

From: Senkewicz, MaryBeth E. (DCHBX) <marybeth.senkewicz@dc.gov>

Sent: Monday, September 13, 2021 4:19 PM

Standard Plans Working Group,

Good afternoon. Our first meeting is scheduled for tomorrow, Tuesday Sept. 14, at noon.

Our actuaries at Oliver Wyman have been busy the last several weeks. Based on the recommendations from the Social Justice and Health Disparities Working Group, they performed a market scan for claims data to figure out costs for a typical Type 2 diabetes patient, based on the scenario developed several years ago by CMS for use regarding the SBC (scenario attached).

Chair Dania Palanker will kick off our meeting tomorrow by reminding us of our charge, and we can discuss as a group. Peter will then walk us through everything OW did for us.

The results of the market scan are also attached, and below is a description by Peter Scharl, the lead actuary on this project. Peter will walk us through the process undertaken by OW. Based on the market scan data, the actuarial value of the existing standard silver plan has increased by .5%, putting it above the limit at 72.46%.

The AV email is directly below. The email about the market scan results is below that.

I look forward to our meeting tomorrow.

Thanks, MB

From: Scharl, Peter <Peter.Scharl@oliverwyman.com>

Sent: Monday, September 13, 2021 3:54 PM

To: Senkewicz, MaryBeth E. (DCHBX) <marybeth.senkewicz@dc.gov>

Cc: Tomczyk, Tammy <Tammy.Tomczyk@oliverwyman.com>; Adomshick, Mary <Mary.Adomshick@oliverwyman.com>

Subject: Standard Silver Plan AV Impact

Mary Beth,

We have reviewed the 2022 standard silver plan metal AV calculation and estimated that including \$0 cost sharing for type II diabetes services would increase the metal AV by approximately 0.5%. The standard silver plan's metal AV is currently just below the upper limit at 71.96% so this estimated increase would push it above the upper limit and require revisions to other benefits within the plan to bring it into the necessary metal AV range.

This estimate was calculated by determining what percentage of type II diabetes services, identified by primary diagnosis code for medical services and NDC for pharmacy services as previously discussed, are within each AV Calculator benefit grouping. The AV Calculator inputs were then adjusted to reflect the \$0 cost sharing for type II diabetes services for the necessary benefit categories. The revised plan design was then run through the AV Calculator to determine the estimated impact to the metal AV

A summary of the distribution of allowed dollars for type II diabetes services and the percent of services by type II diabetics for each AV Calculator benefit grouping is below. If you have any questions prior to the meeting tomorrow, please let us know.

AV Calculator Benefit Grouping	Percent of Diabetic Allowed¹	Percent of Services by Diabetics²
Emergency Room Services	1.0%	0.5%
All Inpatient Hospital Services	5.7%	0.5%
Primary Care Visit	3.6%	2.3%
Specialist Visit	3.0%	1.6%
Mental/Behavioral Health	0.0%	0.0%
Imaging (CT/PET Scans, MRIs)	0.1%	0.1%
Speech Therapy	0.0%	0.0%
Occupational and Physical Therapy	0.0%	0.0%
Preventive Care	0.2%	0.6%
Laboratory	1.7%	7.0%
X-rays and Diagnostic Imaging	0.1%	0.2%
Skilled Nursing Facility	0.1%	3.1%
Outpatient Facility Fee	1.7%	0.5%
Outpatient Surgery Services	0.1%	0.6%
Generic Drugs	2.0%	2.0%
Preferred Brand Drugs	40.7%	19.1%
Non-Preferred Brand Drugs	1.0%	1.6%
Specialty Drugs	34.7%	23.5%
No AV Calculator Category Specified ³	4.6%	1.0%
Total	100.0%	N/A

¹ Percentage of allowed dollars for type II diabetic services within each AV Calculator benefit grouping

² Percentage of services within each AV Calculator benefit grouping which are for type II diabetic services

³ Includes injectable drugs, DME, infusion therapy, etc.

Peter Scharl, FSA, MAAA *He/Him/His*

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Mary Beth,

Thanks again for your time and discussion earlier today, we greatly appreciate it. Attached is the file we reviewed and discussed earlier today. For reference the three tabs included in the file are described briefly below:

- **Summary_Allowed**
 - Summarizes the allowed PMPM information by service category (medical excluding DME, DME, and Rx) and member type (diabetic vs non-diabetic)
 - For diabetics, their claims are split between those with and without a diabetes primary diagnosis code
 - As shown in cell B11, 0.7% of total claims have a diabetes primary diagnosis code (these are likely claims which would be covered at \$0 cost sharing)
 - Diabetics are defined as any member with any claim having a diabetes primary diagnosis code
 - Diabetes claims are identified as a claim line with a diabetes primary diagnosis code
- **Summary_Concentration**
 - Summarizes the allowed PMPM information by service category, member type (diabetic vs non-diabetic), and services which are at least 80% concentrated within diabetic members
 - As shown in cell F16, 2.5% of total claims are for drugs which are concentrated within diabetic members
 - Diabetics are defined as any member with any claim having a diabetes primary diagnosis code (these are likely claims which would be covered at \$0 cost sharing)
 - Concentration percentage is determined at the code level (i.e., procedure, revenue, DRG, NDC)
- **Summary_Rx**
 - Summarizes the top drugs, by NDC, which make up the 2.5% of total claims from the “Summary_Concentration” tab

- The top 25 drugs, based on total allowed dollars, are displayed and all others are group together

If there are any questions or anything you want to discuss as you are looking through it, please let us know.

We will continue to move forward on the standard silver plan AV Calculator analysis as discussed and will reach out with any questions we have.

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