Notes from Standard Plan Working Group Meeting
Oct. 13, 2016

Workgroup leadership
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Attendees

- Kate Sullivan Hare, DC HBX executive board member
- Dave Chandrasekaran, health care consulting
- Aetna: Kelsey Grigsby
- CareFirst: Colette Chichester, Dwayne Lucado, Robert Metz, Alex O'Brien, Cindy Otley, Jennifer Storm, Ranaye Weinapple
- Kaiser: Tiffinnie Severin, Pia Sterling, David Wilson
- United: Seung Baick, John Fleig, David Smith
- America's Health Insurance Plans (AHIP): David Kennedy
- National Association of Health Underwriters (NAHU): Marcy Buckner
- Children's Dental Health Project (CDHP): Colin Reusch

Follow-up from last meeting

- Alexis emailed the list of approved individual and SHOP plans for 2018; with the DISB approved rates for individual plans in 2016 and 2017; and updated draft 2018 standard plans from Tammy.

Discussion of changes in 2017 individual market

- Leighton stated that the goal for the working group is to come up with recommendations in January to present to the DC HBX board in February. He stated that the group cannot finalize its recommendations until the federal rules and AV calculator are finalized.
- Leighton described the rate increases on individual policies in 2017. He stated that he was most concerned about the rate increases on the silver and bronze plans, which can be as high as 75%. In 2016, CareFirst had 3 HMO plans and 1 PPO plan available at the bronze level and 2 HMO plans and 2 PPO plans available at the silver level. For 2017, there's only 1 HMO and 1 PPO plan for each. Kaiser only has HMO plans, but its rates are increasing about 10.5%. The rate increases may shift people to different plans, but there's also concern that people will drop coverage altogether. Leighton asked if CareFirst wanted to provide more information.
- CareFirst responded that it offered 15 individual policies in 2016. Since it has to offer standard plans, the carrier made the decision to streamline its portfolio to just standard plans for 2017. They will have an HMO and PPO plan in each metal level in DC, plus the catastrophic plan.
- Leighton stated that he believes beneficiaries haven't been sent notices yet, but those are coming soon.

- A member who has coverage through DC Healthlink stated that he/she had gotten a notice that there will be changes to the plan but it didn't include information on rates. The member asked CareFirst why the standard plan requirement was the reason it pulled non-standardized plans for 2017. CareFirst replied that it thinks it has plenty of products in the DC area, and the number of standardized plans is the number of products it wants to have on exchange. It didn't think it needed the other plans.
- Leighton thanked CareFirst for its response and stated that he wanted the group to be aware of what's happening in 2017 as we think about standard plans for 2018. He said the overarching goal is to make sure there is a good range of choices at good price points for beneficiaries.

<u>Discussion of having an HSA-qualified standard plan for 2018</u>

- Leighton introduced Kate Sullivan Hare, a DC HBX executive board member who works for Intuit and works on TurboTax's software. Kate wanted to speak to the group about health savings account (HSA) plans.
- Kate stated that she feels strongly that every marketplace should offer an HSA qualified plan where someone at their option can set up an account. She said she's the only DC HBX executive board member who has had coverage through the exchange since in 2014 for her husband's small business. She stated that at the end of 2014, she compared what they spent on premiums and out-of-pocket expenses beyond usual and customary expenses and made the decision to drop from a platinum plan to a gold HSA-qualified plan. She said they put the savings into HSA accounts for her family to fully fund their deductible. She didn't notice that the only HSA-qualified plans offered in 2016 are limited to HMO products and wished PPO products also were available. She appreciated CareFirst's explanation, but she feels that it's essential that the exchange offer HSA plans. She would like HSA-qualified HMO and PPO plans, and also offered at the gold level in addition to silver and bronze. She also would like standardized in-network and out-of-network costs for these plans in order to make them truly standardized plans.
- One member asked how many people enrolled in an HSA qualified plan, and the number of people enrolled in an HSA qualified plan that actually set up an account for it.
- Kate replied that we're unable to track the number of individuals who open up HSA qualified accounts since that's completely separate from the management of a plan. Kate stated that we haven't done nearly enough to educate individuals about HSA plans. She said employers that offer HSA qualified plans are very aggressive in educating people about these plans and provide lots of information on setting up accounts, using debit cards, etc.
- Leighton stated that HSA qualified plans were fairly popular choices in 2016 because the premiums were less expensive, so the people enrolled in these plans will see the largest price increase in 2017. Kate articulated the merits of offering HSA qualified plans, but on the other hand, CareFirst's explanation that it wanted to simplify the number of plans it offers is also valid. He stated that he wants everyone to have a fair chance for feedback and discussion and hopes we can have recommendations at the next meeting.
- One carrier said that if the group decides to have an HSA-qualified plan, its preference would be that the group modifies the existing bronze or silver standard plan to have the HSA instead of adding more plans. The carrier stated that it does a lot to educate members about HSAs and why they should open an account when they have a high deductible health plan (HDHP). The carrier said it doesn't know the number of people who open accounts outside of the bank it does business with, but it's probably less than 15%. The carrier stated that people don't really value the plan for the HSA component; they value it because it's the least expensive.

- Leighton stated that the idea of substituting a standard plan is an interesting notion to be considered.
- Dania stated that she understands CareFirst's desire to simplify its plans. She said her concern is that there are so few plans offered for 2017, and the standardized plans designed for 2017 weren't designed with the expectation that they'd be the only plans offered by the carriers. However, she said she is concerned about making existing silver or bronze standard plans HSA compliant. There's been a desire to have more services pre-deductible because the deductibles are so high for so many of these plans. She stated that even when an HSA plan is provided through an employer, it's complicated to explain how the HSA works and get employees to set up an HSA account. The individual market doesn't have that structure, and she's concerned about requiring something that might result in misunderstanding by some of the enrollees who see it as overall as less expensive, not realizing they'll have to pay for so many more costs before deductible than an alternate plan. She would like to see more choices, but not so many choices that we overwhelm people. She stated she's opposed to anything that would shift the current silver or bronze standard plan to just having an HSA compliant standard plan because it would move almost everything to be post-deductible.
- Kate stated that offering an HSA qualified only at bronze is disingenuous and should be offered at the gold level. When you're starting at a deductible in bronze at $6,000 for an individual and $12,000 for a family, that's Mount Everest. Kate said the group should explore offering HSA qualified plans at a higher level because they may be better deal for some people than electing a lower tier plan.
- A member stated that there could be benefit in offering two different models for standardized plans. The member said maybe one model could be more attractive to younger people with lower price point, but another model could be slightly more generous and at a slightly higher price point. The member stated that he/she didn't know if having an HSA plan is necessarily the other model and wanted discussion of what other models the group should consider that could be a good option for consumers.
- Leighton suggested not voting on this today and asked the group to send in thoughts and recommendations. Leighton asked that in preparation for next month's call, the carriers could talk internally to get reactions to these proposals and alternatives.
- A carrier asked that if the group decides to have an HSA qualified standard plan, would Tammy build and present it to the group and carriers would have the chance to give feedback.
- Purvee pointed out that Tammy created HSA standard plans at the bronze and silver levels, which are in the updated charts.
- Tammy stated that because Kaiser is the only carrier with a silver HSA, she modeled the silver HSA plan on it but had to make tweaks because it didn't pass the AV calculator. Tammy said they'll take into consideration any input in designing those in terms of designing deductibles and coinsurance. She said there's not much flexibility with an HSA plan except covering preventive up front, but it's easy to develop several options with directions and guidance from this group.
- One carrier asked if a gold HSA qualified plan would pass the calculator. Tammy said she didn't know. Another carrier stated it has a gold HSA qualified plan in SHOP, so it is possible, but the deductible can't be integrated.
- Leighton asked Tammy to design a gold HSA plan. Tammy said she would.
- A member stated that to the extent the group is looking at adding standardized plans, the group may want to start with looking at other models and research what consumers want, what they've been buying in the past, etc. to make sure we're matching that and not necessarily only thinking of HSA plans.

- Leighton said that was the group's original intent when first designing standard plans and said that information is a good thing to have. He said the working group needs to settle on these issues and hoped to find consensus.

Discussion of using "Simple Choice" labels for standard plans for 2017 and 2018

- Leighton stated that the federal government requires standard plans in the FFM to be called "Simple Choice" plans (instead of "standard" plans) in 2017 and wanted feedback on whether DC HBX should adopt this terminology for standard plans or come up with its own for 2017 and 2018. He was unsure if technical challenges could prevent using "Simple Choice" label in 2017 given how close we are to open enrollment.
- One carrier asked if consumers would be confused if DC HBX used the same "Simple Choice" label when its standard plans differ from the federal standard plans. A member responded that an individual shopping for him/herself on DC HBX wouldn't be confused because federal standard plans aren't offered on DC HBX. Any confusion may arise with someone who's helping an individual shop in Virginia and DC because then they'd see the Simple Choice name in both exchanges. The member added that CMS has proposed having multiple standard plans for different states to comply with state cost-sharing variations in 2018, so the use of Simple Choice might not be the same across states.
- Another carrier said Virginia has done a very good job with its standardized plans and has defined what Simple Choice means. The carrier asked if DC HBX would be able to define and explain Simple Choice plans so shoppers understand what they're looking at.
- A carrier stated that given all the template changes that need to be made, it's too late to do this for 2017. The carrier added that lots of other materials using the 2017 plan names have already been sent out to consumers, so even if carriers changed the plan names in the Plans & Benefits template and the SBCs, there's still going to be misalignment between all of kinds of materials.
- Leighton withdrew the suggestion of using Simple Choice in 2017 and asked the group for their thoughts on using it in 2018.
- A member requested that since the group doesn't have to make a decision today since plan names aren't required until rates are filed, the group should spend more time thinking about what kind of terms DC HBX could use for standard plans that would convey that these are consensus-built standardized models of plans based on consumer and carrier input. The member suggested getting consumer feedback on such terms. Leighton stated he was unsure if there'd be time to do serious consumer testing between now and January. He said the group had considered and discussed many alternative names in prior years without consumer testing. Leighton requested that group members send in their thoughts on other possible terms, and the group will try to take a vote on this in the next meeting.
- A member said it may be premature to decide the terminology before the group makes decisions on the standard plans. Another member added that since there's potential for more than 1 standard plan per metal level, it might not make sense to call them both Simple Choice plans. The member said the group may need to see the direction it's moving towards on standard plans before settling on a name.
- Voting on this issue is postponed until there is a decision made on the number of standard plans at each metal level.

Discussion of revised draft standard plans

- Tammy stated that she added HSA plans at the silver and gold levels, per the discussion in the last meeting. To recap, the first column shows the current 2017 standard plan design for that

metal tier, and if it's green at the top, it means it passes under the draft 2018 calculator, so theoretically a carrier could continue offering same plan without modification. The value right above that says "2017 standard plan AV after adjustment" means the value of the plan using the 2017 AV calculator, so one can compare how the AV changed from 2017 to 2018. It says "after adjustment" because prior to this year, the AV calculator didn't accommodate an outpatient surgery copay. This is now accommodated in the draft 2018 AV calculator.

- Tammy stated that the current platinum and gold plans passed the draft 2018 AV calculator, but the bronze and silver plans failed. For the silver and bronze plans, the first alternate plan in the chart is the current standard plan with tweaks to get it into the permitted AV range. Tammy tried to make adjustments to the silver plan to get it down to 72% AV (the richest a silver plan can be). For the platinum and gold plans, the first alternate plan is another plan option in the AV range.
- Tammy stated that the additional plans in each metal level that are listed to the right are other alternatives to consider. For example, when a standard plan leans toward the high end of the permitted AV, she tried to offer mid-level or leaner options. Since the platinum plan is right in middle of 88%-92% range, she developed an alternative to the right that's a little richer benefit with lower-cost sharing. The trade-off is a slightly higher premium, but that's for the consumer to decide what's most appropriate for them.
- Tammy stated that if the federal rules are finalized as proposed, bronze plans would be permitted to have up to 65% AV if they covered one of six benefits prior to the deductible [primary care visits; specialist visits; inpatient hospital services; generic, specialty, or preferred branded drugs; or emergency room services]. The first alternate bronze plan she created falls just below 65% AV and covers PCP and specialist visits prior to the deductible.
- Purvee asked if Tammy drafted any plans that used copays instead of coinsurance based on the discussion in the last meeting. Tammy stated that she did this for gold, silver, and bronze plans. In the "2018 Standard Bronze Copay Rx Plan," she converted the coinsurance for all drugs to copays and the AV was essentially the same as the plan to the left of it. She said she did have to increase the deductible to meet the AV because otherwise the copays would be very high. She noted that the AV that comes out of the AV calculator isn't correlated with pricing, as carriers will price based on how the benefits are expected to impact cost-sharing. In response to the discussion in the last meeting, Tammy created a bronze plan that had the same coinsurance values ("2018 Standard Bronze Eq Coins Plan", fourth column). The first alternate bronze plan had a 50% coinsurance for drugs and a 20% coinsurance for everything else subject to coinsurance. Tammy changed both values to 30%, which passed the AV calculator.

<u>Wrap-up</u>

- Leighton outlined the issues that the group should give feedback and make recommendations. He said that while it's too early to have real votes because the final federal rules most likely won't be released before the next meeting, we can at least get a straw vote to see where people are leaning. Leighton will draft a list of questions for the group to think about to solicit input so we can move closer to a decision on the next set of calls. The next working group meeting will be in mid-November.

<u>Follow-up for next meeting</u>

- Tammy will update the charts to include a suggested gold HSA plan.

- Alexis will send out questions the working group members should consider; a list of the issues the workgroup must decide; all attachments from the 10/13/16 meeting; and a doodle poll to schedule the next meeting.