Health Reform Update

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Health Reform Topics for Today

- Quick Updates
- Medicaid Waiver negotiations
- Exchange insurance plan design

Quick Updates

- Exchange and integrated eligibility IT update
- CMS Exchange "design review" in October
- Defining mental health & substance abuse codes as "primary" or "specialty" care
- Exchange public information forums
  - 2 finished (Middlebury; St. Jay)
  - 2 to come:
    - Rutland 9/24 6-8pm Library (Court St)
    - Bennington 10/10 6-8pm Library (Silver St)

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Medicaid changes in 2014

- Medicaid income eligibility – 133% FPL
- Eligibility process modifications
  - New federal requirements, including MAGI income calculation (waiting fed guidance)
  - Transition from current system to new requirements
- Global Commitment Section 1115 waiver
  - Expires Dec 31, 2013
  - Preserve access to demonstration populations
  - Integrate eligibility with the Exchange
  - Unify Choices for Care and CHIP payment provisions with GC

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Waiver Pre-Work

- Transition plan from today's eligibility to "new world"
  - Private insurance plans and public coverage
    - Figuring out who may transition to what program in 2014 and when in 2014
    - Balance difficulty of transition with federal requirements which have a date certain
    - Requires CMS approval
  - Migration analysis in progress
    - Focused on private side
    - Waiting on data from Cigna to finish & release

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Status & Process for Waiver Renewal

- MSTET Team with CMS
  - Multi-department team (ours & theirs)
  - In Person meeting
    - Reviewed Vermont background & current programs
    - Reviewed basic concepts in waiver renewal
      - Preserve access to demonstration populations
      - Integrate eligibility with the Exchange
      - Unify Choices for Care and CHIP payment provisions with GC
    - Reviewed new policy proposals: Vermont affordability standard with premium & cost-sharing assistance
    - Posed questions to them
  - Follow up meetings by phone (monthly)
- File waiver renewal document later this year/early next year

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Health Reform in Vermont

Recap from August: Essential Health Benefits

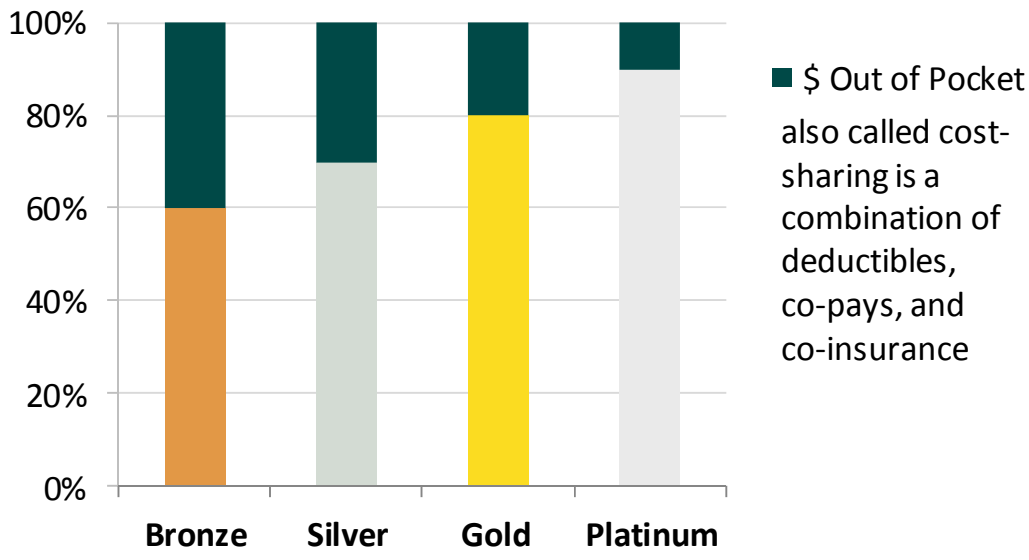
- ACA requirements, some state flexibility
- Key considerations in picking benchmark plans for benefits package: market disruption, cost vs comprehensiveness, starting point
- Recommendations made:
  - Benchmark benefits package: BCBSVT
  - Pediatric Dental benefits package: SCHIP
  - Habilitative Services: Plans should offer habilitative services at parity with rehabilitative services
  - Pediatric Vision benefits package: FEDVIP

Federal Definitions for Plan Design

All Qualified Health Plans (QHPs) must cover "**essential health benefits**". The total cost of providing these benefits will be split between insurance coverage and what people pay out of pocket for services.

QHPs are grouped into four sets of actuarial value (AV) or "metal level" which is the amount covered by insurance:

- **Bronze – 60%**
- **Silver – 70%**
- **Gold – 80%**
- **Platinum – 90%**



Factors Driving Plan Designs

- Additional federal regulations
  - Out of pocket maximum limits of $6250 (estimated 2014)
  - Small group plan designs must have deductible no greater than $2000, although HSA and HRA contributions can be considered
- Vermont prescription drug law
  - Limits out of pocket expenditures for Rx to $1250 (2014)
- Current market parameters
  - Existing copay only plans are at gold or platinum-equivalent levels

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Principles for Decision Making

- 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

Stakeholder Input

- Workgroup with a variety perspectives met over last few months
  - Included consumer and patient advocates, brokers, representatives from insurance companies, providers, and other interested parties
  - Weighed in on number of plans to offer on the Exchange and the cost-sharing structures they prefer
  - Examples of input: priority to low copays for PCP office visits and generic drugs, certain services before deductible, include coinsurance to encourage consumer cost awareness, align cost-sharing within tiers and by services, offer fewer and distinct plans, allow insurance companies flexibility

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Plan Design Recommendation 1: Approach

- Exchange as "active purchaser"
  - Required by Vermont law 18 V.S.A 1803(b)(1)(A)
  - Solicit insurers to propose plans to be offered on the Exchange
  - Provide guidelines that these plans must meet to ensure consistency with Vermont's health care reform goals
  - Exchange applies guidelines to the plans proposed & selects plans, number approved by the GMCB

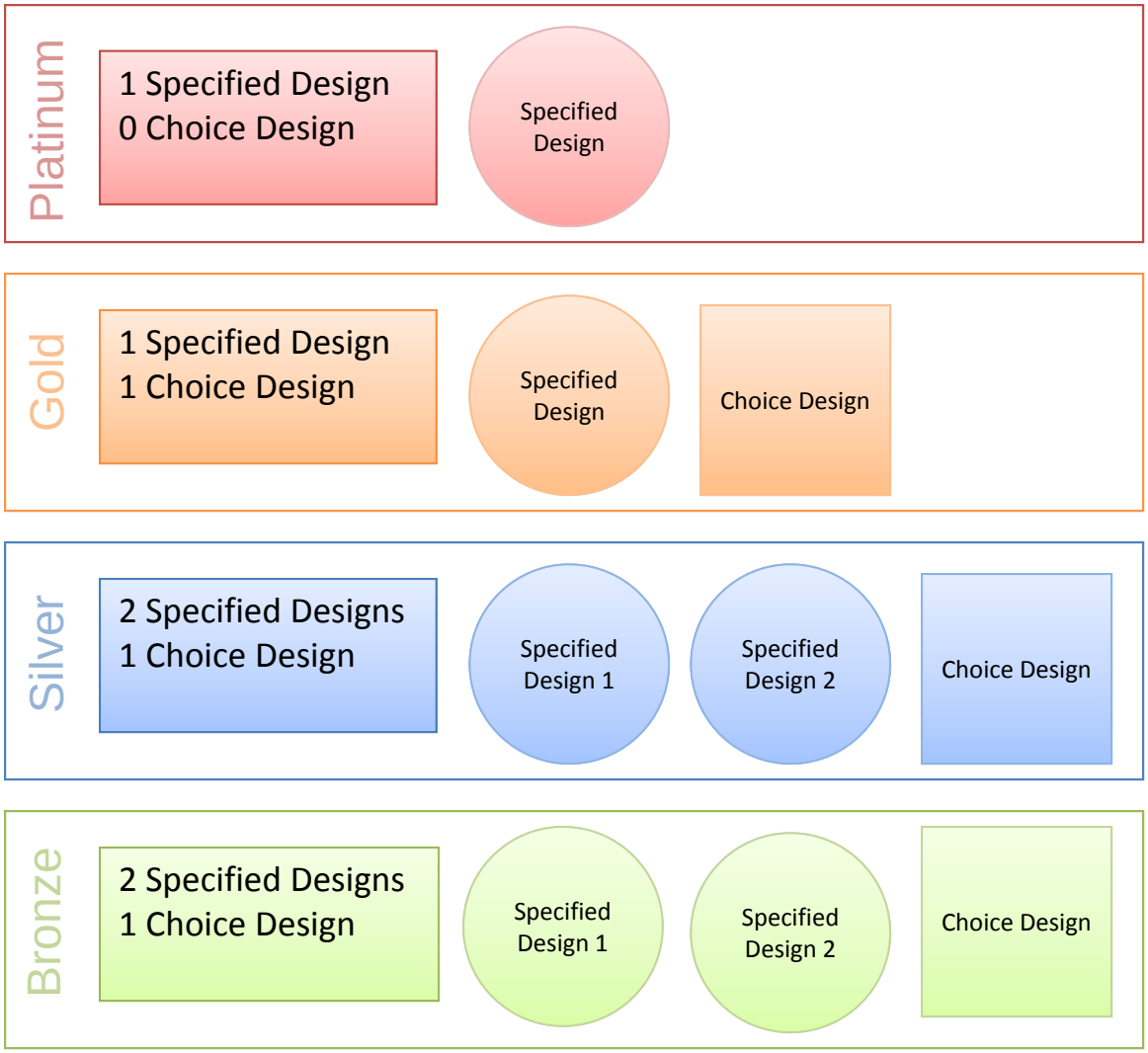
Approach Recommendations

- A **hybrid approach** of state-specified plan designs and some "choice" plans designed by insurance carriers within set parameters

- **4 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" Plan Designs, to be discussed at 9/6 meeting

Proposed Specified Plan Design Options



Total

6 Specified Designs
3 Choice Designs (to be discussed 9/6)

Key:
Circle = State-Specified Design

Square = Insurer Choice Design

Approach Recommendation Rationale

- **Finding balance with a reasonable range of options**
  - **Consumer research and stakeholder input suggest offering fewer plans**
    - Specificity removes small variations, making plan differences more apparent and easier to compare, giving consumers meaningful choice
    - At platinum and gold levels, little meaningful variation in cost-sharing → one specified design is sufficient. However 2-3 specified designs for the silver and bronze levels is necessary for meaningful choice
  - Administrative simplicity with fewer plans
  - **Including flexibility in plan options has benefits as well**
    - Reduces the small-group market disruption of jumping entirely to state- specified designs
    - Uses insurers' experience in designing plan cost sharing structures, networks and wellness programs
    - Flexibility allows for targeted innovation

Recommendation 2: Specified Plan Designs

Specified Platinum Plan

Deductible/OOP Max-	Plan Design: Deductible
Medical Ded	$250
Rx Ded	$0
Integrated Ded	No
Medical OOPM	$1,250
Rx OOPM	$1,250
Integrated OOPM	No
Family Deductible / OOP	Stacked, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER
Service Category	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	10%
ER	$100
Preventive	$0
PCP Office Visit	$10
Specialist Office Visit	$20
Urgent Care	$40
Ambulance	$50
Rx Generic	$5
Rx Preferred Brand	$40
Rx Non-Preferred Brand	50%

Why this plan?

- Moderate deductible
- Comparatively small OOP maximum
- Creates a range of different choices across metal levels
- Similar to most popular state employee plan - familiarity
- Priority for affordable cost-sharing for primary care services and generic drugs
- Portability for individuals – one specified plan design for individuals and small groups

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Specified Gold Plan

Deductible/OOP Max	Plan Design: Deductible
Medical Ded	$750
Rx Ded	$50
Integrated Ded	No
Medical OOPM	$4,250
Rx OOPM	$1,250
Integrated OOPM	No
Family Deductible / OOP	Stacked, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER
Drug Deductible waived for:	Generic scripts
Service Category	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	20%
ER	$150
Preventive	$0
PCP Office Visit	$15
Specialist Office Visit [4]	$25
Urgent Care	$45
Ambulance	$50
Rx Generic	$5
Rx Preferred Brand	$40
Rx Non-Preferred Brand	50%

Why this plan?

- Mid-range deductible – creates a range of options along metal levels
- Close to Catamount Health design – familiarity (though CH is higher metal)
- Priority for affordable cost-sharing for primary care & generic drugs
- Portability for individuals – one specified plan design for individuals and small groups

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Specified Silver Plans

Deductible/OOP Max	Plan Design 1: Deductible	Plan Design 2: HDHP
Medical Ded	$1,900	$1,750
Rx Ded	$100	$1,250
Integrated Ded	No	Yes
Medical OOPM	$5,000	$6,250
Rx OOPM	$1,250	$1,250
Integrated OOPM	No	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Aggregate, 2x Individual
Medical Deductible waived for:	Prev, OV, UC, Amb, ER	Preventive
Drug Deductible waived for:	Generic scripts	Wellness scripts
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient/Outpatient	40%	20%
ER	$250	20%
Radiology (MRI, CT, PET)	40%	20%
Preventive	$0	0%
PCP Office Visit	$20	20%
Specialist Office Visit	$30	20%
Urgent Care	$50	$20
Ambulance	$100	20%
Rx Generic	$10	$10
Rx Preferred Brand	$50	$50
Rx Non-Preferred Brand	50%	50%

Why these 2 plans?

- Priority for affordable cost-sharing for primary care & generic drugs
- Portability for individuals – important at silver for federal premium tax credits & cost-sharing subsidies
- Variation in cost-sharing design between two plans (mostly co-pays versus mostly coinsurance)
- HDHP plan design qualifies for health savings accounts & health reimbursement accounts

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Specified Bronze Plans

Deductible/OOP Max	Plan Design 1: Deductible	Plan Design 3: HDHP
Medical Ded	$1,900	$2,000
Rx Ded	$100	$1,250
Integrated Ded	No	Yes
Medical OOPM	$6,250	$6,250
Rx OOPM	$1,250	$1,250
Integrated OOPM	Rx -No, Medical - Yes	Rx -No, Medical - Yes
Family Deductible / OOP	Stacked, 2x Individual	Aggregate, 2x Individual
Medical Deductible waived for:	Preventive	Preventive
Drug Deductible waived for:	Applies to all scripts	Wellness scripts
Service Category	**Copay / Coinsurance**	**Copay / Coinsurance**
Inpatient/Outpatient/Radiology	50%	50%
ER [3]	$350	50%
Preventive	$0	0%
PCP Office Visit	$35	50%
Specialist Office Visit	$80	50%
Urgent Care/Ambulance	$100	50%
Rx Generic	$12	$12
Rx Preferred Brand	40%	40%
Rx Non-Preferred Brand	60%	60%

Why these 2 plans?

- Specified proposed bronze plans approached the limit of actuarial value level
- Expanding the list of MH/SA treatment codes had modest impact on increasing benefits in the plans
- Prudent to make cost-sharing adjustments for purpose of keeping plans within upper limits of bronze plan actuarial values
- Further similar modest revisions may be necessary after HHS releases its actuarial value calculator

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Requested Information: OOP Cost Examples

Scenario 1:

27 year old female on single insurance. Pregnant.

ER visit/delivery/surgery due to Ectopic pregnancy.

Out-Of-Pocket Cost Scenarios									
				Deductible plans				HDHP Plans	
				OOP Expenses to Patient				OOP Expenses to Patient	
Services Used	**# Units**	**Avg Cost**	**Allowed costs**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Silver-HD**	**Bronze-HD**
OB/GYN exams X 8	8	$81	$650	$80	$120	$160	$650	$650	$650
Ambulance	1	$900	$900	$50	$50	$100	$900	$780	$900
Rx drugs (3x pref. brand)	3	$117	$350	$120	$170	$217	$200	$350	$350
ER services	1	$4,345	$4,345	$0	$0	$0	$0	$869	$2,223
Surgery (co-ins. + ded.)	1	$14,000	$14,000	$1,625	$3,400	$6,740	$7,950	$2,800	$7,000
Actual OOP Paid by Patient				$1,370	$4,420	$5,217	$6,250	$6,250	$6,250

*A correction is reflected on the ER services row.

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Requested Information: OOP Cost Examples

Scenario 2:

Family of four. One child with diabetes.

Dad with cholesterol and high blood pressure meds.

Mother to receive colonoscopy. Other child breaks arm in ski accident.

Out-Of-Pocket Cost Scenarios									
				Deductible plans				HDHP Plans	
				OOP Expenses to Family				OOP Expenses to Family	
Services Used	**# Units**	**Avg Cost**	**Allowed costs**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Silver-HD**	**Bronze-HD**
Total PCP visits (8)	8	$100	$800	$80	$120	$160	$800	$800	$800
Diabetes meds (generic)	12	$144	$1,725	$60	$60	$120	$244	$120	$144
Cholesterol, BP generic meds	12	$79	$950	$120	$120	$240	$288	$240	$288
ER services	1	$1,100	$1,100	$100	$150	$250	$1,100	$1,100	$1,100
Colonoscopy (preventive)	1	$4,300	$4,300	$0	$0	$0	$0	$0	$0
Actual OOP Paid by Patient				$360	$450	$770	$2,432	$2,260	$2,332

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Requested Information: OOP Cost Examples

Scenario 3:

35 year old male, bipolar, stable on lithium meds.

PCP every 6 months for check-up and labs.

Psychiatrist visits 12 times per year, Counselor 6 times.

Out-Of-Pocket Cost Scenarios									
				Deductible plans				HDHP Plans	
				OOP Expenses to Patient				OOP Expenses to Patient	
Services Used	**# Units**	**Avg Cost**	**Allowed costs**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Silver**	**Bronze**
PCP visit - 2 per yr.	2	$85	$170	$20	$30	$40	$120	$102	$128
Rx maint. drugs (generic)	12	$40	$480	$60	$60	$120	$220	$150	$172
lab tests	1	$750	$750	$300	$750	$750	$750	$750	$750
Psychiatrist visits - 18	18	$200	$3,600	$180	$270	$360	$1,520	$1,404	$2,351
Actual OOP Paid by Patient				$560	$1,110	$1,270	$2,610	$2,406	$3,400

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Requested Information: OOP Cost Examples

Scenario 4:

58 year old male with COPD, vascular disease and back pain.

PCP every 6 mos. Hospitalized twice for pneumonia.

Requires home oxygen and chronic steroid therapy.

Out-Of-Pocket Cost Scenarios									
				Deductible plans				HDHP Plans	
				OOP Expenses to Patient				OOP Expenses to Patient	
Services Used	**# Units**	**Avg Cost**	**Allowed costs**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Silver**	**Bronze**
PCP twice per year	2	$90	$180	$20	$30	$40	$70	$36	$90
Hospitalized - twice	2	$6,000	$12,000	$1,425	$3,000	$5,940	$6,950	$3,752	$6,970
Rx drugs -- 12X generic	12	$20	$240	$60	$60	$120	$152	$120	$144
Rx drugs - 12X pref. brand	12	$60	$720	$480	$500	$620	$324	$610	$324
Home Oxygen and equipment	1	$2,800	$2,800	$280	$560	$1,120	$1,400	$560	$1,400
Actual OOP Paid by Patient				$1,790	$4,150	$5,740	$6,250	$5,078	$6,250

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Requested Information: OOP Cost Examples

Scenario 5:

30 year old previously healthy female newly diagnosed with MS.

Serious impairment requires motorized chair, in-home hospital bed, etc.

Out-Of-Pocket Cost Scenarios									
				Deductible plans				HDHP Plans	
				OOP Expenses to Patient				**OOP Expenses to Patient**	
Services Used	**# Units**	**Avg Cost**	**Allowed costs**	**Platinum**	**Gold**	**Silver**	**Bronze**	**Silver**	**Bronze**
PCP 6 visits/yr.	6	$80	$480	$60	$90	$120	$300	$160	$280
Neurologist 3 visits/yr.	3	$300	$900	$60	$75	$90	$460	$420	$600
Rehab 24 visits per yr.	24	$50	$1,200	$480	$600	$720	$1,200	$360	$675
Durable medical equip.	1	$5,000	$5,000	$725	$1,600	$3,140	$3,020	$1,000	$2,500
Specialty Drugs - 12X/yr.	12	$1,000	$12,000	$6,000	$6,025	$6,050	$7,240	$6,410	$7,528
Actual OOP Paid by Patient				$2,500	$3,615	$5,320	$6,230	$3,190	$5,305

Adult Dental Options

- The Board requested cost estimates for offering adult dental services
- We analyzed four different options (see appendix)
- The options estimated cost ranges in **millions**
  - Two exams / cleaning per year: **$17 - $21m**
  - Preventive services: **$25 - $32m**
  - Preventive and restorative services: **$40 - $63m**
  - Preventive, restorative and major services: **$47 - $87m**
- Any additional adult dental cost borne solely by state
- It is uncertain whether any cost-sharing could be applied to the service costs

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Recommendation 3: Choice Plans

- Choice plans are designed by the insurers. GMCB approves criteria for choice plan benefit design for DVHA to implement as an active purchaser.
- Process:
  - State would release RFR
  - Insurers would submit qualified "choice" plan designs
  - DFR would review submissions and certify plans
  - DVHA would select plans to offer on the Exchange from certified plans based on specific criteria

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Choice Plan Criteria

- Meaningfully different from standard plans
  - Distinct design structure within same AV level, e.g., difference of $500 in deductible, or an AV that varies by at least 10% for three major service categories
  - Ensures additional plan designs offered will increase the diversity of options for groups/members
  - Both quantitative and non-quantitative differences
- Fosters significant innovations in:
  - Wellness promotion - demonstrated experience and success
  - Promoting individual engagement in prevention
- No additional HDHPs

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Recommendation 4: Minor modifications

- DVHA may make minor modifications to approved plan designs under the following conditions:
  - As needed to meet forthcoming federal guidance
  - Modifications restricted to the following:
    - Co-pay changes of *less than or equal to* $15
    - Co-insurance changes of *less than or equal to* 5 percentage points
    - Deductible changes of *less than or equal to* $200

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Adult Dental Cost Estimates

- The Board requested cost estimates for offering adult dental services
- We analyzed four different options
- The options estimated cost ranges in **millions**
  - Two exams / cleaning per year: **$17 - $21m**
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- Any additional adult dental cost borne solely by state
- It is uncertain whether any cost-sharing could be applied to the service costs

Appendix: Adult Dental Options

		2 Exams/ Cleanings per year	Preventive Services	Preventive and Restorative Services	Preventive, Restorative, and Major Services
Preventive Services					
	Clinical oral examinations	C limit 2 / yr	C limit 2 / yr	C limit 2 / yr	C limit 2 / yr
	Radiographs	NC	C limit 1 / year for bitewings limit 1 / 5 years for panoramic	C limit 1 / year for bitewings limit 1 / 5 years for panoramic	C limit 1 / year for bitewings limit 1 / 5 years for panoramic
	Dental prophylaxis	C limit 2 / yr	C limit 2 / yr	C limit 2 / yr	C limit 2 / yr
	Fluoride treatments	NC	NC	NC	NC
Restorative Services					
	Amalgam, silicate, acrylic or plastic restorations	NC	NC	C	C
	Endodontics - pulp capping, pulpotomy and root canal therapy	NC	NC	C	C
	Periodontics	NC	NC	C limit 1 / 2 yrs	C limit 1 / 2 yrs
	Maintenance prosthodontics	NC	NC	C	C
	Simple extractions	NC	NC	C	C
	Oral Surgery	NC	NC	C	C
	General/Local anesthesia	NC	NC	C	C
Major Services					
	Inlays / Onlays	NC	NC	NC	C
	Crowns - Full and temporary	NC	NC	NC	C limit 1 / 5 years excludes use of High Noble Metal
	Installation of prosthodontics - complete or partial dentures, pontics and abutment	NC	NC	NC	C limit 1 / 5 years
Orthodontics					
	Medically necessary	NC	NC	NC	NC

Appendix: Adult Dental Options, cont.

Cost-Sharing:

	Member Cost Sharing (Preventive / Restorative / Major)		
Benefits Covered	**Option 1**	**Option 2**	**Option 3**
Two exams / cleaning per year	0% / na / na		
Preventive Services (exams, cleanings and x-rays)	0% / na / na		
Preventive and Restorative Services (filling and extractions)	0% / 0% / na	0% / 20% / na	0% / 40% / na
Preventive, Restorative and Major Services (crowns and dentures)	0% / 0% / 0%	0% / 20% / 50%	0% / 40% / 60%

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Appendix: Adult Dental Options, cont.

- Cost: Costs based on an estimated 118,000 Exchange enrollees in 2014

	Premium		
Benefits Covered	**Cost-Sharing Option 1**	**Cost-Sharing Option 2**	**Cost-Sharing Option 3**
Two exams / cleaning per year	$16,638,000 – $21,240,000		
Preventive Services (exams, cleanings and x-rays)	$25,134,000 – $31,506,000		
Preventive and Restorative Services (filling and extractions)	$49,914,000 – $63,012,000	$44,958,000 - $56,640,000	$40,020,000 - $50,268,000
Preventive, Restorative and Major Services (crowns and dentures)	$69,030,000 – $87,438,000	$54,516,000 – $68,676,000	$47,436,000 - $60,180,000

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For additional information:

- Powerpoint Decks from GMCB meetings:
  - http://dvha.vermont.gov/advisory-boards/gmcb-ehb-recommendation-080912.pdf
  - http://dvha.vermont.gov/administration/gmcb-plan-design-8.pdf
  - http://dvha.vermont.gov/administration/gmcb-plan-design-recomm-9-6-12-corrected-9-10-12.pdf