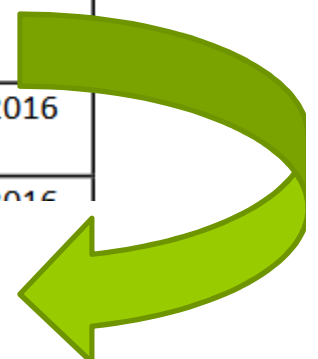
# Proposed Solution

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- For 2018 plans: allow stakeholder group to create 2018 plans with a flexible prescription drug limit while maintaining one plan with the prescription drug limit and offer plans on VHC for 2018
- For 2019 plans: Legislature examines information from stakeholder group and takes legislative session to make determination about statute going forward

# Timing: Legislative Decision for 2018 plans

	possible options for cost share increases if needed		
VHC	Present overview of (draft) AV calculator changes for MEAB information and feedback	12/1/2015	12/31/2015
VHC	Meet with carriers to review 2017 Standard QHP scenarios based on draft AV Calculator, incorporate MEAB and Carrier feedback.	12/1/2015	12/31/2015
VHC	Present proposal for 2017 Standard QHPs with carrier and MEAB input to GMCB for approval	2/4/2016	2/11/2016
VHC	Provide Carriers with 2017 Planned Benefit and AV	2/11/2016	2/10/2016



Looking at the 2017 QHP Timeline, the only opportunity for the legislature to make a determination for 2018 is in December of 2017 or January of 2018

2 Options:

- Joint Fiscal Committee makes a decision in December 2016
- Legislature makes a decision first weeks of legislative session—would need to have decision prior to February 2017

# Alternative: Legislature Decision

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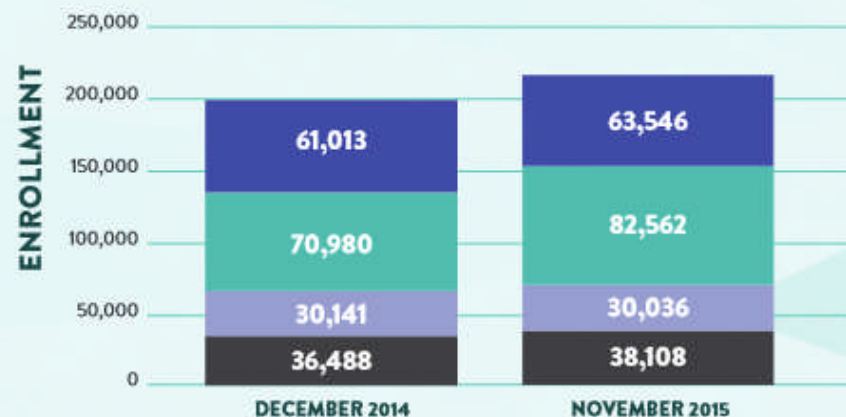
- Legislature passes proposed language now on condition of passing a resolution for the 2018 plans in the first weeks of the legislative session
- Actuary develops two sets of plans, one with the prescription drug limit and one without, in case plans do not meet federal requirements in order to ensure that individuals will still have access to bronze plans
  - Additional cost: \$20,000

# Bronze Plan in the Individual Market

## VERMONT HEALTH CONNECT NOVEMBER 2015 DASHBOARD

### COVERED VERMONTERS

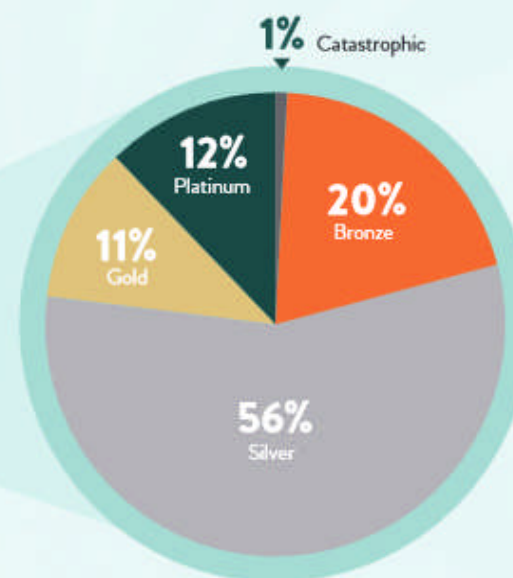
INDIVIDUALS ENROLLED IN QUALIFIED HEALTH PLANS (QHP) OR MEDICAID FOR CHILDREN AND ADULTS (MCA)



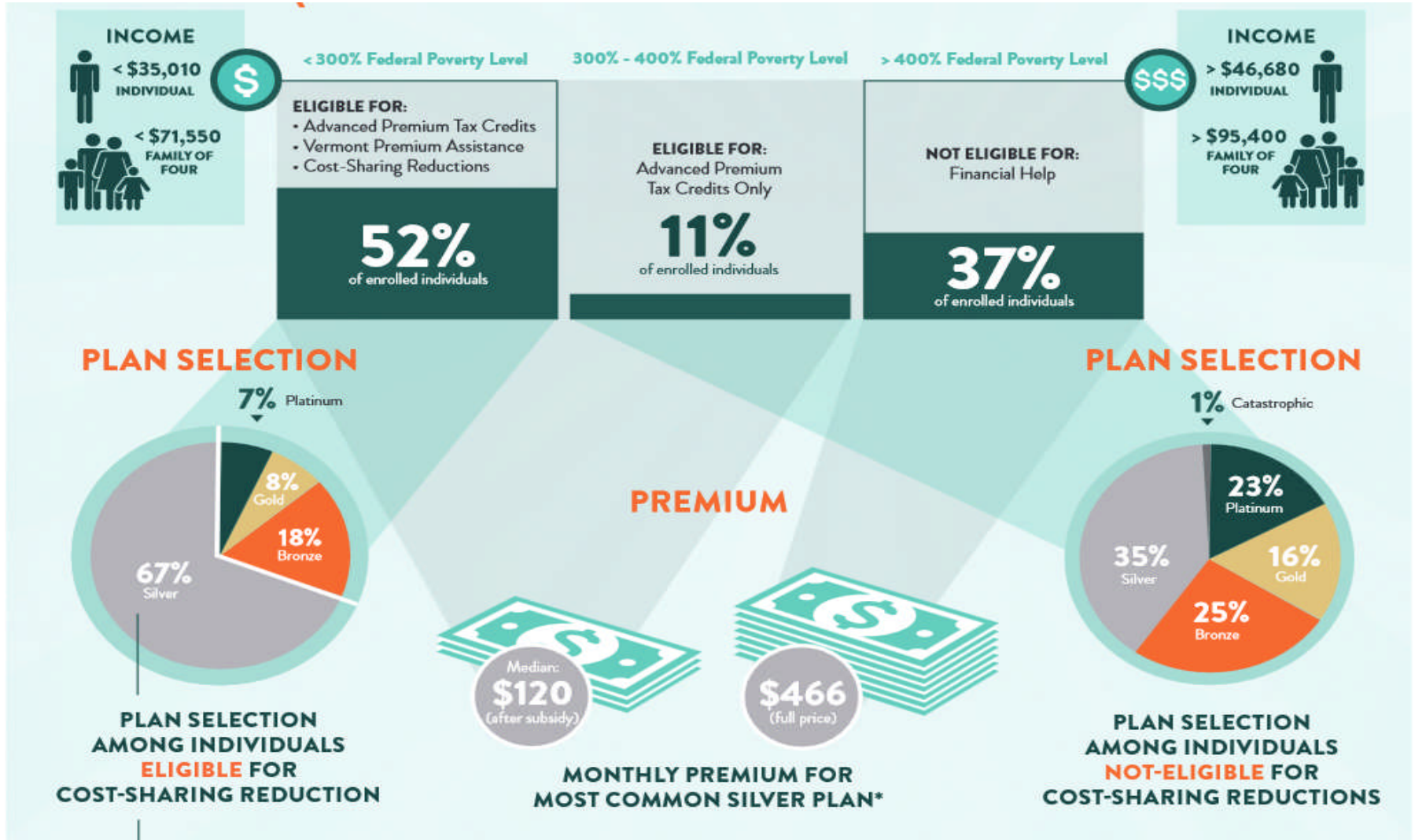
● QHP - Small Business ● QHP - Individual ● MCA - Adult ● MCA - Child

Note: Effectuated enrollments for Small Business QHP (direct enrolled) as reported by insurers to VHC. Dec. 2014 Individual QHP as reported by insurers to Center for Medicaid and Medicare Services (CMS). November 2015 Individual QHP as reported by insurers to VHC. Medicaid for Children and Adults (MCA) as reported by Vermont Health Connect and Vermont's legacy ACCESS system. MCA includes Dr. Dynasaur and CHIP but does not include Medicaid for the Aged, Blind, and Disabled (MABD).

QHP INDIVIDUAL COVERAGE BY METAL LEVEL



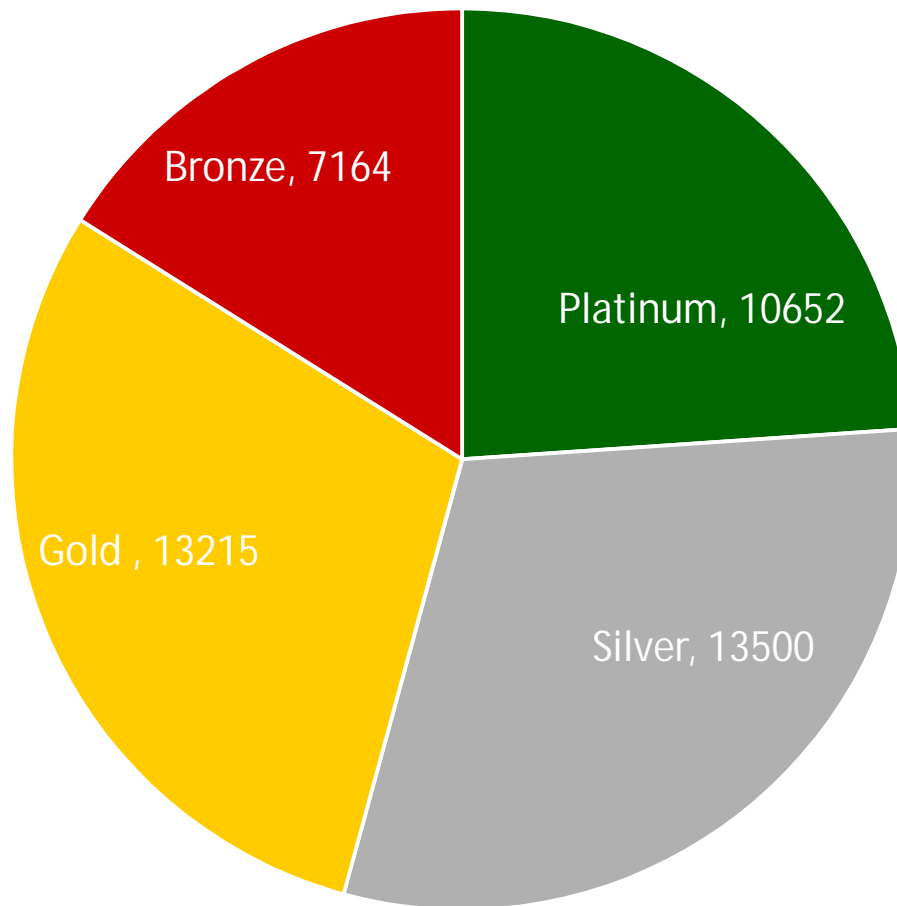
# Bronze Plan in the Individual Market





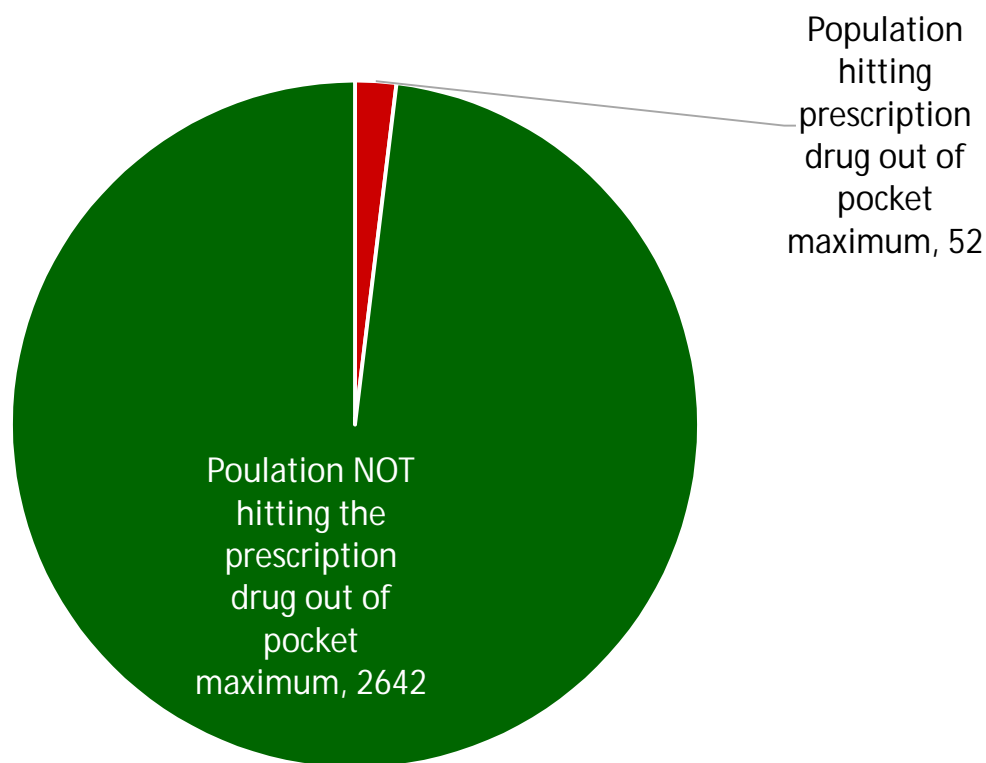
# Metal Level Plans in Small Group Market

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# Effect of Rx Maximum Out of Pocket

- Of 2,642 BCBSVT non-standard bronze contracts purchased in 2015, reached the prescription out of pocket maximum, or 1.9%



# QHP Standard Plan Stakeholder Process

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Vermont Health Connect

All VT Carriers: BCBSVT, MVP, NEDD

M.E.A.B. Representatives

Vermont Office of Healthcare Advocate

Department of Financial Regulation Staff

Green Mountain Care Board Staff

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- Group met monthly from May 2015 – January 2016
  - Prolonged opportunity for input leading to final QHP proposal with broad-based support
  - Two M.E.A.B. presentations: October, 2015, January 2016

# 2017 Bronze Plans

Deductible/OOP Max	Bronze Deductible Plan Options		
	2016 Plan Design	2017 Recommendation	2017 Alternative
Type of Plan	Deductible	Deductible	Deductible
Medical Ded	\$4,000	<b>\$4,600</b>	<b>\$5,200</b>
Rx Ded	\$500	<b>\$700</b>	<b>\$1,000</b>
Integrated Ded	No	No	No
Medical OOPM	\$6,850	<b>\$7,150</b>	<b>\$7,150</b>
Rx OOPM	\$1,250	<b>\$1,300</b>	<b>\$1,300</b>
Integrated OOPM	Rx -No, Medical - Yes	Rx -No, Medical - Yes	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Stacked, 2x Individual	Stacked, 2x Individual
Medical Deductible waived for:	Preventive	Preventive	Preventive
Drug Deductible waived for:	Applies to all scripts	Applies to all scripts	Applies to all scripts
Service Category	Copay / Coinsurance	Copay / Coinsurance	Copay / Coinsurance
Inpatient <sup>1</sup>	50%	50%	50%
Outpatient <sup>2</sup>	50%	50%	50%
ER <sup>3</sup>	50%	50%	50%
Radiology (MRI, CT, PET)	50%	50%	50%
Preventive	\$0	\$0	\$0
PCP Office Visit	\$35	\$35	<b>\$35 first visit, then subject to deductible</b>
MH/SA Office Visit	\$35	\$35	<b>\$35 first visit, then subject to deductible</b>
Specialist Office Visit <sup>4</sup>	\$85	<b>\$90</b>	<b>\$95</b>
Urgent Care	\$100	\$100	\$100
Rx Generic	\$20	\$20	\$20
Rx Preferred Brand	\$80	<b>\$85</b>	<b>\$95</b>
Rx Non-Preferred Brand	60%	60%	60%
Rx Specialty	N/A	N/A	N/A
Actuarial Value			
2016 Federal AVC, Adjusted if Necessary	61.4%	N/A	N/A
2017 Draft Federal AVC, Adjusted if Necessary	62.7%	61.3%	61.4%
Approximate Premium Impact Based on change in AV from Federal AVC	N/A	-0.1%	0.0%
Approximate Premium Impact Based on Wakely Benefit Model	N/A	-0.9%	-1.5%

4/20/2016

# 2017 Bronze Plans

Deductible/OOP Max	Bronze HDHP Embedded MOOP Plan Options		
	2016 Plan Design	2017 Recommendation	2017 Alternative
Type of Plan	HSA Q/HDHP	HSA Q/HDHP	HSA Q/HDHP
Medical Ded	\$4,100	<b>\$5,000</b>	<b>\$4,400</b>
Rx Ded	\$1,300	\$1,300	\$1,300
Integrated Ded	Yes	Yes	Yes
Medical OOPM	\$6,500	<b>\$6,600</b>	<b>\$6,600</b>
Rx OOPM	\$1,300	\$1,300	\$1,300
Integrated OOPM	Rx -No, Medical - Yes	Rx -No, Medical - Yes	Rx -No, Medical - Yes
Family Deductible / OOP	Aggregate with Combined Medical/Rx embedded \$6,850 Single MOOP; 2x Individual	<b>Aggregate with Combined Medical/Rx embedded \$7,150 Single MOOP; 2x Individual</b>	<b>Aggregate with Combined Medical/Rx embedded \$7,150 Single MOOP; 2x Individual</b>
Medical Deductible waived for:	Preventive	Preventive	Preventive
Drug Deductible waived for:	Wellness scripts	Wellness scripts	Wellness scripts
Service Category	Copay / Coinsurance	Copay / Coinsurance	Copay / Coinsurance
Inpatient <sup>1</sup>	50%	50%	50%
Outpatient <sup>2</sup>	50%	50%	50%
ER <sup>3</sup>	50%	50%	50%
Radiology (MRI, CT, PET)	50%	50%	50%
Preventive	\$0	\$0	\$0
PCP Office Visit	50%	50%	50%
MH/SA Office Visit	50%	50%	50%
Specialist Office Visit <sup>4</sup>	50%	50%	50%
Urgent Care	50%	50%	50%
Rx Generic	\$12	\$12	\$12
Rx Preferred Brand	40%	40%	40%
Rx Non-Preferred Brand	60%	60%	60%
Rx Specialty	N/A	N/A	N/A
Actuarial Value			
2016 Federal AVC, Adjusted if Necessary	61.0%	N/A	N/A
2017 Draft Federal AVC, Adjusted if Necessary	62.3%	60.9%	61.6%
Approximate Premium Impact Based on change in AV from Federal AVC	N/A	-0.2%	1.0%
Approximate Premium Impact Based on Weekly Benefit Model	N/A	0.7% <sup>13</sup>	1.2%

4/20/2016