

Notes from Standard Plans Advisory Working Group Meeting

Dec. 14, 2016

Workgroup leadership

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Attendees

Kate Sullivan Hare: DC HBX executive board member

Dave Chandrasekaran: health care consulting

D.C. Department of Insurance, Banking, and Securities (DISB): Howard Liebers

Aetna: Kelsey Grigsby, John Anders

CareFirst: Robert Metz, Jennifer Storm

Kaiser: Pia Sterling, David Wilson

Families USA: Lydia Mitts

Follow-up from last meeting

- On Dec. 12, Mary Beth sent the group updated standard plans charts and a list of the issues to be voted on during the Dec. 14 meeting.

Broker perspective on having a standard gold HSA plan

- Leighton thanked the working group members for participating on the calls and noted that there are a number of issues still to be decided. The group's goal has been to come up with a sense of its views by the end of the year, which is quickly drawing to a close. Mary Beth sent out an email that laid out the issues we're going to vote on today and the issues we're going to table. Leighton stated that he and Dania Palanker talked about the issues to table with some of the DC HBX staff. He said one of the issues that's been raised in our recent calls is if the working group should recommend having an HSA-qualified standard plan at the gold level. The group was interested in getting more information on whether there's been a consumer demand for this, so we reached out to Margarita Dilone, a broker who's been fairly active in the DC Health Link individual market. Leighton asked Margarita to talk about her job and to what extent she thinks there's a demand for a standard gold HSA plan.
- Margarita Dilone stated that she is a broker who's on the board of directors of the Greater Washington Hispanic Chamber of Commerce, which has received a grant from DC Health Link to do outreach, which she's involved in. She said the group does many outreach events at places like the Carlos Rosario center, different consulates in the area, and some community centers. The group does outreach to the individuals and small businesses, and has had success enrolling individuals into individual policies or Medicaid through the portal. Margarita said it was a surprise that CareFirst did away with all of its HSA plans for 2017, and she's received a lot of pushback from customers. The only HSA plans available are with Kaiser, which some of her

customers don't want. Margarita said she's heard from customers who wanted to continue their CareFirst HSA plans and had successfully created and managed HSA accounts at different banks. Margarita stated that while it's important to have HSA plans in other tiers, it's key to have an HSA at the gold level because a lot of consumers want a better plan. Most consumers aren't eligible for the subsidy, so the tax benefit of an HSA plan gives them a slight edge. Margarita reported that CareFirst's elimination of all the HSA plans was a very big disappointment with a lot of her consumers.

- Leighton thanked Margarita for her thoughts and asked if anyone wanted to ask her about her experience and perception of the customers she works with and their use or interest in HSA plans. There were no questions. Leighton said the group has mixed feelings on HSAs, but there seems to be some agreement to have an HSA standard plan at the bronze level. The group has discussed it at the silver level but haven't discussed it at the gold level. He said the perception was that there's no compelling need for an HSA plan at the platinum level because benefits are so rich. Adding an HSA plan at the gold level could be potentially useful to people who want to set up an HSA account and get some of the tax advantages, and it could expand consumers' choices because it may have a slightly lower premium than the other gold plans. Leighton again asked the group if they had any questions for Margarita, which they did not. He thanked Margarita for joining the call, and she hung up.
- Leighton turned to the list of key issues that Mary Beth sent out two days before. He said that people who are members of the working group will vote on each issue, and Mary Beth's email listed out the representatives who have votes. Leighton stated that if there's complete consensus on an issue, the group will make that recommendation and no further voting is needed. When there are differences of opinion on an issue, Mary Beth or Alexis will do a roll call vote to see what the majority view is. Then the vote will be taken again to see if everyone can agree on a consensus. If there's consensus, then the recommendation will be viewed as approved by the working group and will go directly to the DC HBX board. If there is no consensus after the second vote, then that issue will first go to the DC HBX board's insurance committee and then to the board. He asked if anyone had any questions about the voting process.
- A carrier asked for clarification on whether the working group had decided to recommend requiring standard plans in the small group market. Leighton said that this issue is tabled for now. There's been mixed opinions on this issue so far, and the working group has a lot of issues on its plate to decide, which required some issues being tabled for 2018. He said he hopes carriers offer a good variety of plans in SHOP, and if they want to emulate a standard plan in the individual market in their SHOP plans, that's their decision and choice, but not a requirement at this point in time.
- A carrier that only participates in SHOP asked if vote on issues that only affect individual policies. Leighton stated that since they're a member of the working group, they may vote on all issues. He said it also could choose to abstain from voting.
- Leighton turned to the list of issues to be voted upon. He reported that the group has already reached consensus that the current standard platinum plan was fine and didn't need to be changed for 2018, so they won't discuss platinum plans on this call. He reported that the group still has to vote on a standard gold plan, as a few were under consideration, and vote on the additional question of whether the group recommends an additional HSA gold plan. He asked Mary Beth to walk the group through the draft standard plans chart.

Discussion of standard gold plan

- Mary Beth directed the group to the first page of the chart, which now contains only gold plans. The far left column represents the 2017 standard gold plan. The middle column is the 2017 Standard Gold Copay Rx plan, which the group is voting on. The Standard Gold Copay Rx plan is identical to last year's plan except for it now has a \$150 copay for specialty drugs. Mary Beth reported that multiple consumer groups wanted a copay for specialty drugs instead of coinsurance. Mary Beth said the far right column is a gold HSA plan, which the group would be voting on as well. It has an 81.46% AV, a deductible of \$1350, and a MOOP of \$2000.
- Tammy Tomczyk reminded the group that the IRS hasn't published the minimum deductible amount and MOOP for HSA plans in 2018, so the HSA plan would need to be adjusted if there are any changes. Leighton reminded the group that it's always possible that the federal rules and policies may change sometime between now and early 2017. If there are changes to the AV calculator or guidance from CCIIO or IRS, the group may need to meet again to resolve any issues.
- Leighton said the first vote is on the Standard Gold Copay Rx plan (the middle column). He asked if there is anyone who does not want to support the change to the copay level in the standard gold plan. There was silence. He stated that since there was consensus, he won't proceed to the roll call vote.

Consensus: the group recommends the Standard Gold Copay Rx plan as the standard gold plan for 2018.

Discussion of adding a gold HSA standard plan

- Leighton said the next issue is whether the group should recommend an HSA compliant gold plan, which includes whether the HSA gold plan in the cart is the right sort of plan to have. Since this is a new issue that the group hasn't discussed before, he opened up the floor for discussion.
- One carrier stated it is opposed to requiring a gold HSA plan. The carrier reported it has never offered an HSA gold plan in the individual market in any of its jurisdictions; therefore, offering it would be inconsistent with its product portfolio and inconsistent with what it sees as the needs of its customers in the individual market.
- A member stated that having an HSA plan at the bronze level seemed more suitable than having a gold HSA. Another member agreed that having a bronze HSA plan makes sense, but remained unconvinced that having an HSA plan at the gold level is a real consumer need and was uncomfortable with requiring them.
- Kate Sullivan Hare, a member of the DC HBX board, stated that she appreciated hearing that a carrier has never offered a gold HSA plan. She noted that DC has an extremely unusual market since everyone who purchases health insurance must go through DC Health Link. She said she is one of the consumers who would like to have an HSA plan with a fairly rich benefit, including the consumer who expressed his desire for an HSA plan at a board meeting. She said it's important to require a gold HSA plan as an option since DC's market is closed. She said there are tax advantages for younger purchasers, who may want to spend HSA money on vision, dental, or orthodontia, and for older purchasers who could save some resources for home health care needs and other costs. She would like a gold HSA plan to be an option available to consumers because there are individuals who want an HSA plan with richer benefits than a bronze plan.
- Leighton said it's expected that an HSA plan would have a slightly lower premium than a non-HSA plan. The AV levels for the Standard Gold Copay Rx plan and the proposed gold HSA plan are very close, and the differences between benefits and cost-sharing are pretty modest. The

gold HSA plan has a \$1350 deductible and a \$2000 MOOP, which is a lower MOOP than the Standard Gold Copay Rx plan.

- Kate pointed out that the \$1350 deductible applies to both medical and prescription drug costs, whereas many other plans have separate deductibles for medical and prescription drugs. HSA plans also cover in-network preventive care at no cost to the consumer.
- Another carrier stated it currently offers a gold HSA plan and understands why a gold HSA standard plan would make sense in DC. The carrier stated it would not be opposed to requiring a gold HSA standard plan.
- Kate asked about the application of a requirement to offer a gold HSA standard plan. Mary Beth clarified that if a gold HSA standard plan is required, each legal entity would have to offer the gold HSA standard plan (i.e. a carrier that offers only PPO plans would be required to offer a gold HSA standard plan, as would a carrier that offers only HMO plans).
- Leighton asked if there was any consensus, as he was hearing more voices that opposed a gold HSA standard plan. Mary Beth led a roll call vote, and reminded the carriers that do not participate in the individual market that they have the choice to vote or to abstain. Seven representatives voted: four opposed requiring a gold HSA standard plan, two supported requiring a gold HSA standard plan, and one abstained from voting. Since there was no consensus, this issue will go to the DC HBX board's insurance committee.
- One member asked what the actual plan design would be in the event the insurance committee recommends requiring a gold HSA standard plan. The draft standard plans chart has one model, but the group hasn't had the chance to discuss it and think of other options.
- Leighton asked if any of the members who support requiring a gold HSA standard plan are willing to change their votes to oppose. The two members continued to support the gold HSA standard plan requirement and did not change their votes. Leighton then asked the group to discuss the content of the draft gold HSA standard plan in the draft standard plans chart, as it could inform the insurance committee.
- One member said it may make sense to tweak the gold HSA standard plan to make the AV a little lower than the Standard Gold Copay Rx plan. The Standard Gold Copay Rx plan has an AV around 81.9%, and since one of the arguments we've heard in favor of requiring a gold HSA standard plan is to offer a cheaper product, it might make sense to target the AV for the HSA plan closer to 80% to distinguish it from the Standard Gold Copay Rx plan. Leighton stated that's a possibility. He indicated that the gold HSA standard plan has slightly lower copays for PCP and specialist visits than the Standard Gold Copay Rx plan. He said these could potentially be tweaked to lower the AV, and the actuarial contractors can make adjustments if need be. Another member supported having different AV levels in the event there are two gold standard plans because it would offer consumers a greater choice between plans. The member said that having two plans that are very close in premiums and benefits might be more confusing.
- Kate said it's helpful for her to hear the members' comments since she's on the insurance committee and will be taking a look at this issue.
- A member noted that the MOOP for the gold HSA standard plan is lower than the MOOP for the Standard Gold Copay Rx plan. Mary Beth pointed out that while the Standard Gold Copay Rx plan has a slightly higher MOOP, enrollees in that plan will get more services covered once they meet the \$500 deductible, whereas all services are subject to the deductible in the gold HSA standard plan.
- Leighton summarized that the majority of the group does not recommend having a gold HSA plan, so the insurance committee will think through this issue separately and then it will go to

the board. If the insurance committee wants to suggest specific designs at some point, Tammy should be able to help them.

A majority of the group does not support adding a gold HSA standard plan. Since the group could not come to a consensus, this issue will go before the DC HBX board's insurance committee.

Discussion of standard silver plan

- Leighton noted that the group has one option to vote on. The 2017 standard silver plan needed to be changed because its AV level was too high when it was run through the draft 2018 AV calculator. The 2018 Standard Silver Copay Rx plan, which is the right column on the second page, shows the changes to the plan to bring it into compliance. The proposed plan increases the medical deductible from \$2,000 to \$3500, keeps the MOOP at \$6250, and made changes to some of the cost sharing.
- One member supported the changes made to update the plan, specifically citing the switch from a 20% coinsurance for specialty drugs in the 2017 standard silver plan to a \$150 copay in the 2018 Standard Silver Copay Rx plan. The member noted that a number of consumer advocacy groups have said that having a copay for specialty drugs is extremely important to the populations they represent.
- Members did not make any additional comments or have any questions on this plan. Leighton asked the group if anyone was opposed to the group recommending the 2018 Standard Silver Copay Rx plan as the 2018 standard silver plan. There was silence. Hearing no objections, Leighton stated that the group reached a consensus.

Consensus: the group recommends the 2018 Standard Silver Copay Rx plan as the standard silver plan for 2018.

Discussion of standard bronze plan

- Leighton noted that the 2017 standard bronze plan needed to be updated because its AV was too high to pass the draft 2018 AV calculator (see first column on page 3 of the draft standard plans chart). The group previously reached a consensus to add a standard bronze HSA plan in addition to the standard bronze plan. Leighton instructed the group that it would first vote on the non-HSA standard bronze plan (2018 Standard Bronze Copay Rx Plan – Spec Alt A or 2018 Standard Bronze Eq Coins Plan – Alt B). Then the group would vote on the standard bronze HSA plan (2018 Bronze Alternate – HSA 1 or 2018 Bronze Alternate – HSA 2). Leighton noted that the MOOP amounts on the HSA plans are lower than what they were in previous drafts because they exceeded the IRS MOOP limits for HSAs, and lowering the MOOP changed the AV level.
- Leighton turned to the two non-HSA standard bronze plans, located in the second and third columns on page 3. 2018 Standard Bronze Copay Rx Plan – Spec Alt A has a medical deductible of \$6,000 and a prescription drug deductible of \$600, and features copays, including a copay for specialty drugs. He noted that because it's a bronze plan, the benefits are not very generous, and while some of the copays are high, at least they are copays instead of coinsurance. By comparison, 2018 Standard Bronze Eq Coins Plan – Alt B has 30% coinsurance on specialty drugs and on many other services. However, it has lower deductibles (\$5,500 medical, \$500 prescription drugs). Leighton asked if the group had a preference of one plan over the other.
- One member supported recommending the 2018 Standard Bronze Copay Rx Plan – Spec Alt A. The member said copays are an easier financial expense for consumers to anticipate as opposed

to coinsurance. The member understood that changes had to be made to accommodate the 2018 draft AV calculator, but stated that it's important to try to keep the copay amounts similar to the current standard bronze plan. The member did not like the \$100 copay per specialist visit in the 2018 Standard Bronze Eq Coins Plan – Alt B.

- Leighton reminded the group that the two options have been slightly revised since they were presented at the last meeting in response to carrier feedback. The carriers wanted the AV levels to be around 64.8%. Both options now have AV levels of 64.81%.
- One carrier supported recommending 2018 Standard Bronze Eq Coins Plan – Alt B because it has lower deductibles than 2018 Standard Bronze Copay Rx Plan – Spec Alt A. The carrier appreciated the concerns of having coinsurance instead of copays, but noted the 2017 standard bronze plan already has coinsurance, so it would not be a big change to maintain coinsurance on the same benefits. Leighton noted that 2018 Standard Bronze Eq Coins Plan – Alt B also lowers the coinsurance on preferred brand, non-preferred brand, and specialty drugs from 50% in the 2017 standard bronze plan to 30%. The carrier stated that because bronze plans keep having higher and higher deductibles, keeping the deductible below \$6,000 is important for consumers so they get a wider range of plan options.
- One member understood the arguments in favor of each plan. The member stated that one of the values of this product is to lower the barriers to care for the folks who want it, and there will be other bronze plans with lower AV levels available. The member said that a \$75 copay for a specialist visit isn't that different from a \$100 copay, but it is a big difference for some consumers. A consumer is likely to meet a \$6,000 deductible if they're hospitalized. The member preferred recommending the 2018 Standard Bronze Copay Rx Plan – Spec Alt A. Another member agreed.
- A carrier stated it broadly supports having two separate bronze plans and having one of them be an HSA plan, but did not have a preference between the two non-HSA bronze plans and the two HSA bronze plans.
- Leighton stated that the group appears to have a preference for the 2018 Standard Bronze Copay Rx Plan – Spec Alt A, but there is no consensus. Mary Beth led a roll call vote, and seven representatives voted: three voted to recommend 2018 Standard Bronze Copay Rx Plan – Spec Alt A, two voted to recommend 2018 Standard Bronze Eq Coins Plan – Alt B, and two members abstained from voting.
- Leighton noted that a majority of the group favors recommending 2018 Standard Bronze Copay Rx Plan – Spec Alt A. Since there is no consensus, he asked if the two members who recommended 2018 Standard Bronze Eq Coins Plan – Alt B would reconsider. The two members said they would support recommending 2018 Standard Bronze Copay Rx Plan – Spec Alt A.

Consensus: the group recommends the 2018 Standard Bronze Copay Rx Plan – Spec Alt A as the standard bronze plan for 2018.

Discussion of standard bronze HSA plan

- Leighton directed the group to 2018 Bronze Alternate – HSA 1 and 2018 Bronze Alternate – HSA 2, located in the fourth and fifth columns on page 3 of the chart. He said the choices became narrower after learning of the IRS rules on the MOOP for HSA plans. 2018 Bronze Alternate – HSA 1 is the skinniest plan possible in the sense that the integrated deductible is the same amount as the MOOP (\$6,550), and it largely has 0% cost sharing. 2018 Bronze Alternate – HSA 2 has a slight difference between the integrated deductible (\$6,200) and the MOOP (\$6,550). It

has some copays, but mostly the benefits have 20% coinsurance beginning after the consumer meets the deductible and then coverage is paid 100% after hitting the \$6,500 MOOP.

- A carrier supported 2018 Bronze Alternate – HSA 2 because it has a slightly lower deductible. While the difference between the plans' deductibles is very small, having a deductible that's lower than the MOOP benefits consumers in a few ways. The price of the plan will still be low and nearly be the same price as the other plan, which achieves the goal of offering a low cost option to consumers for little price difference. The other benefit to having a deductible that's lower than the MOOP is that if a consumer has an expensive medical event, like an emergency room visit, they'll get coverage sooner without having to meet the MOOP. Even though it's only a \$350 difference (between deductibles), coinsurance will then kick in and the consumer only pays 20% on every dollar of medical expenses. According to the carrier, that provides the consumer with an additional \$1800 in coverage before they reach the \$6550 MOOP.
- Another carrier said it is amenable to either 2018 Bronze Alternate – HSA 1 or 2018 Bronze Alternate – HSA 2. It preferred to see lower AV levels as consumers' primary concern when purchasing coverage at the bronze level is cost. The plans probably would be priced around the same amount, so the carrier will go with what the majority recommends.
- One member asked if \$6,550 was the highest MOOP permitted under the HSA rules. Tammy confirmed that it was, and that the AV level is the lowest when the deductible is the same as the MOOP. Tammy noted that the minimum deductible and highest MOOP amounts could change if the IRS changes its guidelines for HSA plans. The member said the difference in the deductibles between the two plans is significant but was uncertain which plan would best meet consumers' needs. The member asked if one plan would be cheaper than the other. Leighton said that 2018 Bronze Alternate – HSA 1 has an AV of 60.49% and 2018 Bronze Alternate – HSA 2 has an AV of 60.59%, so any difference in premiums would probably be due to how the plans are priced on other factors, such as networks, payment policies, etc.
- Another member wanted clarification on if the DC HBX board resolution requiring pediatric dental to have a separate deductible is applicable to HSA plans. Mary Beth and Alexis stated that their research indicates that this would not be allowed in HSA plans, but a carrier came to a different conclusion. Mary Beth, Alexis, and the carrier will compare research and will determine if a note should be added to the standard plan charts.
- Leighton said the group seems to favor recommending 2018 Bronze Alternate – HSA 2 and asked if anyone was opposed to making this recommendation. There was silence. Hearing no objections, Leighton stated that the group reached a consensus.

Consensus: the group recommends the 2018 Bronze Alternate – HSA 2 as the additional standard bronze plan for 2018.

Wrap-up discussion

- Leighton notes that Mary Beth's email noted some other issues that could be handled on an administrative basis. As discussed before, the group is tabling the discussion of standard plans in SHOP for the time being. There will be a decision on what to do about labeling standard plans as Simple Choice plans on an administrative level. He also said there was an agreement on how to describe some of the pediatric dental benefits.
- Mary Beth said that labeling plans as Simple Choice affects the plans' marketing materials as well as how the plans are displayed on the website, and any decision to label plans as Simple Choice would need carrier input. The carriers agreed to assist. A carrier stated that the FFM simply has a denotation in the top left of the healthcare.gov display and doesn't have a naming

convention that requires Simple Choice to be in the plan name. If Simple Choice has to be part of the plan name, then everything the carriers have to file with DISB, the exchange, and the federal government would need to be changed as well. Leighton added that he is chair of the IT committee, and he is happy to make a recommendation to IT to see if we can accommodate adding a Simple Choice label.

- Leighton summarized the working group's recommendations for 2018 standard plans:
 - Standard platinum plan: retain the 2017 standard platinum plan
 - Standard gold plan: recommends the Standard Gold Copay Rx Plan
 - Standard gold HSA plan: a majority of representatives do not support adding a gold HSA plan. This issue will go to the insurance committee.
 - Standard silver plan: recommends the 2018 Standard Silver Copay Rx Plan
 - Standard bronze plan: recommends the 2018 Standard Bronze Copay Rx Plan - Spec Alt A
 - Standard bronze HSA plan: recommends the 2018 Bronze Alternate - HSA 2
- Leighton stated that the recommendations for the standard platinum, gold, silver, bronze, and bronze HSA plans will go directly to the DC HBX board since the group was able to reach consensus. Since the group did not reach consensus on adding a standard gold HSA plan, the insurance committee will vote on the issue, and they will have information on the proposed standard gold HSA plan and the working group's discussion. The insurance committee's decision will then go to the board. He noted that this may be the last meeting of the working group, but he will call another meeting if there are changes to the federal rules or guidelines that impact the group's recommendations. He thanked the members of the working group for their contributions.