



To: Standard Plan Design Working Group to the Connecticut Health Insurance Exchange
From: Peter VanLoon and Grant Porter, Connecticut Health Insurance Exchange
Re: Defining the Standard Plan Designs
Date: January 17, 2013

Note to Public:

The Exchange continues to work toward develop a standard plan design for each of the metal tiers. As such, Exchange staff wishes to define a standard plan for each metal tier that will meet the AV requirement, offer an attractive cost sharing arrangement for the market, while not needlessly adding to costs as a result of plan design.

Please send comments to Grant Porter at grant.porter@ct.gov.

As directed by the Connecticut Health Insurance Exchange's standard plan design working group, Exchange staff has used the Silver plan design on which the working group reached consensus yesterday [January 15, 2013] to define options for both the Silver Alternatives and other metal tier options. The "Silver Alternatives" that reflect the cost sharing reductions available to individuals and families in households with incomes between 100% and 250% of the Federal Poverty Line ("FPL").

The attachments are broken down into six appendices—although we intend to focus our attention almost exclusively on the first three. The others are offered primarily for background and to recap our past discussions.

We propose to start with Appendix A and use that to obtain agreement on general cost sharing parameters for the Silver alternative plan designs. We would then work through the other metal tiers, spending some additional time on the Bronze option.

We provide, separate from the standard plan designs, options for a SHOP-specific Bronze and Silver plan design. This High Deductible Health Plan must meet additional IRS criteria to be eligible to be paired with a tax-deferred Health Savings Account that the Exchange cannot supersede. The last appendix considers a preliminary option for the standalone dental plan

The agenda and invite for tomorrow's meeting will follow under separate cover.

Appendices attached:

Appendix A. Standard Plan Design for Qualified Health Plans, Silver Copayment-Based Plan with Silver Alternatives (DRAFT)

This appendix presents the consensus Silver plan design from our Tuesday morning meeting. Silver alternatives are defined to reflect the significant cost sharing reductions available to households with incomes between 100% and 250% of the federal poverty line.

Appendix B. Standard Plan Design for Qualified Health Plans, Summary of Metal Tiers (DRAFT)

This appendix takes the baseline Silver and defines a standard plan design for the Bronze, Gold and Platinum tiers.

With respect to the Bronze plan, four things should be noted:

1. Staff recognizes that the computed AV for the recommended Bronze plan exceeds the 2% variation allowed by the Affordable Care Act. We anticipate that with the corrections to the AV calculator it would be a legitimate plan design.
2. While the deductible is very high, this is necessarily if non-preventative primary care visits, mental health visits, and generic drugs are to be excluded from the deductible. Staff believes that the higher deductible is a reasonable trade-off for having these benefits provided on a first-dollar basis. Excluding anything else from the deductible would require the deductible to be further raised and would defeat the purpose of having a lower costing alternative to the Silver plan.
3. While we have had direction from CCIIO that a \$3,000 deductible would be considered reasonable in the small group market, we have not had similar confirmation that a \$4,000 we be reasonable. Given that the plan is actually more generous than the alternative with a \$3,000 deductible we do not anticipate a problem.
4. Despite having a high deductible this plan would not be classified as a High Deductible Health Plan for purposes of being paired with a Health Savings Account. For an individual without access to a HSA the proposed plan should be more attractive. However, for an individual with access to a HSA there preference would likely be for a HDHP.

The staff will develop ancillary benefits for the medical benefit plan designs, for the team to review and approve.

Appendix C. Standard Plan Design for Qualified Health Plans, Other Bronze Options (DRAFT)

Staff recommends the Bronze plan included in Appendix B. However, this plan has an AV of 62.7% according to the AV Calculator and so alternative options are presented. Further, this plan design was not vetted by this working group and so irrespective of the actual AV of the plan included Appendix B, these alternative options should be considered.

Appendix D. Standard Plan Design for Qualified Health Plans, Health Saving Account ("HSA") Eligible High Deductible Health Plan ("HDHP") Options (DRAFT)

This outlines alternative coinsurance and copayment plan designs for the Bronze and Silver level that would meet the requirements set forth by the IRS to be defined as a High Deductible Health Plan eligible to be paired with a tax-deferred Health Savings Account. This will not be proposed as standard plans, but staff recommends that the SHOP AC and Board take up consideration of these type of insurance product in February-March.

Appendix E. Standard Plan Design for Qualified Health Plans, Other Silver Level Plan Options (DRAFT)

This summarizes the other plan designs reviewed (and rejected) by the working group.

Appendix F. Standard Plan Design for Stand-Alone Dental, Coinsurance Plan Design (DRAFT)

While not part of this month's discussion regarding the plan design for the major medical/Rx plans, this appendix introduces potential plan designs for the stand-alone dental policies. There is no AV calculator for these benefits. Staff will work Standalone standard plan designs with you for approval by the Board in February .

Continued thanks for your dedication to the health care needs of the residents of Connecticut.

Appendix A. Standard Plan Design for Qualified Health Plans, Silver Copayment-Based Plan with Silver Alternatives (DRAFT)

		Silver Alternatives (i.e. Cost Sharing Reduction Plans) [1]			
		Silver - 70 AV	Silver - 73 AV	Silver - 87 AV	Silver - 94 AV
		\$2,250 integrated deductible on IP/OP Hospital and non-generic drugs, copayments otherwise. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)	Exclusionary to Households with Income of 200-250% of FPL	Exclusionary to Households with Income of 150-200% of FPL	Exclusionary to Households with Income of 100-150% of FPL
		71.6%	73.9%	87.8%	93.7%
AV Calculation using HHS AV Calculator [2]					
Deductible(s) [3]					
Medical Benefit (if separate)					
Prescription Drug Benefit (if separate)					
		\$ 2,250	\$ 2,000	\$ 500	\$ 0
		\$ 6,250	\$ 5,200	\$ 2,250	\$ 2,250
Out-of-Pocket Maximum [4]					
Medical Benefits					
Office Visits					
		\$ -	\$ -	\$ -	\$ -
	Preventive Care/Screening/Immunization				
	Primary Care Visit to Treat an Injury or Illness	30	20	15	10
	Specialist Visit	45	45	30	20
	Mental Health Visits	30	20	15	10
	Rehabilitative Services (inc. PT, OT, ST) [5]	30	20	15	10
	Laboratory Services [6]	30	20	15	10
	X-Rays	45	45	30	20
	High-Tech Imaging (CT/PET Scans, MRIs)	75	75	50	50
	Emergency Room Services	150	150	100	75
	Inpatient Admission	500	500	250	250
	Apply Inpatient Copay Per Day	yes - max. 4	yes - max. 4	yes - max. 4	yes - max. 2
	Outpatient Surgery	500	500	250	250
	Skilled Nursing Facility	500	500	250	250
	Apply SNF Copayment per Day	yes	yes	yes	no
Prescription Drug Benefit					
	Tier 1 (i.e. Generics)	\$ 10	\$ 10	\$ 5	\$ 5
	Tier 2 (i.e. Preferred Brand Drugs)	25	25	15	15
	Tier 3 (i.e. Non-Preferred Brand Drugs)	40	40	30	30
	Specialty Tier (i.e. Specialty High-Cost Drugs)	50%	50%	40	40

Appendix A Continued.

NOTES:

1. Silver Alternatives are only available through the Exchange and are only available to individuals eligible for cost sharing reductions (with household incomes between 100 and 250% of FPL). These benefits will be priced as Silver, but have lower cost sharings and should not be viewed as a viable market option. The federal government will be reimbursing the carriers for reduction in out-of-pocket costs. CCIO has defined specific rules in how to construct these alternatives in relationship to base Silver plan.
2. Cost Sharing parameters and actuarial value of plans calculated using AV Calculator and continuance tables developed by CCIO. Methodology and Excel file for developing plan designs available at: <http://ccio.cms.gov/resources/regulations/index.html#pm>
3. Plan cost sharing parameters were constructed to adhere to ACA requirements for actuarial value ("AV") tiers, maximum deductible and out-of-pocket (excepting Bronze and Silver plan design that exceed \$2,000 deductible defined in Proposed Regulation) and Connecticut requirements on maximum copayments for certain services and prohibition against co-insurance on HMO products. The cost sharing parameters were defined by Exchange staff in consultation with actuarial consultants, survey of current plans, and stakeholder feedback. It should be noted that, per AV Calculator instructions, for services subject to copayment, the enrollee pays both the copay and the remainder of the cost, with only the latter going towards the deductible.
4. Maximum out-of-pocket is defined by the ACA. The amounts indicated for the Gold and Platinum plans are less than maximum allows. For a household, it is twice the individual maximum.
5. The AV Calculator does not accurately reflect the actuarial impact of imposing a copayment on rehabilitative OT and PT services. The impact of the associated copayments listed will cause the computed AV to lower by at least 1 percentage point for a copayment of \$30 per visit.
6. Per Connecticut requirements, neither outpatient laboratory services nor x-rays that are performed as part of an office visit can be charged a separate copayment. However, a separate copay could be charged if the enrollee is required to go to a diagnostic imaging center. As such, the assumption for defining the standard plan designs and calculating their actuarial value is that the laboratory services have no copayment. A copayment is assumed for the x-rays and diagnostic imaging.

FEEDBACK WELCOME:

The Exchange wishes to define a standard plan for each metal tier that will meet the AV requirement, offer an attractive cost sharing arrangement for the market, while not needlessly adding to costs as a result of plan design.

Please send comments to Grant Porter at grant.porter@ct.gov.

Appendix B. Standard Plan Design for Qualified Health Plans, Summary of Metal Tiers (DRAFT)

Recommendation: Copayment Design				
	Bronze - 60 AV	Silver - 70 AV	Gold - 80 AV	Platinum - 90 AV
AV Calculation using HHS AV Calculator	62.7%	71.6%	81.9%	90.2%
Deductible(s)				
Medical Benefit (if separate)				
Prescription Drug Benefit (if separate)				
Integrated (if applicable)				
Out-of-Pocket Maximum	\$ 4,000 \$ 2,250 \$ 500	\$ 6,250 \$ 5,000	\$ 5,000	\$ 5,000
Medical Benefits	Subject to Deductible	Subject to Deductible	Subject to Deductible	Subject to Deductible
Office Visits				
Preventive Care/Screening/Immunization	\$ - \$ - \$ -			
Primary Care Visit to Treat an Injury or Illness	30	30	20	15
Specialist Visit	45 ✓	45	45	30
Mental Health Visits	30	30	20	15
Rehabilitative Services (inc. PT, OT, ST)	30 ✓	30	20	15
Laboratory Services	30 ✓	30	20	15
X-Rays	45 ✓	45	45	30
High-Tech Imaging (CT/PET Scans, MRIs)	75 ✓	75	75	50
Emergency Room Services	150 ✓	150	150	100
Inpatient Admission	500 ✓	500	500	250
Apply Inpatient Copay Per Day	yes - max 4	yes - max 4	yes - max 4	yes - max 4
Outpatient Surgery	500 ✓	500	500	250
Skilled Nursing Facility	500 ✓	500	500	250
Apply SNF Copayment per Day	yes	yes	yes	yes
Prescription Drug Benefit	Subject to Rx Deductible	Subject to Rx Deductible	Subject to Rx Deductible	Subject to Rx Deductible
Tier 1 (i.e. Generics)	\$ 10	\$ 10	\$ 10	\$ 10
Tier 2 (i.e. Preferred Brand Drugs)	25 ✓	25	25	15
Tier 3 (i.e. Non-Preferred Brand Drugs)	40 ✓	40	40	40
Specialty Tier (i.e. Specialty High-Cost Drugs)	50% ✓	50% ✓	50% ✓	50% ✓

Appendix D. Standard Plan Design for Qualified Health Plans, Health Saving Account ("HSA") Eligible High Deductible Health Plan ("HDHP") Options (DRAFT)

	HSA-Eligible HDHP - Bronze		HSA-Eligible HDHP - Silver	
	OPTION Bronze.A:	OPTION Bronze.B:	OPTION Silver.A:	Option Silver.B:
	\$3,000 deductible with copayments. 15/25/40 Rx copays after deductible (with 50% coinsurance on injectables and high cost specialty drugs)	\$3,000 deductible with 60% coinsurance--except copayments on office visits. 10/25/40 Rx copays after deductible (with 50% coinsurance on injectables and high cost specialty drugs)	\$1,500 deductible with copayments. 10/25/40 Rx copays after deductible (with 50% coinsurance on injectables and high cost specialty drugs)	\$1,500 deductible with 70% coinsurance--except copayments on office visits. 10/25/40 Rx copays after deductible (with 50% coinsurance on injectables and high cost specialty drugs)
AV Calculation using HHS AV Calculator	60.6%	62.3%	69.4%	70.3%
Deductible(s)				
Medical Benefit (if separate)				
Prescription Drug Benefit (if separate)				
Integrated (if applicable)	\$ 3,000	3,500	\$ 1,500	\$ 1,500
Out-of-Pocket Maximum	\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250
Medical Benefits	<i>Subject to Deductible</i>	<i>Subject to Deductible</i>	<i>Subject to Deductible</i>	<i>Subject to Deductible</i>
Office Visits				
Preventive Care/Screening/Immunization	\$ -	\$ -	\$ -	\$ -
Primary Care Visit to Treat an Injury or Illness	30 ✓	30 ✓	20 ✓	20 ✓
Specialist Visit	45 ✓	60% ✓	45 ✓	70% ✓
Mental Health Visits	30 ✓	30 ✓	20 ✓	20 ✓
Rehabilitative Services (inc. PT, OT, ST)	30 ✓	60% ✓	30 ✓	70% ✓
Laboratory Services	30 ✓	60% ✓	30 ✓	70% ✓
X-Rays	45 ✓	60% ✓	45 ✓	70% ✓
High-Tech Imaging (CT/PET Scans, MRIs)	75 ✓	60% ✓	75 ✓	70% ✓
Emergency Room Services	150 ✓	60% ✓	150 ✓	70% ✓
Inpatient Admission	500 ✓	60% ✓	500 ✓	70% ✓
Apply Inpatient Copay Per Day	yes - max 4	n/a	yes	n/a
Outpatient Surgery	500 ✓	60% ✓	500 ✓	70% ✓
Skilled Nursing Facility	500 ✓	60% ✓	500 ✓	70% ✓
Apply SNF Copayment per Day	yes	n/a	yes	n/a
Prescription Drug Benefit	<i>Subject to Rx Deductible</i>	<i>Subject to Deductible</i>	<i>Subject to Deductible</i>	<i>Subject to Deductible</i>
Tier 1 (i.e. Generics)	\$ 10 ✓	\$ 10 ✓	\$ 10 ✓	\$ 10 ✓
Tier 2 (i.e. Preferred Brand Drugs)	25 ✓	25 ✓	25 ✓	25 ✓
Tier 3 (i.e. Non-Preferred Brand Drugs)	40 ✓	40 ✓	40 ✓	40 ✓
Specialty Tier (i.e. Speciality High-Cost Drugs)	50% ✓	50% ✓	50% ✓	50% ✓

Appendix E. Standard Plan Design for Qualified Health Plans, Other Silver Level Plan Options (DRAFT)

BENCHMARK: Silver - 70 AV	
\$2,250 integrated deductible on IP/OP Hospital, high-tech imaging and non-preferred drugs, copayments otherwise. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)	71.6%
AV Calculation using HHS AV Calculator	
Deductible(s)	
Medical Benefit (if separate)	
Prescription Drug Benefit (if separate)	
Integrated (if applicable)	\$ 2,250
Out-of-Pocket Maximum	\$ 6,250
Medical Benefits	Subject to Deductible
Office Visits	
Preventive Care/Screening/Immunization	\$ -
Primary Care Visit to Treat an Injury/Illness	30
Specialist Visit	45
Mental Health Visits	30
Rehabilitative Services (inc. PT, OT, ST)	30
Laboratory Services	30
X-Rays and Diagnostic Imaging	45
High-Tech Imaging (e.g. CT/PET Scans, MRIs)	75 ✓
Emergency Room Services	150
Inpatient Admission	500 ✓
Apply Inpatient Copay Per Day	yes
Outpatient Surgery	500 ✓
Skilled Nursing Facility	500 ✓
Apply SNF Copayment per Day	yes
Prescription Drug Benefit	Subject to Deductible
Tier 1 (i.e. Generics)	\$ 10
Tier 2 (i.e. Preferred Brand Drugs)	25
Tier 3 (i.e. Non-Preferred Brand Drugs)	40 ✓
Specialty Tier (i.e. Specialty High-Cost Drugs)	50% ✓

Other Silver Designs			
Copayment Plan with \$2,500 Deductible on IP/OP: Silver - 70 AV	COINSURANCE Plan with \$2,500 Deductible, excluded office visits: Silver - 70 AV	PRIMARY CARE FOCUS COINSURANCE Plan with \$2,500 Deductible: Silver - 70 AV	Copayment Plan with Non-Integrated Deductibles: Silver - 70 AV
\$2,500 integrated deductible on IP/OP Hospital, high-tech imaging and non-preferred drugs, copayments otherwise. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)	\$2,500 integrated deductible with 70% coinsurance, excluding office visits. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)	\$2,500 integrated deductible, except on primary care and mental health visits and non-generic and preferred brand drugs. \$20 copay on primary care and mental health, 70% coinsurance otherwise. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)	Not valid plan design with current state regulations. \$2,250 medical deductible on IP/OP Hospital and high-tech imaging, copayments otherwise. Separate \$250 Rx Deductible, generic drugs excluded. 10/25/40 Rx copays (with 50% coinsurance on injectables and high cost specialty drugs)
70.9%	72.3%	71.5%	71.3%
\$ 2,500	\$ 2,000	\$ 2,500	\$ 2,250
\$ 6,250	\$ 6,250	\$ 6,250	\$ 6,250
Subject to Deductible	Subject to Deductible	Subject to Deductible	Subject to Deductible
\$ -	\$ -	\$ -	\$ -
30	30	20	30
45	70%	70% ✓	45
30	30	20	30
30	70%	70% ✓	30
30	70%	70% ✓	30
45	70%	70% ✓	45
75 ✓	70%	70% ✓	75 ✓
150	70%	70% ✓	150
500 ✓	70%	70% ✓	500 ✓
yes	n/a	n/a	yes
500 ✓	70%	70% ✓	500 ✓
500 ✓	70%	70% ✓	500 ✓
yes	n/a	n/a	yes
Subject to Deductible	Subject to Deductible	Subject to Deductible	Subject to Deductible
10	10	10	10
25	25	25	25
40 ✓	40	40	40
50% ✓	50%	50%	50%

Appendix F. Standard Plan Design for Stand-Alone Dental, Coinsurance Plan Design (DRAFT)

	"High Plan"	"Low Plan"
Estimated AV	84%	75%
Approximate Metal Tier	Gold+	Silver+
Deductible	\$50 (does not apply to D&P)	\$50 (does not apply to D&P)
Out-of-Pocket Maximum	\$500	\$500
Annual Maximum	none	none
Dental Benefits		
Diagnostic and preventive		
Dental Exams (2 per year)	100%	100%
X-Rays (bitewing radiographs once every 2 years, periapicals as indicated, panorex as indicated once every 3 years)	100%	100%
Cleanings (2 per year)	100%	100%
Flouride (2 per year)	100%	100%
Sealants	100%	100%
Basic Restorative (i.e. Fillings)	80%	60%
Major Services		
Surgical Extractions [1]	60%	50%
Crowns and Cast Restorations	60%	50%
Prosthodontics (i.e. Dentures)	60%	50%
Endodontics (i.e. Root Canals)	60%	50%
Periodontics	60%	50%
Implants	60%	50%
Orthodontics (medically necessary)	50%	50%

<i>Estimated Impact of Out of Pocket Maximums on Rates Base on a PPO-network Plan</i>	
\$500 Out of Pocket Limit	10.0%
\$1,000 Out of Pocket Limit	5.0%
\$2,000 Out of Pocket Limit	2.5%

Actuarial value estimates are based on pediatric claims experience. Orthodontics includes medically-necessary ortho only.

Notes:

1. What impact on AV and premiums for seperating out **simple extractions** (i.e. wisdom teeth done with local anesthesia) under basic restorative coinsurance?