

An Update on Federal Issues Related to Vermont Health Insurance

A presentation to the Green Mountain Care Board by:

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June 2, 2021

- I. Vermont Essential Health Benefits Benchmark Plan**
- II. Qualified Health Plan Benefit and Subsidy Changes**

Agenda – Part I

I. Vermont Essential Health Benefits Benchmark Plan

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|--------------------------------------|------------------|
| A. Introduction/Context | Ena Backus, AHS |
| B. EHB Benchmark Plan Change Process | Emily Brown, DFR |
| C. VT Market Analysis, Federal Grant | Emily Brown, DFR |
| D. Benchmark Plan Change Timeline | Emily Brown, DFR |

EHB Benchmark Plan Change Process Overview

Essential health benefits are defined through a state-selected, federally-approved benchmark plan.

The federal government allows States three options to update their benchmark plans :

- Select a benchmark plan used by another state during the 2017 plan year;
- Replace one or more categories of essential health benefits (EHBs) with the same category or categories of EHB used in another state's benchmark plan for the 2017 plan year; or
- Otherwise select a set of benefits to constitute the State's benchmark plan.

The Green Mountain Care Board (GMCB) has jurisdiction to review and approve, with recommendations from the Department of Vermont Health Access (DVHA), the benefit packages for qualified health plans. DFR has regulatory responsibility for the provision of the benefit packages. AHS Office of Health Reform coordinates the state agencies.

EHB Benchmark Plan Change Process Overview

Initiation of Benchmark Plan Review

- The process takes several years and requires significant planning and support, including actuarial services.
- A change to the EHB benchmark plan could be prompted through: (1) periodic review of the plan, (2) a legislative mandate to reevaluate EHB, or (3) state initiative to address an emerging health care reform priority.

Selection of EHB Benchmark Plan

- Proposals to change or to select a new EHB benchmark plan must be submitted to CMS for approval in spring of the second year prior to implementation of the new plan; for example, submitted in May 2022 for implementation January 1, 2024.

EHB Benchmark Plan Change Process Timeline

Timeframe	Process Step Description	Process Owner
Year 1	Market study/Analyze desired change to EHB benchmark plan (e.g. adding a covered service)	AHS
Year 1	Secure budget funding for actuarial analysis and proposal submission to CMS	AHS
Fall Year 2	Conduct stakeholder meetings	AHS
Fall Year 2	Initiate actuarial analysis	AHS in consultation with DFR
Winter Year 2-3	Prepare EHB benchmark plan proposal	AHS/DVHA
March Year 3	Presentation of proposed EHB benchmark plan change to GMCB	AHS/DVHA
March Year 3	Public comment period	GMCB
March - April Year 3	Revisions to proposal (if needed)	AHS
March - April	GMCB approval of Proposal	GMCB

EHB Benchmark Plan Change Process Timeline

Timeframe	Process Step Description	Process Owner
April Year 3	Finalize proposal and all required reporting	AHS (supported by actuary)
April - May Year 3	Submission to CMS	AHS
~Fall Year 3	Approval from CMS	CMS
Fall - Winter Year 3-4	Internal/external communication	DVHA & Plan Design Stakeholder Group
Winter Year 4	Incorporate new EHB benchmark plan changes into plan designs	Issuers/DFR/DVHA
February Year 4	Present plan designs to GMCB for approval (incorporating new EHB benchmark plan components)	DVHA
January 1 Year 5	Revised EHB benchmark plan in effect	

VT Analysis and Federal Funding Opportunities

- State Flexibility to Stabilize the Market Cycle II Grant Program awarded by Centers for Medicare and Medicaid Services (CMS)
 - 24-month project and budget period from issuance
- Grant Projects Overview
 - EHB Benchmark Plan
 - Assessment of EHB Benchmark Plan
 - Research other State EHB Benchmark plans and perform analysis
 - Assess potential modifications to benefits currently included in the Benchmark Plan
 - Network Adequacy
 - Telehealth Impacts
 - Wait times and Access to Care
 - Mental Health Services
 - Enhanced Form Review
 - Prescription Drug Formularies
- Estimated Funding ~ \$660,000

II. Qualified Health Plan Benefit and Subsidy Changes

- A. Introduction/Context Adaline Strumolo, DVHA

- B. Final 2022 NBPP and Benefit Changes Dana Houlihan, DVHA

- C. American Rescue Plan Act Impact Sean Sheehan, DVHA

2022 Notice of Benefit and Payment Parameters (NBPP) Changes Impacting QHP Designs

10

1. The NBPP finalized a single annual limit, or maximum out-of-pocket (MOOP) of \$8,700, \$400 lower than the draft proposed amount of \$9,100.
2. The individual minimum deductible for high-deductible health plans (HDHP) remained the same as the 2020 minimum at \$1,400 (IRS Code § 223(c)(2)(A) 2).
3. The combined maximum out-of-pocket for bronze HDHPs will increase to \$7,050 (\$50 less than the anticipated amount) (IRS Code § 223(c)(2)(A) 2)
4. No changes to the 2022 Actuarial Value Calculator (AVC) from draft NBPP to final: 0% trend

2022 QHP Updated Summary of Plan Design Changes

11

Deductible Plans		
Plan	Platinum	Gold
Changes	Increase medical deductible from \$350 to \$400	Increase medical deductible from \$1,100 to \$1,200
		Increase pharmacy deductible from \$100 to \$150
		Increase medical OOPM from \$5,200 to \$5,400
Require Approval?	NO	NO

Deductible Plans		
Plan	Silver	Bronze w/ Rx Limit
Changes	Increase medical deductible from \$3,200 to \$3,400	Increase medical deductible from \$6,250 to \$6,450
	Increase pharmacy deductible from \$350 to \$400	Increase pharmacy deductible from \$1,000 to \$1,100
	Increase combined OOPM from \$8,150 to \$8,550	Increase combined OOPM from \$8,400 to \$8,700
Require Approval?	NO	NO

Deductible Plans	
Plan	Bronze w/o Rx Limit
Changes	Increase medical deductible from \$8,400 to \$8,700
	Increase combined OOPM from \$8,400 to \$8,700
Require Approval?	YES

HDHPs		
Plan	Silver	Bronze
Changes	Increase medical deductible from \$1,750 to \$1,850	Increase medical deductible from \$5,500 to \$5,700
	Increase embedded single MOOP from \$8,550 to \$9,100 \$8,700	Increase combined MOOP from \$6,900 to \$7,100 \$7,050
		Increase embedded single MOOP from \$8,550 to \$9,100 \$8,700
Require Approval?	NO	NO

Changes from the previously approved plans to reflect the finalized NBPP and HDHP parameters are shaded in yellow.
All other changes from the 2021 plan designs shaded in orange as well as changes shaded in green received GMCB approval in January.



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Five Ways the American Rescue Plan (ARPA) Impacts Vermont Health Insurance

12

- 1) More Generous Premium Tax Credits – for 2021 and 2022
- 2) Tax Credit Eligibility for Vermonters with Much Higher Incomes – for 2021 and 2022
- 3) Opportunity for Zero-Premium Plans with Very Low Out-of-Pocket Costs for Households with 2021 Unemployment Compensation – for 2021
- 4) Holiday from Tax Credit Reconciliation – for 2020 only
- 5) Full COBRA reimbursement for six months (April 1 – Sept 30, 2021)

June System Updates

Impacts Current Exchange
Members and Direct Enrollees

Key 2021 Milestones for Vermont's Health Insurance Marketplace

13

Special Enrollment Period for New Members

All winter, spring, and summer: Vermonters have been able to enroll in the marketplace through a COVID special enrollment period, extended until October 1 to allow:

- Vermonters without insurance to take advantage of the new American Rescue Plan Act (ARPA) subsidies
- Vermonters on COBRA to enroll in the marketplace after their temporary COBRA subsidy ends in September.

Plan Transfers from Direct-Enroll

April-Nov: Members who direct-enrolled with an issuer can transfer their plan into the marketplace.

Members will qualify for tax credits for every month enrolled in the marketplace – so it pays to act soon.

They will be able to take this tax credit as a tax refund next spring and/or as a discount on their monthly bill later this year.

Any payments already made toward the deductible and out-of-pocket limit will transfer with their plan.

Applying Subsidies for New and Current Members

June: System updates will be deployed.

Members will automatically be told of their new subsidy calculations. They will have the opportunity to apply some or all of their new tax credits as a discount on future bills.

Vermonters who hadn't wanted to enroll at previous levels of subsidies will be able to enroll and take advantage of new subsidies.

Opportunity to Change Plans Mid-year

Mid-June – Mid-Aug: All members will be given 60 days to change to a different metal level or plan design that best meets their needs and takes fullest advantage of their new subsidies.

An updated 2021 Plan Comparison Tool is online to help them with their summer decision.

2022 Open Enrollment

Nov-Dec: Most of ARPA's expanded subsidies continue into 2022.

Starting in 2022, all members will pay their monthly premium to their insurance company.

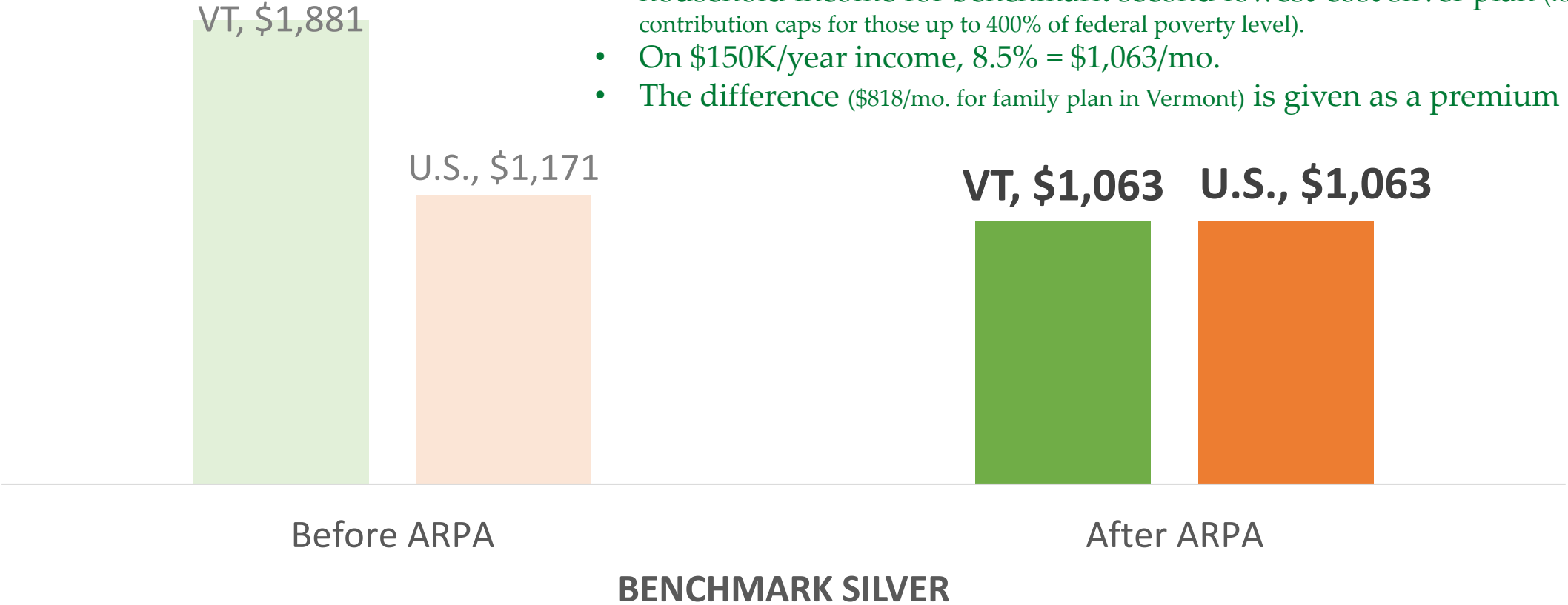
To qualify for subsidies, members still must apply and select a plan through the marketplace.



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Net 2021 Silver Premium for Family of Three with \$150,000 Income

- ARPA caps subsidy-eligible members' premium contributions to 8.5% of household income for benchmark second lowest-cost silver plan (lower contribution caps for those up to 400% of federal poverty level).
- On \$150K/year income, 8.5% = \$1,063/mo.
- The difference (\$818/mo. for family plan in Vermont) is given as a premium tax credit.

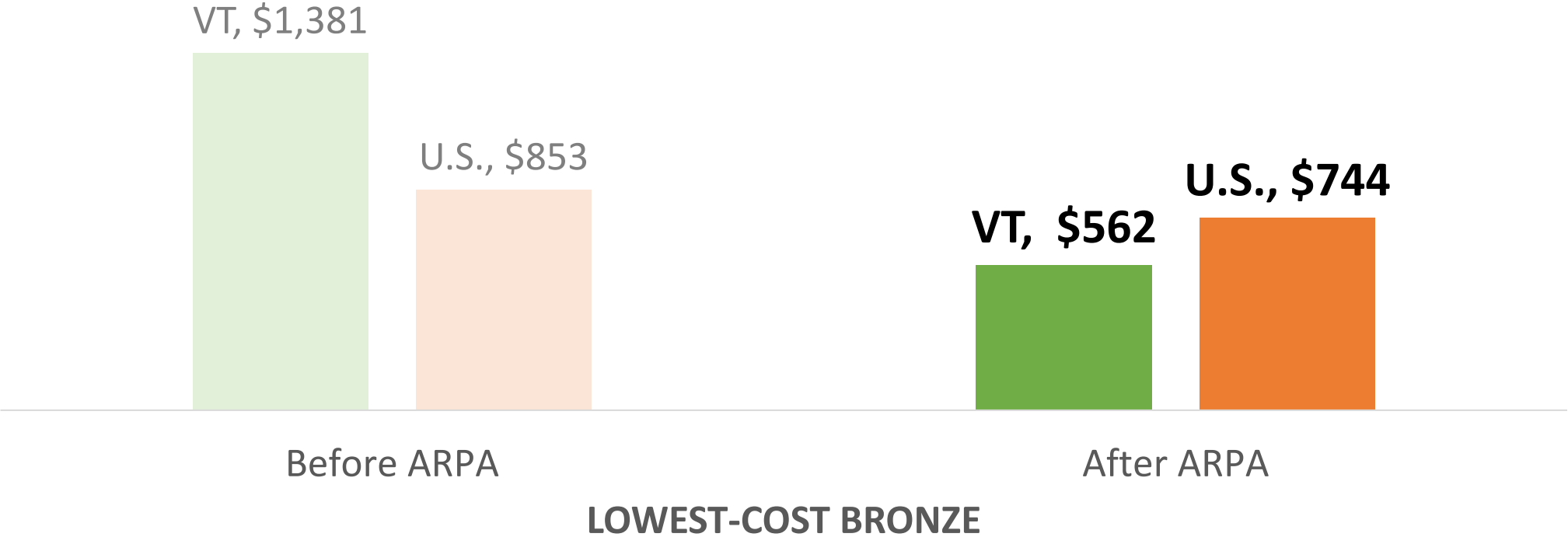


National figures from KFF, assumes two 40-year-old non-smokers and one 10-year-old child

Net 2021 Bronze Premium for Family of Three with \$150,000 Income

15

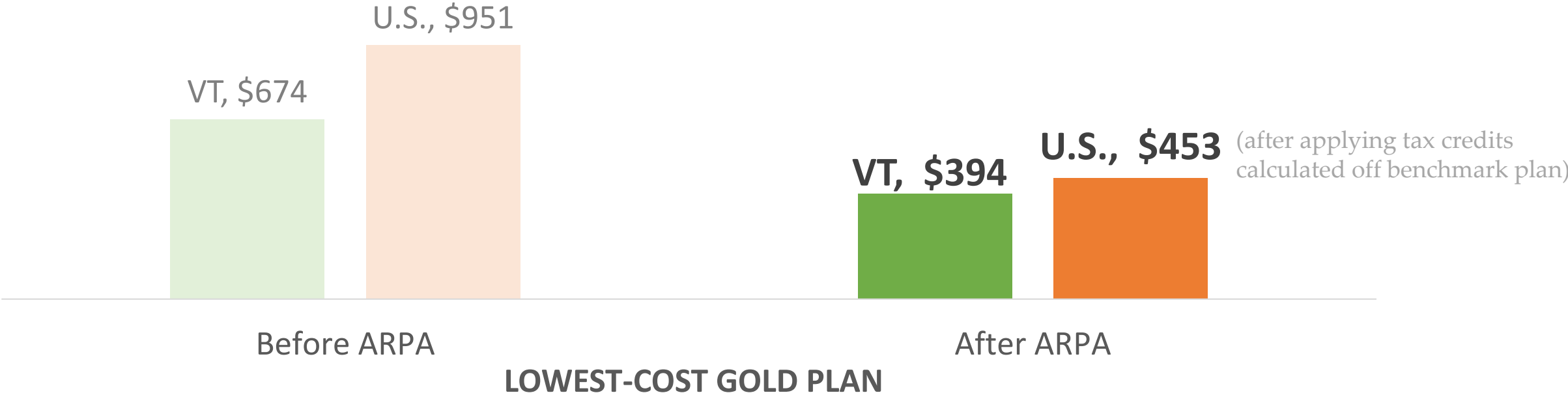
The premium tax credit (\$818 for this Vermont family) can then be used on any metal level plan in the marketplace.



National figures from KFF, assumes two 40-year-old non-smokers and one 10-year-old child

Net 2021 Gold Premium for 60-year-old individual with \$55,000 Income

- In most states, age-rating means that ARPA’s biggest winners are older marketplace members with incomes just over the former subsidy cliff.
- Nationally, the average 60-year-old member can buy a gold plan for less than half what it cost them before ARPA.
- Older Vermonters, who had been paying hundreds less than the U.S. average, also pay much less – but closer to the new national average.



LOWEST-COST GOLD PLAN

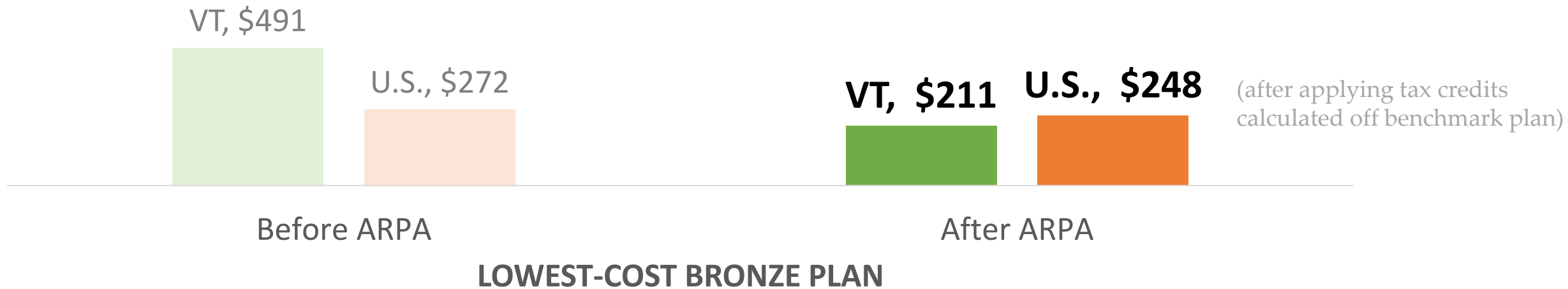
National figures from KFF



Net 2021 Bronze Premium for 27-year-old individual with \$55,000 Income

17

- In Vermont, with no age-rating, ARPA's biggest winners are younger marketplace members with incomes just over the former subsidy cliff.
- Nationally, the average previously unsubsidized 27-year-old member barely gets any benefit; in Vermont, they can find a plan for less than half what it cost pre-ARPA – and they can now pay less than the national average!
- Of course, with no age-rating, an eligible Vermonter of any age earning \$55K would have paid the unsubsidized \$491 for this plan before ARPA and can now pay \$211.



National figures from KFF



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Who Will Be Protected How Much in 2022

18

The data on the following slides are provided to show how financial help is calculated, using the hypothetical situation in which proposed rates were approved as is. DVHA provides this data for illustrative purposes only.

Because inflation was low and the required contribution levels (aka applicable percentage) are not changing in 2022, the question of which subsidized members would pay more with the same income and plan choice in 2022 is as simple as seeing how much more or less their particular plan's premium is increasing relative to the second lowest-cost silver plan (SLCSP).

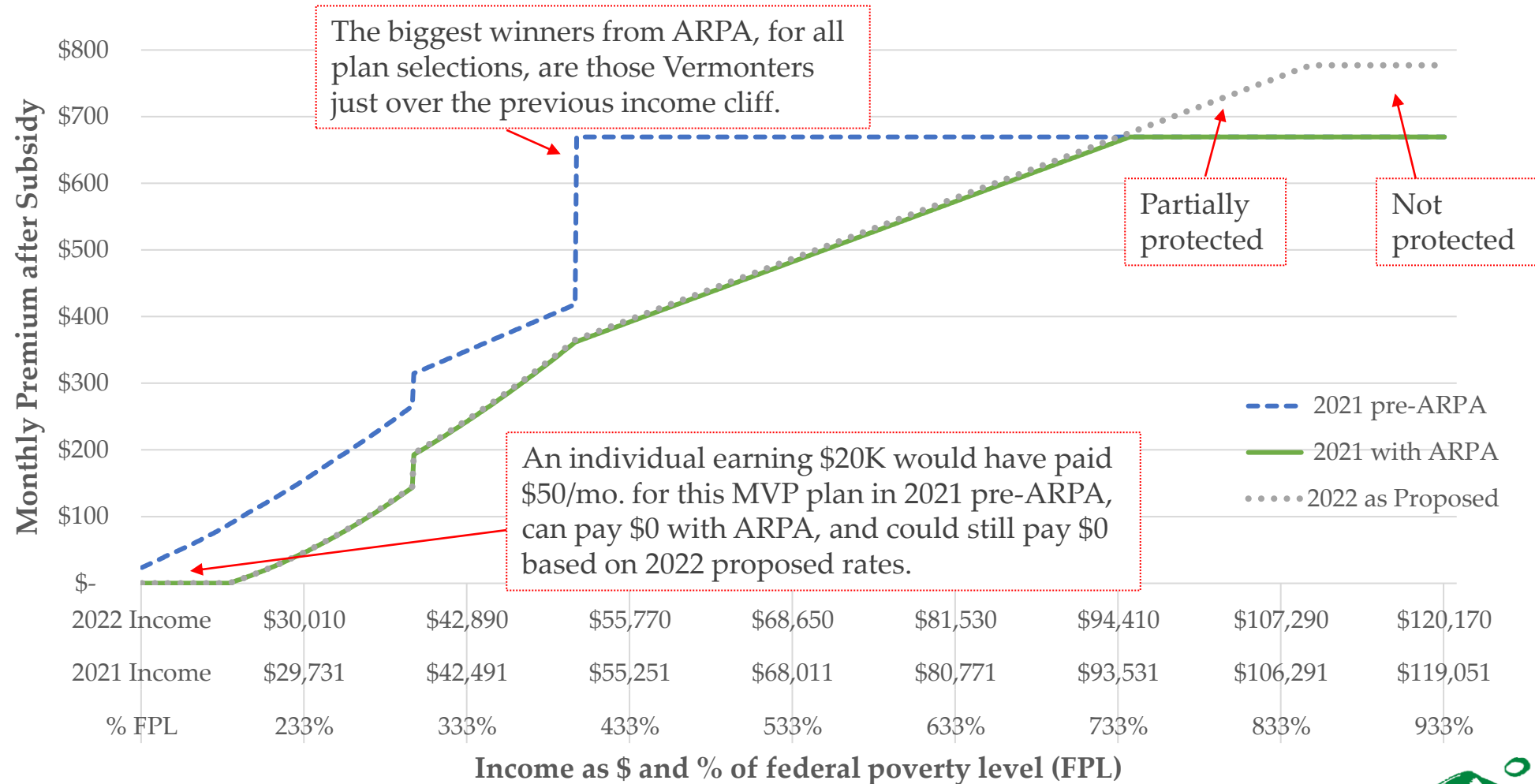
Premium tax credit increase (\$) = SLCSP increase (\$)

If plan x increase (\$) > SLCSP increase (\$), then a subsidized member can expect to pay more in 2022 than 2021

If plan x increase (\$) < SLCSP increase (\$), then a subsidized member can expect to pay less in 2022 than 2021

MVP Silver HDHP Net Premium by Income

(1-person household, eligible for subsidies)



MVP's Standard Silver HDHP is the second lowest-cost silver plan (SLCSP) in 2021.

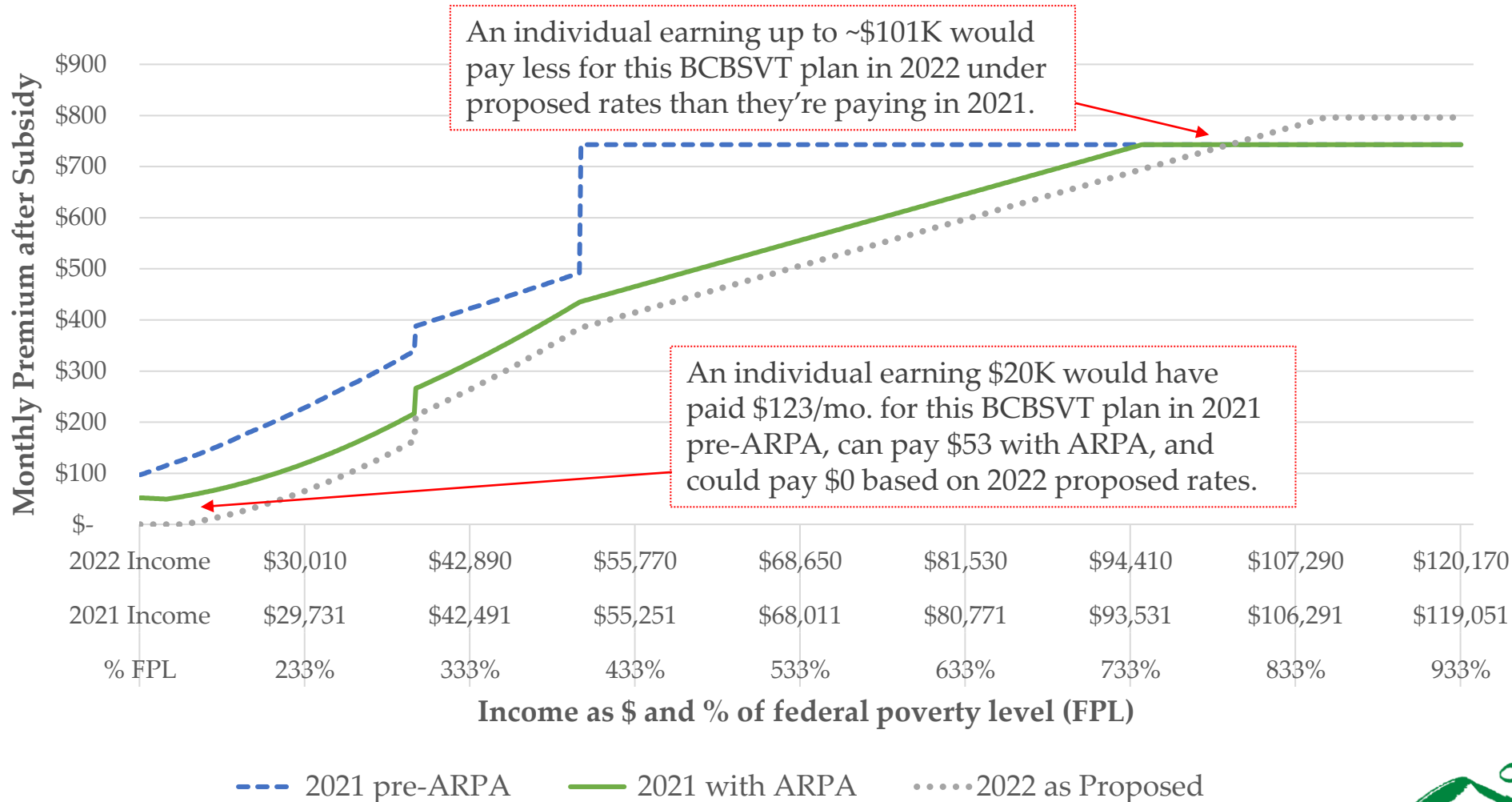
Under proposed rate increases, this plan's premium would go up ~\$108 in 2022 but still be the SLCSP, the benchmark for calculating subsidies.

At each income level, subsidies would rise by a similar amount, leaving the subsidized member to pay about the same premium in 2022.



BCBSVT Standard Silver Net Premium by Income

(1-person household, eligible for subsidies)



MVP's proposed SLCSP increase = ~\$108

BCBSVT's proposed standard silver increase=\$53

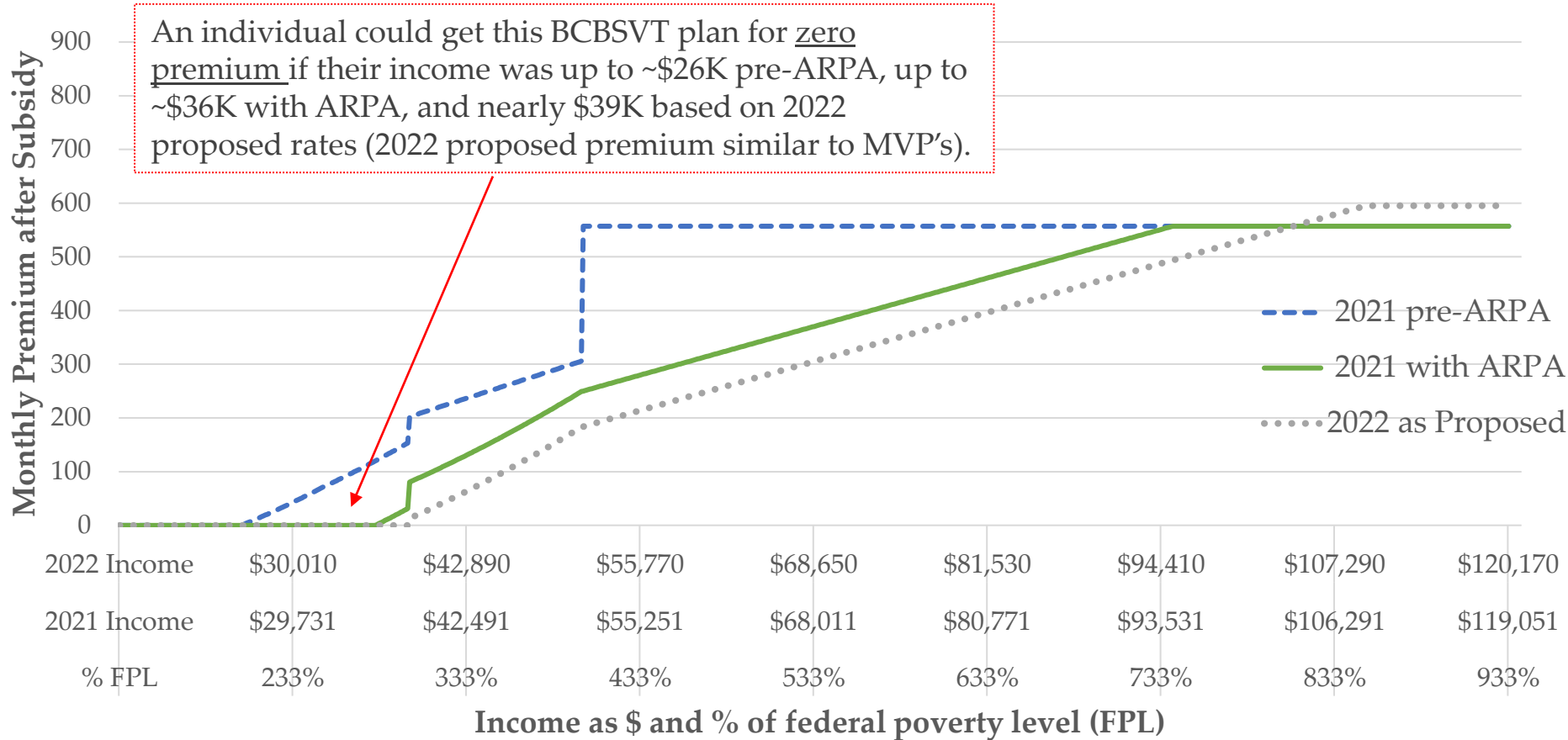
$\$108 - \$53 = \$55$

A subsidized member enrolled in BCBSVT's standard silver plan would pay ~\$55 less in 2022.

For a single person with income up to ~\$67K, that would be a double-digit % decrease.

BCBSVT Lowest-cost Bronze Net Premium

(1-person household, eligible for subsidies)



MVP's proposed SLCSF increase = ~\$108

BCBSVT's proposed lowest-cost bronze would cost \$38 more than their 2021 lowest-cost bronze.

\$108 - \$38 = \$70

A subsidized member who selects BCBSVT's lowest-bronze would pay ~\$70 less in 2022 (a double-digit % decrease for all currently subsidized members).

Summary:

Who Will Be Protected How Much in 2022

22

If rate increases were adopted as proposed...

Members who qualify for premium tax credits in 2021 would:

- Pay less in 20 plans (all 13 BCBSVT plans, all five MVP bronze plans, and two MVP silver plans)
- Pay the same in one plan (the second lowest-cost silver plan)
- Pay more in five plans (one silver, three gold, and the platinum from MVP)
 - MVP platinum members would pay \$46 more (for single plan)
 - MVP gold members would pay \$1-\$16 more (for single plan, depending on which gold plan)

Some higher-income members who were unsubsidized in 2022 would hit the 8.5% cap and receive tax credits, thus mitigating some of the increase. At proposed rates, this would include:

- Members in individual plans with income ~\$94K-~\$110K.
- Members in couple plans with income ~\$189K-~\$219K.
- Members in family plans with income ~\$265K-~\$308K.

Unsubsidized members would bear the full cost.

Important Note: Who Will Not Be Protected from 2022 Premium Increases

23

1) Members with high incomes

- Members in single plans with household income <\$94,500 and those in family plans <\$265,000 will be fully protected as they are already capped at 8.5% of income for benchmark plan (second lowest-cost silver).
- Based on proposed premium increases, members in single plans earning \$94,500-~\$109,700 and those in family plans earning \$265,500-~\$308,200 would be partially protected, as the unsubsidized benchmark plan would cost more than 8.5% of their income and they would receive tax credits.

2) Members who do not qualify for premium tax credits

- Fortunately, one of the most common reasons – failure to reconcile the previous year’s premium tax credits – will be mitigated by the fact that the American Rescue Plan Act granted a reprieve from tax credit repayment for tax year 2020.
- Another reason is having another offer of affordable minimum essential coverage, including members impacted by the “family glitch” – unless the federal government fixes the glitch before 2022.

3) Direct-enrollees who do not transfer to the marketplace

- Insurance issuers have noticed all members, supported by DVHA, and will continue to conduct outreach this summer and fall.
- Members are able to transfer their plan at anytime. Payments made toward deductible transfer as long as member stays with same issuer.