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Sent: Thursday, September 29, 2016 9:40 AM

To: Senkewicz, MaryBeth E. (DCHBX)

Cc: Langford, Sarah

Subject: Draft 2018 Standard Plan Designs

MaryBeth,

Attached is a file with some options for consideration for 2018 standard plan design. Below are some notes/caveats/comments, etc.

- As you know, the calculator is draft as is the OOP maximum of \$7,350 outlined in the draft 2018 Benefit and Payment Notice (BPPN).
- We served as beta testers for CMS for the 2018 calculator and in general, are seeing a lot more disruption at the Bronze and Silver levels, consistent with what you are seeing here. I think this could be largely driven by the fact that from 2014 to 2016 the calculator was based on group data and trended each year. For 2018 CMS has indicated the underlying data has been updated and now includes individual experience.
- The AVs we are generating for the current standard plans, using the 2018 calculator, are different from those provided by Leighton. There are a couple of main drivers:
 - For plans with outpatient surgery subject to a copay, the copay was being applied twice, once for the facility portion and again for the professional portion. Further, the standard plans have a lower copay (\$75) for lower cost clinic type visits in an outpatient setting. We have applied the \$75 copay in the "Outpatient Surgery Physician/Surgical Services" row so that clinic services and the professional component of an outpatient surgery have a \$75 copay applied, with the remainder of the outpatient surgery copay applied in the "Outpatient Facility Fee (e.g., Ambulatory Surgery Center)" row. For example, for the Gold plan where the outpatient surgery copay is \$600 and the outpatient clinic copay is \$75, we applied a \$75 copay to the "Outpatient Surgery Physician/Surgical Services" row and a \$525 copay to the "Outpatient Facility Fee (e.g., Ambulatory Surgery Center)" row in the calculator.
 - For the Gold, Silver and Bronze plans there are one or more benefits where the copay applies after the deductible. The calculator screen shots provided by Leighton have the "Subject to Deductible" box checked but do not have the "Copay applies only after deductible?" box checked. Therefore the benefit that was evaluated applies the copay prior to meeting the deductible. We have checked the "Copay applies only after deductible?" as our understanding is that the member would not be subject to the copay until after the deductible is met.
- For each metal level we show:
 - The current standard plan design
 - The corresponding actuarial value using the 2018 calculator
 - For those do not pass (Silver and Bronze) we provide some tweaks to the current benefit design that would bring the plan into compliance. Note that the alternate plans you

provided from Leighton are not likely to be compliant because the draft BPPN indicates a 2018 OOP maximum of \$7,350 and they reflected an OOP maximum of \$7,600.

- Given you indicated you may wish to offer two standard plans at some or all of the metal levels, for each metal we provide some new options that are at the opposite end of the actuarial value range relative to where the current standard plans lie. For the Bronze HSA options we are assuming that the pediatric dental would be a stand alone policy. If it can/is integrated with the HSA the representation in the grid will need to change however the actuarial value would be unaffected as the calculator does not consider the pediatric dental benefit when establishing the actuarial value.
- As an aside, we noticed that there is some inconsistencies in labeling in the standard plan design grids. We can follow-up with a listing of these items so that as you finalize the plans design grids for 2018 you can edit the final grids for consistency. For example, The Bronze plan indicates that Home Health is covered for up to 90 4-hour visits per CY but this is not specified on any of the other plans. While this does not impact the actuarial value we assume this limitation applies to all plans and should be listed consistently on all plan grids.

Please let me know if you have any questions.

Thanks
Tammy

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