

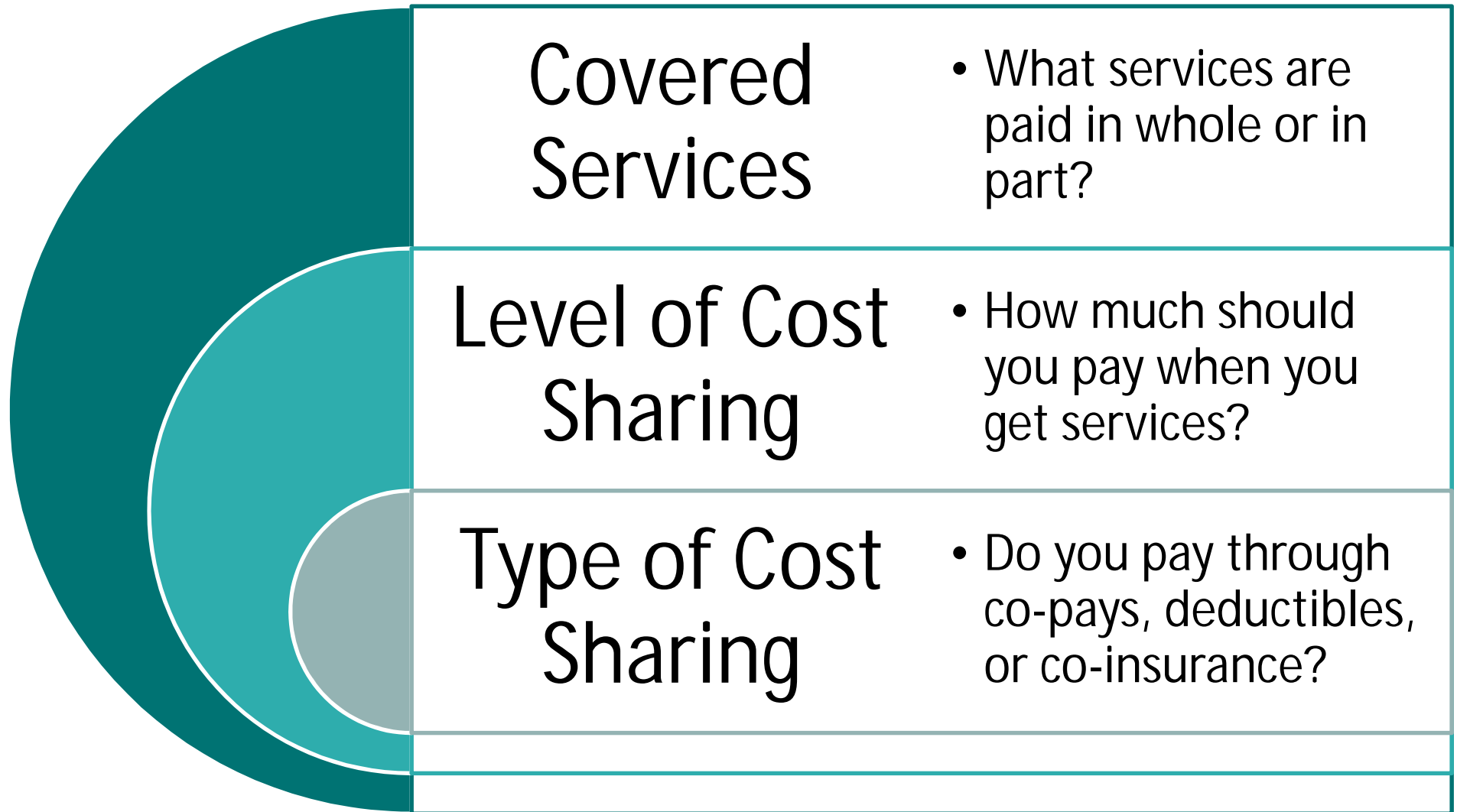
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# 2016 VHC Plan Designs & Cost Sharing Reduction Program

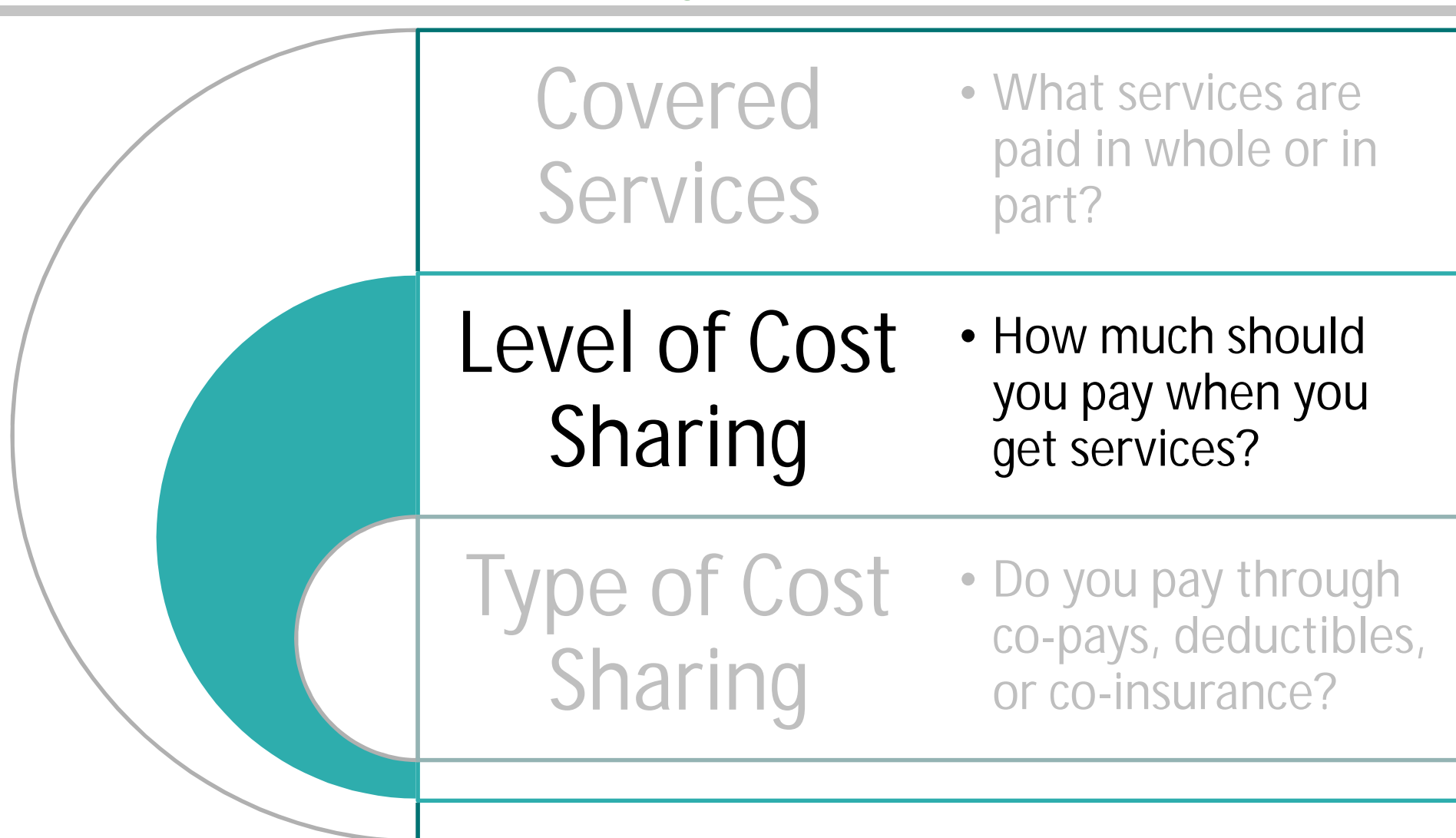
Robin J. Lunge, J.D., MHCDS  
Director of Health Care Reform, AOA

March 24, 2015

# Benefits Overview

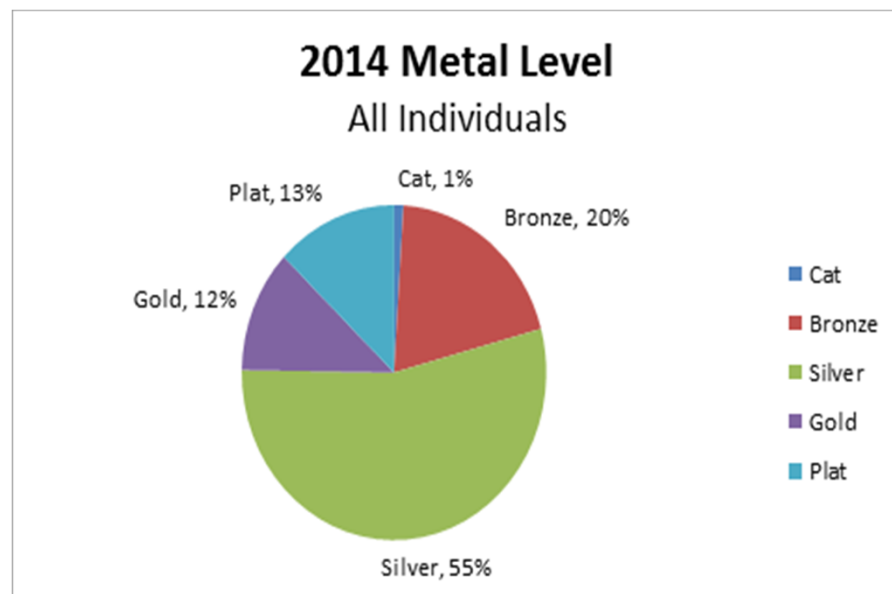


# Level of Cost Sharing



# Enrollment Distribution 2014

Metal Level	
Bronze	20%
Silver	55%
Gold	12%
Platinum	13%
Catastrophic	1%
Eligible for Premium Subsidy	64%



# Enrollment Distribution 2015 (As of Mar. 22)

Metal Level	
Bronze	20%
Silver	55%
Gold	11%
Platinum	13%
Catastrophic	1%
Eligible for Premium Subsidy	62%


- Renewals still in-process
- High percentage of remaining enrollment likely to be subsidy-eligible (pending change of circumstance)
- Expect greatest % increase in Silver level

# Context: Actuarial Value

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- Actuarial value means the total average costs of covered services that your plan will cover
  - As total health care costs rise from year to year, cost-sharing contributions must rise in order for the AV % to stay the same
- In a plan with a high AV, you will pay more in premiums, less in cost-sharing
- A plan with a low AV, you will pay less in premiums, more in cost-sharing

# GMC Benefits and Type of Cost Sharing



Covered Services	<ul style="list-style-type: none"><li>• What services are paid in whole or in part by GMC?</li></ul>
Level of Cost Sharing	<ul style="list-style-type: none"><li>• How much should you pay when you get services?</li></ul>
Type of Cost Sharing	<ul style="list-style-type: none"><li>• Do you pay through co-pays, deductibles, or co-insurance?</li></ul>

# Principles for Decision Making (2012)

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- 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



# Factors Driving VHC Plan Designs

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- Federal Law and Regulations
  - Metal Levels & Actuarial Value Calculator
  - ACA out of pocket maximum limits of \$6,850 (2016)
    - *New for 2016:* individual maximum is set at \$6850, which impacts design of two-person & family plans.
  - Out of pocket maximums for *high deductible health plans* was \$5450 in 2015. IRS has not yet released for 2016. Typically, increases about \$100/year.
  - Minimum deductibles for *high deductible health plans* of \$1300 (2015)
    - IRS has not yet released 2016. Typically, increases about \$50 every 2-3 years

# Factors Driving VHC Plan Designs

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- Vermont prescription drug law
  - Limits out of pocket expenditures for Rx to \$1300 (2015)
- 2012 plan designs reflect the market parameters at that time
  - For example, copay only plans are at gold or platinum-equivalent levels

# Hybrid Approach to Plan Design

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- A hybrid approach of state-specified plan designs and some “choice” plans designed by insurance carriers within set parameters
- 6 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” Plans Designed by Insurers – submitted through RFP process

# Summary of Plans on VHC (2014 – 2015)

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- Twenty (20) total medical plans
- DVHA selected 6 standard plans from each carrier
  - At Platinum: 1 BCBSVT & 1 MVP
  - At Gold: 1 BCBSVT & 1 MVP
  - At Silver: 2 BCBSVT & 2 MVP (1 BCBS and 1 MVP maybe paired with an HSA)
  - At Bronze: 2 BCBSVT & 2 MVP (1 BCBS and 1 MVP maybe paired with an HSA)
- FYI: DVHA selected 3 carrier designed plans from each carrier (6 in total)
- Catastrophic plans
  - 1 BCBSVT and 1 MVP

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# What is changing for 2016?

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- Goals:
  - Provide certainty & minimize plan design changes for 2016
  - Meet new federal maximums and requirements for high-deductible plans (HDHPs)
  - Meet federal AV calculator requirements
  - GMCB prioritized affordability of primary care services
  
- No changes to Platinum, Gold, & Stand Alone Dental plans

# BRONZE PLAN CHANGES

State of Vermont  
2016 Standard Plan Designs

Bronze Deductible Plan Design Options

Deductible/OOP Max	Bronze 2015 Plan Design	Bronze 2016 Proposed Design
Description of Alternative		Keep PCP/MH and Rx Generic copays at 2015 level, Increase Rx Deductible to offset
General Comments		Deductibles apply to all services/scripts so the coin/copays are not a factor until the ded has been met
Pros of Alternative		Increasing Rx deductible instead of generic copay will incent more generic use
Cons of Alternative		Large Ded/MOOP increases impact high cost members; Drug getting a higher proportional increase in cost sharing than medical services for moderate cost members but drug benefit is currently richer than medical
Type of Plan	Deductible	Deductible
Medical Ded	\$3,500	<b>\$4,000</b>
Rx Ded	\$300	<b>\$500</b>
Integrated Ded	No	No
Medical OOPM	\$6,350	<b>\$6,850</b>
Rx OOPM	\$1,250	\$1,250
Integrated OOPM	Rx -No, Medical - Yes	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Stacked, 2x Individual
Medical Deductible waived for:	Preventive	Preventive
Drug Deductible waived for:	Applies to all scripts	Applies to all scripts
Service Category	Copay / Coinsurance	Copay / Coinsurance
Inpatient <sup>1</sup>	50%	50%
Outpatient <sup>2</sup>	50%	50%
ER <sup>3</sup>	50%	50%
Radiology (MRI, CT, PET)	50%	50%
Preventive	\$0	\$0
PCP Office Visit	\$35	\$35
MH/SA Office Visit	\$35	\$35
Specialist Office Visit <sup>4</sup>	\$80	<b>\$85</b>
Urgent Care	\$100	\$100
Ambulance	\$100	\$100
Rx Generic	\$20	\$20
Rx Preferred Brand	\$80	\$80
Rx Non-Preferred Brand	60%	60%
Actuarial Value		
2015 Federal AVC, Unadjusted	59.9%	N/A
2015 Federal AVC, Adjusted if Necessary	61.5%	N/A
2016 Final Federal AVC, Unadjusted	62.1%	60.4%
<b>2016 Final Federal AVC, Adjusted if Necessary</b>	<b>63.0%</b>	61.4%

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## Bronze HDHP Plan Design Options

Deductible/OOP Max	Bronze 2015 Plan Design	Bronze HDHP 2016 Proposed Design Option 1	Bronze HDHP 2016 Proposed Design Option 2
Description of Alternative		Option #1: Embedded MOOP	Option #2: Stacked MOOP
General Comments		Option if carriers can administer an embedded MOOP - less impact to plan designs than stacked MOOP	Option if carriers can not administer an embedded MOOP - larger impact on AV compared to 2015; more difficult to understand than current
Pros of Alternative		Complies with federal requirements	Complies with federal requirements
Cons of Alternative		High deductible but no alternative due to new federal regulation	Larger impact on deductible
Type of Plan	HSA Q/HDHP	HSA Q/HDHP	HSA Q/HDHP
Medical Ded	\$2,000	<b>\$4,100</b>	<b>\$4,400</b>
Rx Ded	\$1,300	\$1,300	\$1,300
Integrated Ded	Yes	Yes	Yes
Medical OOPM	\$6,250	<b>\$6,500</b>	<b>\$6,500</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, 2x Individual	<b>Aggregate with Combined Medical/Rx embedded \$6,850 Single MOOP; 2x Individual</b>	<b>Ded and Rx MOOP- Aggregate, Combined Medical/Rx MOOP - Stacked; 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%
Ambulance	50%	50%	50%
Rx Generic	\$12	\$12	\$12
Rx Preferred Brand	40%	40%	40%
Rx Non-Preferred Brand	60%	60%	60%
Actuarial Value			
2015 Federal AVC, Unadjusted	63.6%	N/A	N/A
2015 Federal AVC, Adjusted if Necessary	60.9%	N/A	N/A
2016 Final Federal AVC, Unadjusted	65.5%	61.4%	61.2%
<b>2016 Final Federal AVC, Adjusted if Necessary</b>	<b>63.5%</b>	61.0%	61.0%

\* Federal HDHP MOOP limits are not yet released for 2016. The 2015 single limit is \$6,450 and on average increases around \$100 a year.

3/24/2015



# SILVER PLAN CHANGES & CSR PLANS

## Silver Deductible Plan Design Options

	Silver 2015 Plan Design	Silver 2016 Proposed Design
Deductible/OOP Max		
Description of Alternative		Keep PCP/MH copay at 2015 level, increase Rx Deductible to offset
General Comments		Deductible does not apply to office visits and generic drugs
Pros of Alternative		Increasing Rx deductible and brand copay will further incent generic util; higher spc OV will also incent more PCP utilization
Cons of Alternative		Large MOOP increase for high cost members; drug getting a higher proportional increase in cost sharing than medical services for moderate to low cost members but drug benefit is currently richer than medical
Type of Plan	Deductible	Deductible
Medical Ded	\$1,900	\$2,000
Rx Ded	\$100	\$150
Integrated Ded	No	No
Medical OOPM	\$5,100	\$5,600
Rx OOPM	\$1,250	\$1,250
Integrated OOPM	No	No
Family Deductible / OOP	Stacked, 2x Individual	Stacked, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb	Prev, OV, UC, Amb
Drug Deductible waived for:	Generic scripts	Generic scripts
Service Category	Copay / Coinsurance	Copay / Coinsurance
Inpatient <sup>1</sup>	40%	40%
Outpatient <sup>2</sup>	40%	40%
ER <sup>3</sup>	\$250	\$250
Radiology (MRI, CT, PET)	40%	40%
Preventive	\$0	\$0
PCP Office Visit	\$25	\$25
MH/SA Office Visit	\$25	\$25
Specialist Office Visit <sup>4</sup>	\$45	\$50
Urgent Care	\$60	\$60
Ambulance	\$100	\$100
Rx Generic	\$12	\$15
Rx Preferred Brand	\$50	\$60
Rx Non-Preferred Brand	50%	50%
Actuarial Value		
2015 Federal AVC, Unadjusted	71.5%	N/A
2015 Federal AVC, Adjusted if Necessary	71.5%	N/A
2016 Final Federal AVC, Unadjusted	73.1%	71.6%
2016 Final Federal AVC, Adjusted if Necessary	73.1%	71.6%

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# Cost-Sharing Assistance Proposals

Actuarial Value (AV) of Cost Sharing Reduction Plans				
FPL	AV - ACA	AV - Current VT Subsidy	AV – Governor’s Proposal	AV - HHC Proposal
133-150%	94%	94%	94%	94%
150-200%	87%	87%	87%	87%
200-250%	73%	77%	83%	87%
250-300%	70%	73%	79%	87%

# 2016 Silver Deductible Plan Changes & CSRs

	Medical Deductible	Rx Deductible	Medical MOOP	Specialist Office Visit	Rx Generic	Rx Pref. Brand
Non-CSR	\$2,000 (+ \$100)	\$150 (+ \$50)	\$5,600 (+ \$500)	\$50 (+ \$5)	\$15 (+ \$3)	(\$60) (+ \$10)
73% AV (250-300)	\$2,000 (+ 100)	\$150 (+ \$50)	\$4,500 (+ \$500)	\$50 (+ \$5)	\$15 No Change	(\$60) (+ \$10)
77% AV (200-250)	\$1,600 (+ \$100)	\$150 (+ \$50)	\$3,400 (+ \$400)	\$40 No Change	\$12 No Change	(\$60) (+ \$10)
79% AV (Pending)	\$1,250	\$100	\$2,900	\$40	\$12	\$60
83% AV (Pending)	\$1,000	\$100	\$2,250	\$30	\$12	\$50
87% AV (150 -200)	\$600 No Change	\$100 No Change	\$1,250 No Change	\$30 No Change	\$10 No Change	\$50 No Change
94% AV (133-150)	\$100 No Change	\$0 No Change	\$500 No Change	\$15 No Change	\$5 No Change	\$20 No Change

State of Vermont  
2016 Standard Plan Designs

Silver HDHP Design Options

Deductible/OOP Max	Silver HDHP 2015 Plan Design	Silver HDHP 2016 Proposed Design Option 1	Silver HDHP 2016 Proposed Design Option 2
Description of Alternative		Option #1: Embedded MOOP	Option #2: Stacked MOOP
General Comments		Option if carriers can administer an embedded MOOP; 25% coin needed to limit MOOP increase for CSRs	Option if carriers can not administer an embedded MOOP - Silver CSRs will need to change, larger impact on AV compared to 2015, more difficult to understand than current; 25% coin needed to limit MOOP increase for CSRs
Pros of Alternative		Lower Deductible	Minimal changes compared to 2015
Cons of Alternative		Somewhat higher AV than 2015 which could result in an additional premium increase	Somewhat higher AV than 2015 which could result in an additional premium increase
Type of Plan	HSA Q/HDHP	HSA Q/HDHP	HSA Q/HDHP
Medical Ded	\$1,550	\$1,425	\$1,550
Rx Ded	\$1,300	\$1,300	\$1,300
Integrated Ded	Yes	Yes	Yes
Medical OOPM	\$5,750	\$5,750	\$5,750
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, 2x Individual	Aggregate with Combined Medical/Rx embedded \$6,850 Single MOOP; 2x Individual	Ded and Rx MOOP- Aggregate, Combined Medical/Rx MOOP - Stacked; 2x Individual
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>	20%	25%	25%
Outpatient <sup>2</sup>	20%	25%	25%
ER <sup>3</sup>	20%	25%	25%
Radiology (MRI, CT, PET)	20%	25%	25%
Preventive	0%	0%	0%
PCP Office Visit	10%	10%	10%
MH/SA Office Visit	10%	10%	10%
Specialist Office Visit <sup>4</sup>	20%	25%	25%
Urgent Care	20%	25%	25%
Ambulance	20%	25%	25%
Rx Generic	\$10	\$10	\$10
Rx Preferred Brand	\$40	\$40	\$40
Rx Non-Preferred Brand	50%	50%	50%
Actuarial Value			
2015 Federal AVC, Unadjusted	70.3%	N/A	N/A
2015 Federal AVC, Adjusted if Necessary	68.7%	N/A	N/A
2016 Final Federal AVC, Unadjusted	72.9%	72.5%	71.9%
2016 Final Federal AVC, Adjusted if Necessary	70.9%	70.1%	70.1%

\* Federal HDHP MOOP limits are not yet released for 2016. The 2015 single limit is \$6,450 and on average increases around \$100 a year.

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# 2016 Silver HDHP Cost-Share Changes: 94% CSR

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2015	\$450	\$450	0%	\$0	\$0
2016 Option 1	\$500 (+ \$50)	\$500 (+ \$50)	0% No Change	\$0 No Change	\$0 No Change
2016 Option 2	\$500 (+ \$50)	\$500 (+ \$50)	0% No Change	\$0 No Change	\$0 No Change

# 2016 Silver HDHP Cost-Share Changes: 87% CSR

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2015	\$1,000	\$1,000	0%	\$0	\$0
2016 Option 1	\$1,150 (+ \$150)	\$1,150 (+ \$150)	0% No Change	\$0 No Change	\$0 No Change
2016 Option 2	\$1,200 (+ \$200)	\$1,200 (+ \$200)	0% No Change	\$0 No Change	\$0 No Change

# 2016 Silver HDHP Cost-Share Changes: 83% CSR (Pending)

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2016 Option 1	\$1,300	\$1,650	10%	\$5	\$10
2016 Option 2	\$1,300	\$2,000	10%	\$5	\$10



# 2016 Silver HDHP Cost-Share Changes: 79% CSR (Pending)

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2016 Option 1	\$1,300	\$2,400	20%	\$5	\$15
2016 Option 2	\$1,300	\$2,900	20%	\$5	\$15

# 2016 Silver HDHP Cost-Share Changes: 77% CSR

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2015	\$1,300	\$2,500	20%	\$5	\$30
2016 Option 1	\$1,300 No Change	\$2,700 (+ \$200)	25% (+ 5%)	\$10 (+ \$5)	\$40 (+ \$10)
2016 Option 2	\$1,400 (+ \$100)	\$3,100 (+ \$600)	25% (+ 5%)	\$10 (+ \$5)	\$40 (+ \$10)

# 2016 Silver HDHP Cost-Share Changes: 73% CSR

	Medical Deductible	Medical MOOP	Inpatient, Outpatient, ER, Radiology, Specialist, Urgent Care, Ambulance	Rx Generic	Rx Pref. Brand
2015	\$1,400	\$3,400	20%	\$10	\$40
2016 Option 1	\$1,425 (+ \$25)	\$3,800 (+ \$400)	25% (+ 5%)	\$10 No Change	\$40 No Change
2016 Option 2	\$1,550 (+ \$150)	\$4,250 (+ \$850)	25% (+ 5%)	\$10 No Change	\$40 No Change

# Federal Poverty Level By Household Size

## 2015 Eligibility

### VT Household Income Thresholds for Advanced Premium Tax Credits (APTC) and Cost-Sharing Reductions (CSR)

*Eligibility for 2015 Benefits Determined in Relation to 2014 Federal Poverty Level (FPL)*

Upper FPL% and <i>annual</i> income limits for:		Tier I CSR (94% AV)	Tier II CSR (87% AV)	Tier III CSR (77% AV)	Tier IV CSR (73% AV)	APTC	
Household Size*	100%	133%	150%	200%	250%	300%	400%
1	\$11,670	\$15,521	\$17,505	\$23,340	\$29,175	\$35,010	\$46,680
2	\$15,730	\$20,921	\$23,595	\$31,460	\$39,325	\$47,190	\$62,920
3	\$19,790	\$26,321	\$29,685	\$39,580	\$49,475	\$59,370	\$79,160
4	\$23,850	\$31,721	\$35,775	\$47,700	\$59,625	\$71,550	\$95,400
5	\$27,910	\$37,120	\$41,865	\$55,820	\$69,775	\$83,730	\$111,640
6	\$31,970	\$42,520	\$47,955	\$63,940	\$79,925	\$95,910	\$127,880
7	\$36,030	\$47,920	\$54,045	\$72,060	\$90,075	\$108,090	\$144,120
8	\$40,090	\$53,320	\$60,135	\$80,180	\$100,225	\$120,270	\$160,360
For each additional person, add	\$4,060	\$5,400	\$6,090	\$8,120	\$10,150	\$12,180	\$16,240

\* Household size = Tax filer + spouse (even if they live apart) + tax filer's tax dependents. Married couples must file taxes jointly to be eligible for APTC and CSR.