



District of Columbia Health Benefit Exchange Authority

Executive Board Insurance Market Working Committee Meeting

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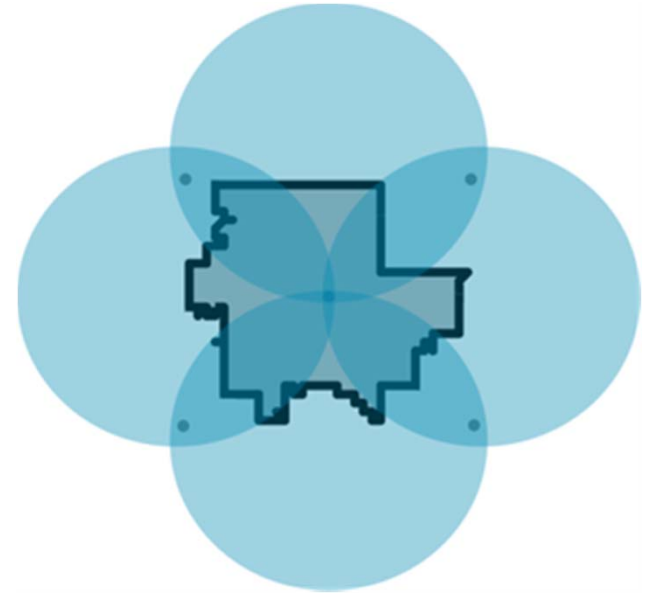
1 | Network Evaluation Tool

Background on Oliver Wyman Network Evaluation Tool

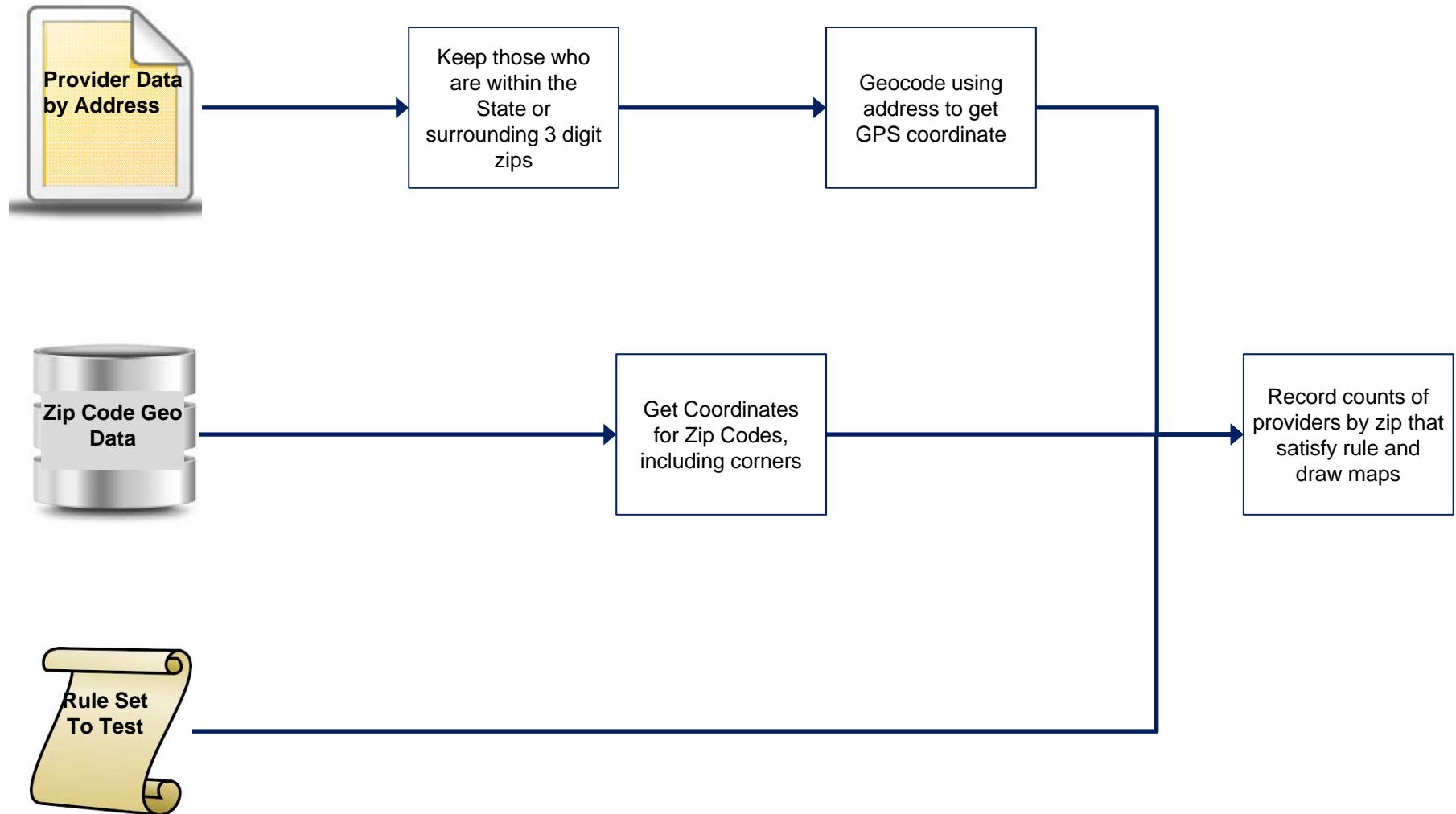
- With the implementation of the ACA:
 - Some carriers have begun contracting more aggressively with fewer providers in order to reduce costs/premiums
 - More provider networks are being designed with a combination of fewer hospitals/physicians in limited geographic areas
- A regulatory client wanted to enforce rules for network adequacy within the state
 - Carriers need to have certain provider types within a specified driving time and distance for its subscribers
 - Helps make sure that narrow networks aren't too narrow and that members have access to needed care without unreasonable delay
 - A minutes or B miles for primary care, OB-GYN and general hospital care for urban
 - C minutes or D miles for primary care, OB-GYN and general hospital care for rural
 - W minutes or X miles for specialist in urban
 - Y minutes or Z miles for specialist in rural

Overview of Oliver Wyman Network Evaluation Tool

- Uses Zip Code Tabulation Areas to determine if distance requirements are satisfied
- Distance requirements are tested in the 'corners' of zips
 - More difficult to pass than centroid approach
 - In oddly shaped zips, may be too stringent
 - Zips cross county lines
- Evaluates each specialty within the provider template according to different distance requirements within each county
 - Can test specialties that have a required ratio of providers to enrollees
 - Urban and Rural counties can be tested under different distance requirements
- Can create maps by carrier and provider type
 - Use Topologically Integrated Geographic Encoding Reference (TIGER) shape files from the US Census bureau
 - Interpret and draw the maps using SAS based on TIGER shapes and GPS coordinates

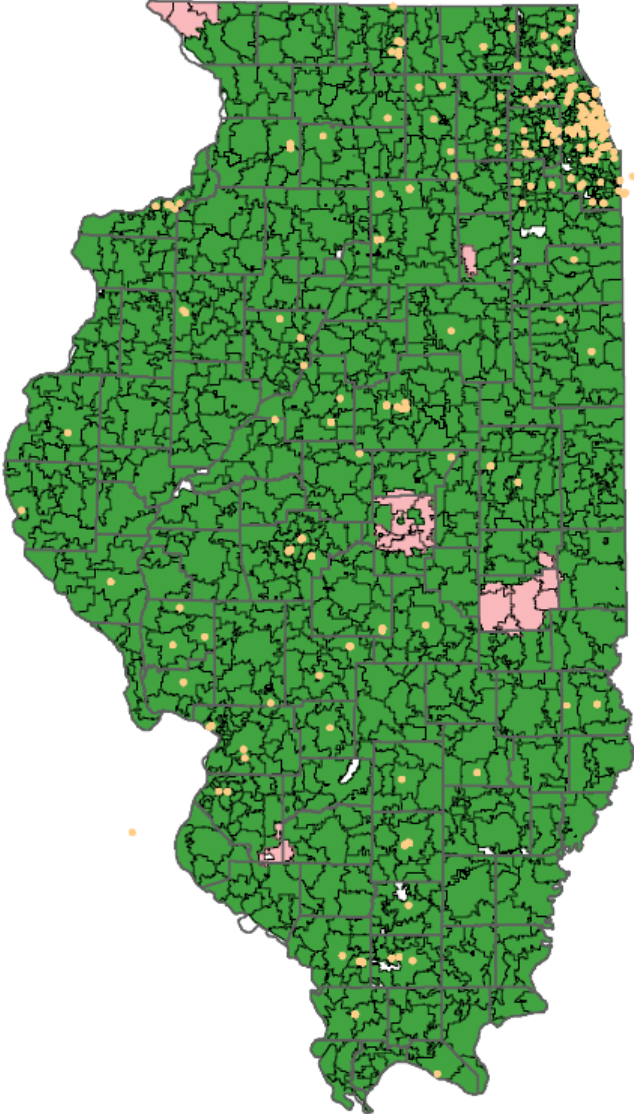


Process for Testing Networks



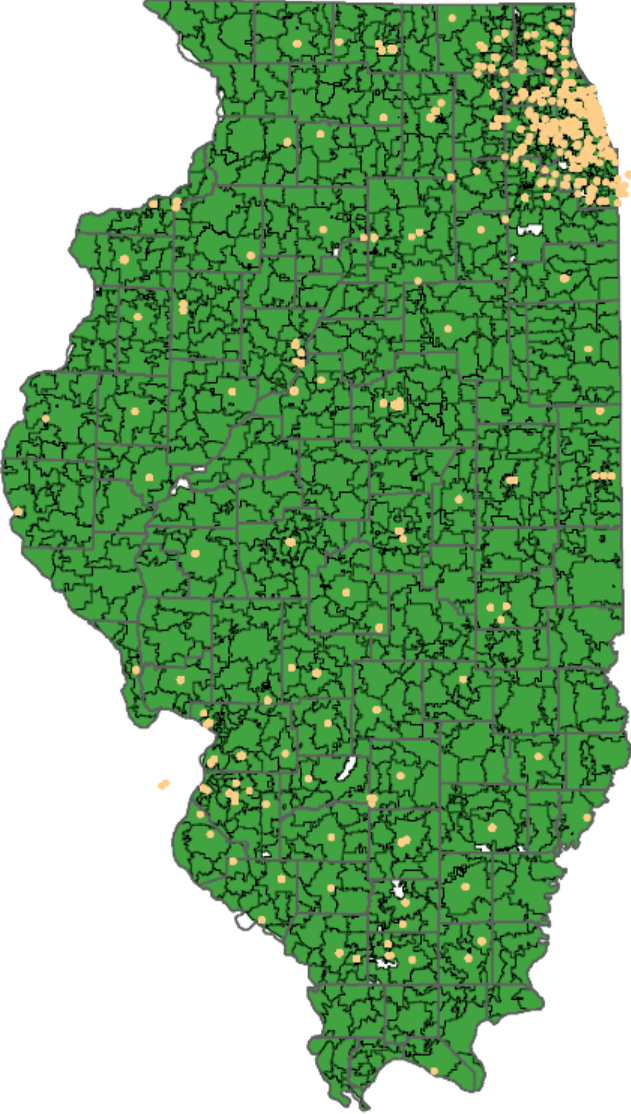
Fictitious Example of Mapping Results

PCP - Inadequate



Pass or Fail Adequate Inadequate

Cardiovascular Disease - Adequate



Pass or Fail Adequate

Challenges and Limitations

- Drawing maps
 - SAS built in procedures for drawing maps are not well developed, so some manual work involved
- False failures
 - Using the 'corners' of a zip tests areas outside of zip codes
- Parsing Addresses
 - Getting an address into the proper form for SAS geocoding
 - XXX [N/S/E/W] StreetName StreetSuffix
 - Some manual work and validation of results required
- Validating provider types
 - Physician group practices do not list specialty types in NPI data
 - Rely on carrier information on specialty type
- Driving time – wording of rules
 - e.g., 30 minutes *or* 30 miles for primary care, OB-GYN and general hospital care for rural
 - Difficult to push back on driving time
- Definition of provider
 - Psychiatric hospitals are not well defined

2 | Rate Review

Oliver Wyman Rate Review and Related Experience

- Currently perform or assist with rate and/or benefit reviews at various levels in several states
 - Work directly for the State
 - Hawaii, Illinois, Maine, Massachusetts, North Carolina, Vermont, District of Columbia
 - Work for CCIO assisting in the review of rates in states that do not have an effective rate review program
 - Alabama, Missouri, Oklahoma, Texas, Wyoming
- Work varies by state
 - In some states we are the primary reviewer of rates on behalf of the state and perform very detailed reviews
 - In other states we have developed effective rate review programs and other rate review tools that individuals at the state, usually actuaries or other analysts, use to perform the reviews
 - Also assist with some aspects of reviews
- Exchange vs. Department of Insurance as clients
 - In most states our client is the Department of Insurance or other regulator tasked with rate approval authority
 - Some of the reviews we perform are tasks the Exchange is responsible for, but has deferred to or requested assistance from the regulator

ACA Rate Review – Primary Reviewer

- Similar to work performed for DC HBX
- Review all components of the rate development
 - Review all elements required to be reviewed under an effective rate review program (45 CFR 154)
 - Evaluation of key assumptions (trend, actuarial pricing values, etc.)
 - Level varies by state – e.g., in some states we independently calculate actuarial values using our pricing model while in others the values are reviewed for reasonableness
 - Ensure methodology is consistent with ACA requirements (e.g., index rate developed from single risk pool, only allowable adjustments applied)
 - Check for compliance with standard actuarial practice
 - Check for mathematical errors
- Communication with carriers
 - In some states we communicate directly with the carriers to obtain additional information and clarification while in others we draft objections for the state to pose to the carriers
- Final work product varies by state
 - In some states we produce a brief 3-4 page opinion letter while in others we produce lengthy reports and testify at required rate hearings

ACA Effective Rate Review Programs

- Designed effective rate review programs for several states
 - Typically states where we are not the primary reviewer and state staff perform the reviews
- Services provided
 - Developed actuarial memorandum requirements
 - Developed checklists of required information
 - Developed a rate review training manual
 - Step by step review of components of rate development
 - Benchmarks and guidelines for state reviewers to use
 - Used by state to train new staff and ensure consistency across reviewers
 - Developed templates and corresponding rate review tools for state actuaries to use in their review to increase efficiency and ensure consistency in review across carriers
 - Trend analysis tool
 - Rate review dashboard with comparison reports to summarize information and highlight discrepancies between state templates/URRT/SHCE
 - Tool to compare information in current filing with prior filing
 - Tool to compare statistics across carriers
 - Provided staff training
 - Carrier engagement meetings on new rate filing requirements

ACA Benefit Reviews

- Assist with various aspects of reviewing benefit filings
 - Metal Actuarial Value / Unique Plan Designs
 - Ensure each plan meets the required actuarial value and any adjustments to the AV Calculator are reasonable and actuarially supported, with the appropriate actuarial certification
 - Cost Sharing Reduction (CSR) plans
 - Ensure that benefits for each CSR level meet requirements that cost sharing cannot increase for any service as CSR level increases (i.e. trade-offs are not allowed)
 - Ensure CSR specific OOP maximums and maximums on stated services are not exceeded
 - Meaningful difference testing
 - Typically see states with state based exchanges applying the same requirements as the Federal Marketplace
 - Non-Discriminatory benefit testing
 - Essential Health Benefits (EHBs)
 - Ensure that benefit substitutions (where allowed) are actuarially equivalent
 - Ensure all EHBs are included/covered
- Reviews are typically performed in advance of the rate filing as changes to benefits may lead to changes in rates

Other Reviews and Assistance

- Standard Benefit Packages
 - Some states develop standard benefit plans that all carriers must offer which allows consumers to compare price on “apples to apples” benefits
 - Carriers can usually offer additional non-standard plans
- Planning for Rate Studies
 - Some states are starting to plan for longitudinal and other studies once data is available
 - Benchmarking dashboards
 - Studies of rate increases inside vs. outside the exchange, affordability, etc.
- Consumer Shopping Tools Being Considered
 - Similar to Medicare Plan Finder
 - Consumers answer questions tool estimates expected total costs (premium plus OOP cost sharing), or queries plans based on criteria (e.g. quality rating, HSA eligible, etc.)
- Modeling for Policy Decisions
 - Merge individual and small group markets
 - Closed markets (all sales through the exchange)
 - Composite rating exception to federal requirement and establishment of tier ratios
 - Analysis for establishing state based AV Calculators, age curves, geographic regions

