

1. ACA Requirements
2. Vermont Prescription Limit
3. Act 165 (2016)
4. ACA State Innovation Waiver
5. S.19

# ACA QHP Requirements

**Qualified Health Plan (QHP)**: Coverage containing the full set of essential health benefits (EHB) plus any additional state mandates, to be offered on the exchange marketplace.

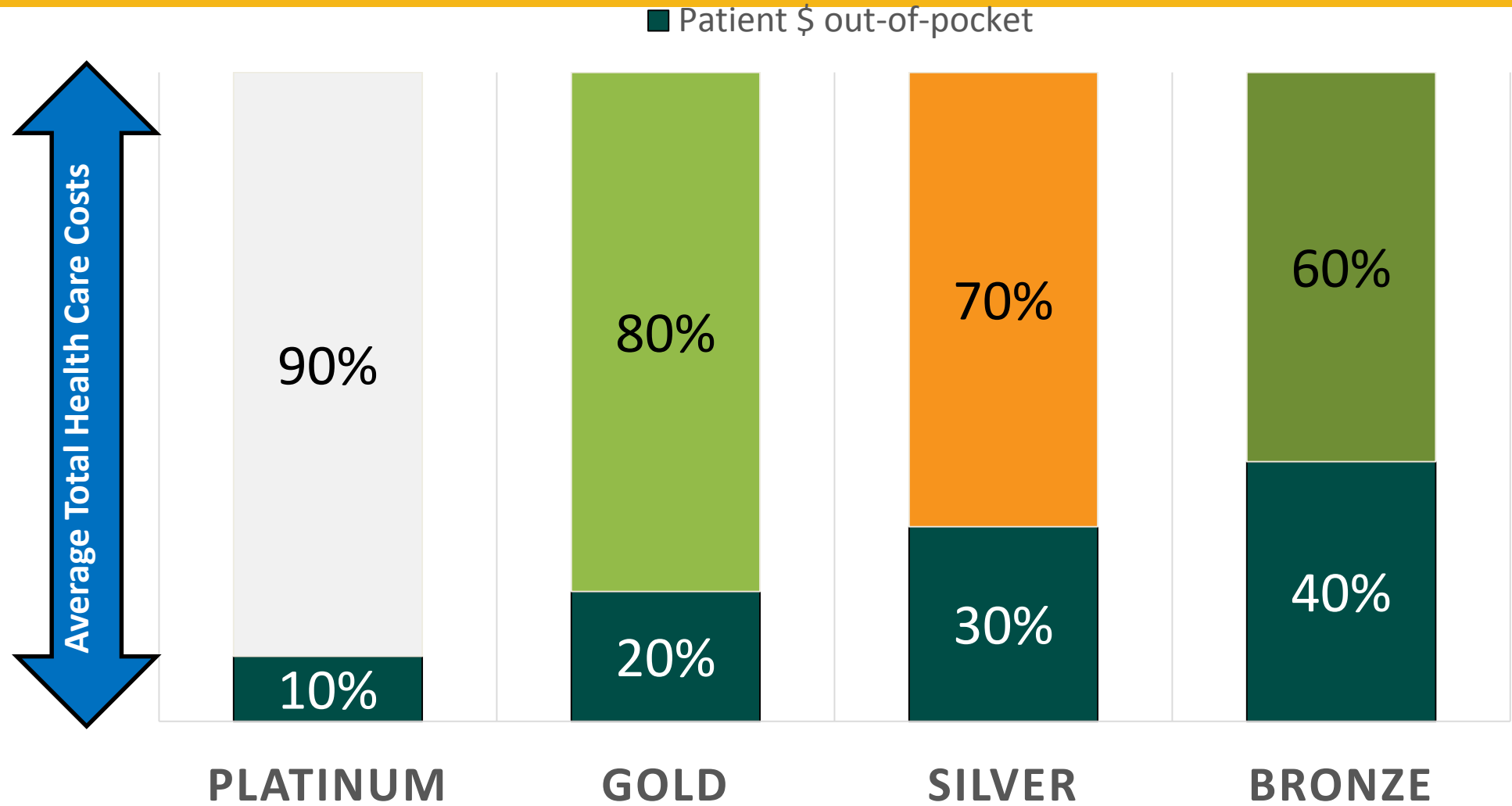
**Actuarial value (AV)**: the average percentage of cost covered by the health plan (insurer) across all services. For example, a Bronze plan at 60% AV, covers 60% of medical costs; the enrollee cost share = 40%.

**QHP Metal Levels and AV**: Platinum (90%), Gold (80%), Silver (70%), Bronze (60%)

**Maximum Out of Pocket (MOOP)**: The total enrollee cost share (co-payments & co-insurance). The Federal government sets the amount on an annual basis. \$7,150 in 2017, \$7,350 in 2018.

**Essential Health Benefits (EHB)**: a set of ten service categories that all health plans must contain in order to be considered a QHP: Outpatient, Inpatient, Emergency Room, Maternity/Newborn Care, Mental Health/Substance Abuse Treatment, Prescription Drugs, Rehabilitation Services & Devices, Lab, Preventive Services, Pediatric Services.

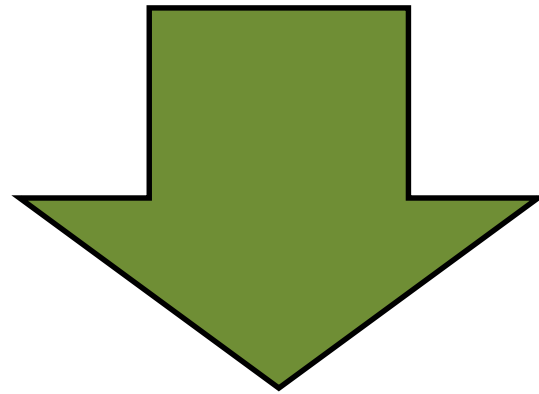
# Actuarial Value



# VT Prescription Drug Limit

- 8 VSA 4089i
- VT prescription drug limit (MOOP) is \$1300
  - Tied to IRS rules for high deductible health plans
- VT Prescription drug limit applies to all insurance— large group, small group, individual
- Vermont's prescription drug limit creates a potential conflict with federal requirements for AV level and maximum medical out of pocket costs, jeopardizing bronze plans

# To maintain VT prescription limit within federal law, patients must pay more out of pocket



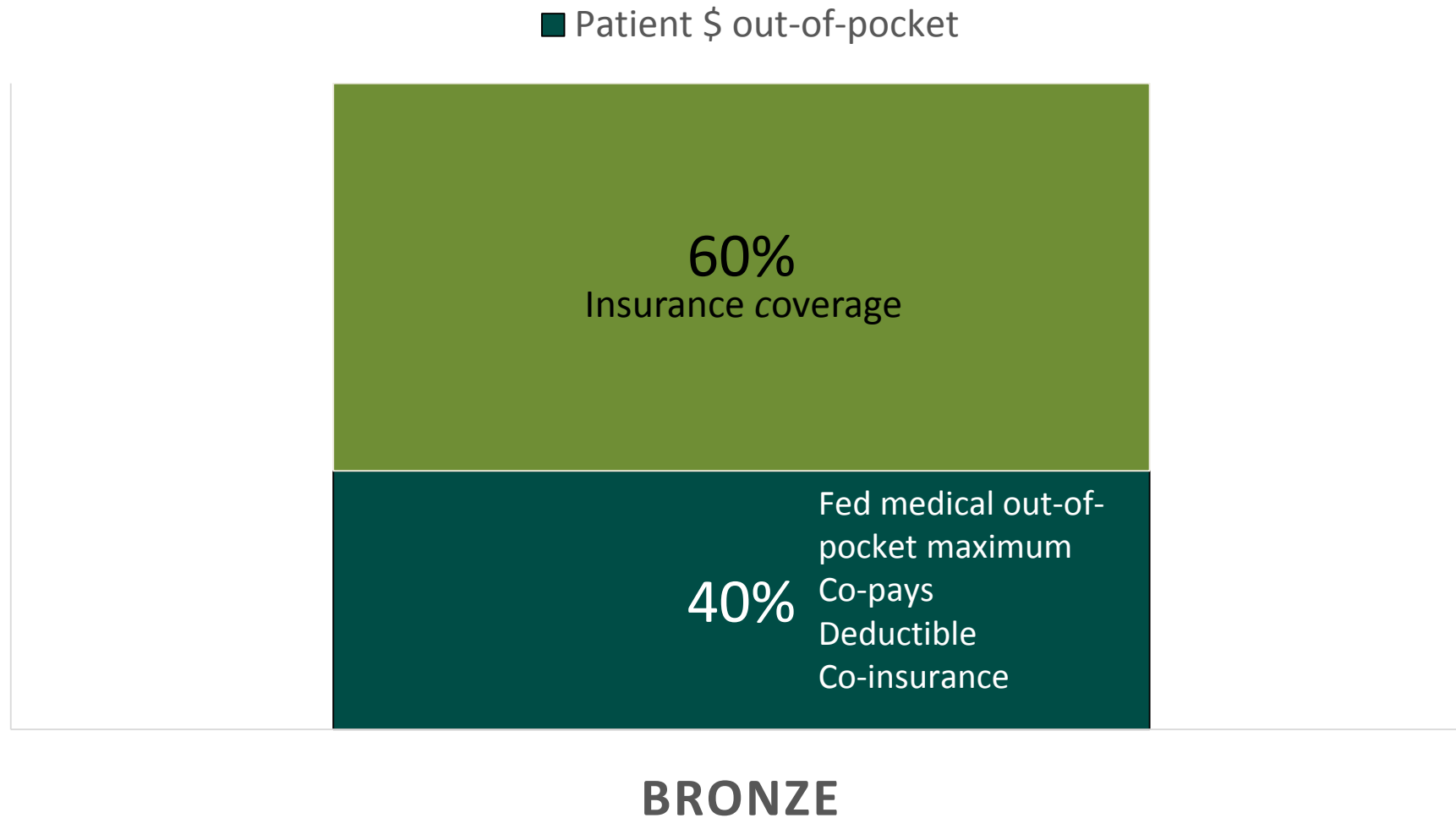
The plan must have the patient pay more out of pocket in other areas like co-pays and deductibles



When the plan has the patient paying less out of pocket for one thing, like prescription drugs...



# Bronze plan may run out of room to maintain federal AV level due to prescription drug limit



- QHP Certification and Stakeholder Advisory Group
  - Charged to address the policy issue
  - Met monthly from May 2016 – January 2017
  - GMCB presentation of 2018 plan design
  - DVHA report to legislature next month
- ACA Waiver Study and Submission by March 1, 2017
  - Waiver of ACA Requirements :
    - Bronze AV
    - Annual maximum out of pocket

# 1332 Waiver Background

- ACA Section 1332: State Innovation Waiver Program
- States can propose “innovative strategies to provide high quality, affordable health care coverage while retaining the statute’s basic protections”



# 1332 Waiver Standards

- Will provide coverage that is at least as comprehensive as would be provided absent the waiver;
- **Will provide coverage and cost sharing protections that keep care at least as affordable as it would be provided absent the waiver;**
- Will provide coverage to at least a comparable number of residents as would be provided coverage absent the waiver; and
- Will not increase the federal deficit.

# 1332 Waiver Process

- Lengthy and comprehensive, including:
  - Actuarial analysis, certification, and economic modeling on first 3 standards
  - 10 year budget that is deficit neutral
  - ~\$250,000 for actuarial support

## S.19

1. Moves waiver submission deadline back
  2. Directs advisory group to consider other options
- DVHA is in support

## S.19

- DVHA supports changing or delaying the waiver approach
- Would recommend delaying to 2019
- Rationale:
  1. Unnecessary – new federal rules (see next slide)
  2. Difficult to obtain (see slide 10)
    - **VT would have to subsidize plans to meet 1332 affordability standard (see slide 9)**
  3. Federal uncertainty

# Federal Changes for 2018

- Annual limitation on cost sharing was increased to \$7,350 (from \$7,150 in 2017)
- Expanded bronze “de minimis” range was finalized, which allows bronze plans with certain designs to have an AV between 58% and 65% (compared to 58% and 62% in prior years)
- This removes concern about meeting federal AV for the next 1-2 years
- No current conflict between VT Rx MOOP and federal requirements

## Other Options

1. Reduce pressures on AV from mandated benefit coverage
2. Apply the same inflation factor to drugs as other medical benefits
3. Create a new plan with no specific Rx MOOP in favor of other reduced cost share amounts (happening for 2018)