

Green Mountain Care Board

Department of Vermont Health Access (DVHA) Presentation of Proposed 2024 Standard Qualified Health Plan (QHP) Designs

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Outline

- Refresh on 2024 Federal AVC
- What do typical AVC changes look like?
- Review of deductible by plan

2024 Draft Notice of Benefit and Payment Parameters

Key Changes from 2023 Related to Benefits and Plan Designs, Cont'd

The 2024 Federal Actuarial Value Calculator (AVC) is in draft format. Any changes in the final version could impact the actuarial values and the resulting plan designs

Underlying Data Updated

- 2023 and 2024 Calculators both based on 2018 individual and small group data
- Trended from 2018-2024
- 2023-2024 trend similar to prior years at 5.4% Medical, 8.2% Pharmacy

Changes to AVC Logic

- Copays no longer accrue towards the deductible
 - **Drove actuarial values down – reducing the magnitude of changes required to plans to be in compliance**
- Adjustment to calculation for plans likely to meet their MOOP before the deductible (this is rare)

2024 Estimated Actuarial Value (AV)

Impact on the Actuarial Value of VT Standard Plan Designs

Changes are required for both the Bronze Deductible (without drug limit) and the Silver HDHP plan

- Even if changes are not required, changes may still be desired to avoid the AV increase being passed on as a premium increases
- Changes are also required for the Silver CSR plan designs

The acceptable AV ranges below reflect the proposed changes in the 2024 draft NBPP and have been adjusted for the following design features unsupported by the Federal AVC and for which a specific adjustment is not made

- Waiving the deductible for preventive prescription drugs: 0.5% “cushion” on HDHPs
- Limiting Out-of-Pocket Expenses for Insulin: 0.1% “cushion” on Bronze plans
- 3 free MHSA Visits on Non-HDHP Plans (except Bronze w/o drug limit – 1.001 multiplicative factor)

2024 Draft Actuarial Value Calculator (AVC)

Impact on the Actuarial Value of VT Standard Plan Designs

	Plan	2023 Federal AVC, Adjusted if Necessary	2024 DRAFT Federal AVC, Adjusted if Necessary	Acceptable Range	Out of Range
Deductible Plans	Platinum	90.1%	90.2%	88.0%-92.0%	NO
	Gold	81.9%	81.9%	78.0%-82.0%	NO
	Silver	71.7%	70.9%	70.0%-72.0%	NO
	Bronze (with drug limit)	63.0%	63.3%	58.0%-64.9%	NO
	Bronze (without drug limit)	64.2%	65.5%	58.0%-64.9%	YES
HDHPs	Silver - Embedded OOPM	71.3%	72.3%	70.0%-71.5%	YES
	Bronze - Embedded OOPM	62.9%	63.1%	58.0%-64.4%	NO

2024 QHP Proposal Changes Requiring GMCB Approval

Metal Level	Min Change	Max Change	Average Change	2024 Actual Change
Platinum	-0.3%	1.8%	0.7%	0.1%
Gold	0.8%	2.5%	1.3%	0.0%
Silver Ded	0.4%	2.8%	1.7%	-0.8%
Silver HDHP	0.6%	1.5%	1.0%	1.0%
Bronze w Rx Limit	-0.3%	2.3%	1.1%	0.3%
Bronze wo Rx Lim	-0.1%	1.9%	1.2%	1.3%
Bronze HDHP	-0.7%	2.7%	0.9%	0.2%

- This table shows the typical changes to plan AVC values when the AVC rolls forward.
- The last column is the 2024 actual changes

Deductible Summary

Plan	Medical Deductible waived for:	Drug Deductible waived for:
Platinum	Preventive, Office Visits, Urgent Care, Ambulance	N/A (\$0 RX deductible)
Gold	Preventive, Office Visits, Urgent Care, Ambulance	Generic scripts
Silver Deductible Plan	Preventive, Office Visits, Urgent Care, Ambulance	Generic scripts
Silver HDHP Plans: Embedded OOPM	Preventive	Wellness scripts
Bronze Deductible Plan w/ Rx Limit	Preventive	Generic Scripts
Bronze Deductible Plan w/o Rx Limit	Preventive, Office Visits	Generic Scripts
Bronze HDHP Plans: Embedded OOPM	Preventive	Wellness scripts

2024 QHPs Bronze Deductible Plan, with Rx Limit

Target <= 64.9%

Deductible/OOP Max	2023 Plan Design	Primary Option	Backup Option
Type of Plan	Deductible	Deductible	Deductible
Medical Ded	\$6,450	\$6,450	\$6,450
Rx Ded	\$1,100	\$1,100	\$1,100
Integrated Ded	No	No	No
Medical OOPM	\$9,100	\$9,450	\$9,450
Rx OOPM	\$1,400	\$1,500	\$1,500
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:	Generic Scripts	Generic Scripts	Generic Scripts
Service Category	Copay / Coinsurance	Copay / Coinsurance	Copay / Coinsurance
Inpatient	50%	50%	50%
Outpatient	50%	50%	50%
ER	50%	50%	50%
Radiology (MRI, CT, PET)	50%	50%	50%
Preventive	\$0	\$0	\$0
PCP Office Visit	\$35	\$35	\$35
MH/SA Office Visit	\$35	\$35	\$35
Specialist Office Visit	\$90	\$90	\$90
Physical Therapy/Chiropractic	\$45	\$45	\$45
Urgent Care	\$100	\$100	\$100
Ambulance	\$100	\$100	\$100
Rx Generic	\$15	\$15	\$20
Rx Preferred Brand	\$85	\$85	\$85
Rx Non-Preferred Brand	60%	60%	60%
Rx Specialty	60%	60%	60%
Actuarial Value			
2023 Federal AVC, Adjusted if Necessary	63.0%	N/A	N/A
2024 DRAFT Federal AVC, Adjusted if Necessary	63.3%	62.8%	62.0%
Difference from 2023 Federal AVC, Adjusted	0.3%	-0.2%	-1.0%
Estimated Premium Impact		1.1%	1.0%

QUESTIONS?

Disclosures and Limitations

Responsible Actuaries. Julie Peper and Brittney Phillips are the actuaries responsible for this communication. Julie is a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. Brittney is a Member of the American Academy of Actuaries and an Associate of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report.

Intended Users. This information has been prepared for the sole use of the State of Vermont and issuers within that state that will be submitting standard plan designs. Distribution to such parties should be made in its entirety. This report cannot be distributed to or relied on by any third party without the prior written permission of Wakely.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the model are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that actual experience will tie to the AV estimated for the placement of plan designs into tiers. The developed actuarial values are for the purposes of classifying plan designs of similar value and do not represent the expected actuarial value of a plan or pricing AV used to determine premium rates. Actual AVs will vary based on a plan's specific population, utilization, unit cost, and other variables.

Conflict of Interest. Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to the state of Vermont.

Data and Reliance. We have relied on others for data and information used in the actuarial value adjustments. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. Below is a list of data and assumptions provided by others and assumptions required by law.

- Draft 2024 Federal AVC Model was relied on for the original AV. While reasonability tests have shown there are some assumptions and methodologies that are not consistent with expectations, the AVC was developed for plan classification and not pricing. Thus, the model is being used as such and we make no warranties for the accuracy of the AVs that result from the AVC.
- 2017 VHCURES data supplied by the state was used in the development of the HDHP model.

Subsequent Events. Subsequent events to the date of this report that could impact the plan designs presented include, but are not limited to:

1. The 2024 Notice of Benefit and Payment Parameters (NBPP) is still in draft form. Should there be regulation changes from the draft to final version of the NBPP, the plan designs presented here may need to change to maintain compliance with the new regulations.
2. The federal HDHP minimum deductible and Maximum Out of Pocket (MOOP) limits are not yet released for 2024. The 2023 minimum deductible and MOOP are \$1,400 and \$7,050, respectively. The plan designs presented may need to change once the final 2024 HDHP limits are released.
3. Other changes to regulations passed subsequent to this report.

Contents of Actuarial Report. This document and the supporting exhibits/files constitute the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPS. Wakely completed the analysis using sound actuarial practice. To the best of my knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations.