# Standardizing Health Plan Benefit Design in the Individual Market: Opportunities and Implications

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STATE Health & Value STRATEGIES

*Driving Innovation Across States*

*A grantee of the Robert Wood Johnson Foundation*

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**Questions?** Email Heather Howard at heatherh@Princeton.edu.

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- A team of experts on private health insurance and health reform
- Conduct research and policy analysis, provide technical assistance to federal and state policymakers, regulators, and consumer advocates
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All participant lines are muted. If at any time you would like to submit a question, please use the Q&A box at the bottom right of your screen.

After the webinar, the slides and a recording will be available at **www.shvs.org**.

# Plan Management: Options for States

- ACA envisioned marketplaces as a place:
  - Consumers could make “apples to apples” plan comparisons
  - Consumers could safely shop for high quality, “certified” coverage
- SBMs must operate website to enable plan selection & enrollment
- States have flexibility to:
  - Require standardized benefit designs
  - Require “meaningful difference” between plans
  - Limit number of plan offerings

# Why Standardize? Optimizing Plan Selection & Access to Care

- Several states require standardized plans (SPs)
  - CA, DC, CT, MA, NY, OR, VT and, beginning in 2021, WA
- Reasons to do so include:
  - "Apples to apples" shopping experience
  - Delivering more pre-deductible coverage
  - Reducing discriminatory benefit design
  - Maximizing premium tax credits via actuarial value

# Why Standardize? Combining with Public Option/Buy-in Plans to Improve Impact

- States may be interested in pursuing standardized plans alongside a public option to meet additional goals and fill program design gaps:
  - **Addressing cost sharing**, if the public option is focused on premiums
  - **Benefiting subsidized population,** if the public option primarily benefits the unsubsidized population

# Why Standardize? Reasons *not* to do it

- Can state do a better job than insurers?
- Will it limit choice?
- Sometimes difficult trade-offs between covered items & services
- Resource intensive. Requires:
  - Staff & actuarial support
  - Stakeholder engagement
  - Revisions every year
  - Changes to website interface
  - Consumer education
- Is juice worth the squeeze? Lack of data on impact

# Implementing Standardized Plan Designs: Key Decisions

- WHO?
  - Who decides what design will be?
  - All IM insurers or just marketplace? Or just public option?
- WHAT?
  - Will non-standardized plans be allowed?
  - What should AV be, how will it affect PTCs, enrollment?
- WHERE?
  - Where and how will SPs be displayed on website?
- HOW?
  - How will you know if SPs are achieving their policy goals?

# State Experiences with Standardized Plans:
## DC, Massachusetts, New York

# Standard Plans: Policy Development

- **DCHBX INITIAL POLICY:** In 2013, created a working group chaired by an Executive Board Member. Voting members included carriers, consumers, employers, brokers, and health care providers. Consensus recommendation to the Board was to create standard plans (benefits and cost-sharing).

- **DCHBX BOARD ACTION:** The HBX Executive Board adopted the recommendations through a resolution.

- **DCHBX LEGISLATION:** DC Council unanimously passed law with a requirement to offer standard plans and allowing (but not requiring) non-standard plans to be offered. Legislation was supported by broad stakeholders. *(In 2020, 15 of the 25 plans are standard plans)*

# Developing Standard Plan Design

- **DCHBX ESTABLISHED A STANDING WORKING GROUP ON STANDARD PLANS:** Initially chaired by an Executive Board Member and now chaired by a Standing Advisory Board member. Voting members include carriers, consumer and patient advocates, brokers. Supported by HBX staff and external actuaries.
    - Developed initial plan design;
    - Updates the design annually, modifying based on AV calculator;
    - Requires tough decisions and tradeoffs.
- DCHBX Executive Board relies heavily on the working group and adopts the recommendations through resolution annually before carriers file their rates and forms with insurance department.

# DC Health Link Standard Plans

- ✓ **COMPARE:** Standard plans have the same benefits and same out-of-pocket costs (deductibles, copays, coinsurance) and make it easy for residents to compare plans based on quality & networks.

- ✓ **VALUE:** These plans are also designed to provide value by offering coverage of outpatient services pre-deductible:

    - Primary care visits
    - Specialist visits
    - Mental health services
    - Generic prescriptions drugs
    - Urgent care

# EXPERIENCE WITH STANDARD PLANS

- ✓ **Enrollment:** 73% of DC Health Link customers are enrolled in standard plans.
- ✓ **Marketing:** This year for the first time we are making the value of standard plans a major theme for open enrollment.
- ✓ **Website enhancements:** We've updated our website shopping tools to highlight standard plans and their value, as well as promote sorting by standard plan design.

# Massachusetts Health Connector Context

**The Health Connector has served as Massachusetts' health insurance marketplace for over a decade. The Health Connector views plan standardization as a key policy lever (among others) in ensuring coverage and affordability for Massachusetts residents.**

**97%** 

More than 97% of Massachusetts residents are insured

**¼ Million** 

More than a quarter million Massachusetts residents are served by the Health Connector

**$332** 

The Health Connector has had the second lowest silver benchmark plan in the country from 2017-2019

**$392** 

The Health Connector has had the lowest average individual premiums of any Exchange in the country from 2017-2019

# The Role of Standardized Plans

**The Health Connector "standardizes" most plan choices to make it easier for shoppers to compare plans across carriers.**

- The Health Connector has offered some form of plan standardization since inception, starting with specified coverage tiers in 2007 and moving to specified benefits and cost-sharing within those tiers by 2010
- Today, the majority of the Health Connector's plans are considered "standardized" because they adhere to common coverage of 21 benefit categories across carriers
  - The Health Connector's 9 health plan carriers must each offer between 5 to 7 standard plan designs, ranging from platinum to bronze
  - Standard plan designs limit deductibles and coinsurance to the extent possible
  - The Health Connector tailors standard plan designs to meet different goals for the non-group and small group market segments
  - The Health Connector also maintains separate standard plan designs for enrollees with income up to 300% FPL via our ConnectorCare program
- In addition to standardized plans, carriers may propose up to 3 non-standardized plans for the Health Connector's consideration, within prescribed AV ranges

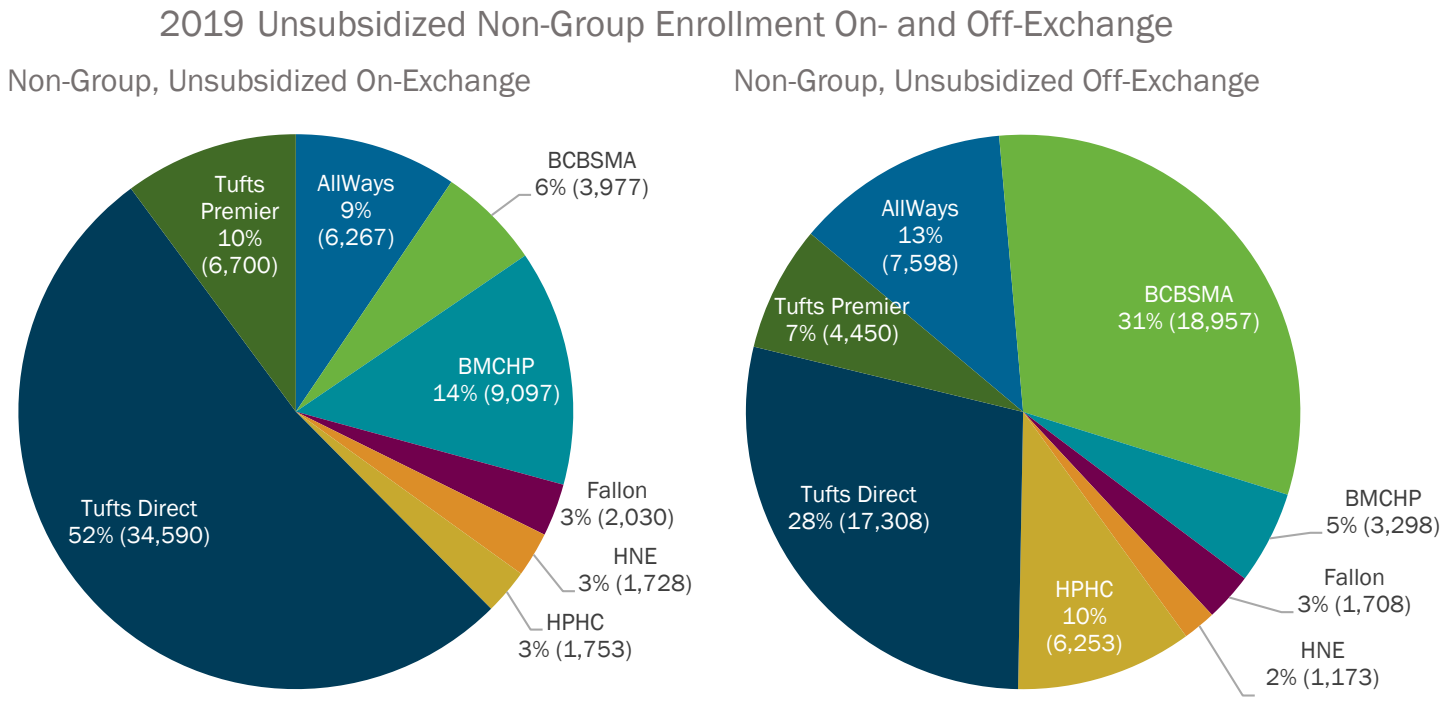
# Standard Plans Offer Cost-Sharing Protection

## 2020 Plan Designs (non-ConnectorCare)

| Plan Feature/ Service<br>A check mark (✓) indicates this benefit is subject to the annual deductible | | Platinum | High Gold | Low Gold | High Silver | Low Silver (HSA)<br>*Small Group Only* | Bronze #1 | Bronze #2 (HSA) |
|---|---|---|---|---|---|---|---|---|
| Annual Deductible – Combined | | $0 | N/A | N/A | $2,000 | $2,000 | $2,900 | $3,500 |
| | | $0 | N/A | N/A | $4,000 | $4,000 | $5,800 | $7,000 |
| Annual Deductible – Medical | | N/A | $1,000 | $2,000 | N/A | N/A | N/A | N/A |
| | | N/A | $2,000 | $4,000 | N/A | N/A | N/A | N/A |
| Annual Deductible – Prescription Drugs | | N/A | $0 | $250 | N/A | N/A | N/A | N/A |
| | | N/A | $0 | $500 | N/A | N/A | N/A | N/A |
| Annual Out-of-Pocket Maximum | | $3,000 | $5,000 | $5,600 | $8,150 | $6,850 | $8,150 | $6,850 |
| | | $6,000 | $10,000 | $11,200 | $16,300 | $13,700 | $16,300 | $13,700 |
| Primary Care Provider (PCP) Office Visits | | $20 | $25 | $30 | $30 | $30 ✓ | $30 ✓ | $45 ✓ |
| Specialist Office Visits | | $40 | $45 | $55 | $60 | $60 ✓ | $60 ✓ | $75 ✓ |
| Emergency Room | | $150 | $150 ✓ | $350 ✓ | $350 ✓ | $300 ✓ | $350 ✓ | $300 ✓ |
| Urgent Care | | $40 | $45 | $55 | $60 | $60 ✓ | $60 ✓ | $75 ✓ |
| Inpatient Hospitalization | | $500 | $500 ✓ | $750 ✓ | $1,000 ✓ | $750 ✓ | $750 ✓ | $750 ✓ |
| Skilled Nursing Facility | | $500 | $500 ✓ | $750 ✓ | $1,000 ✓ | $750 ✓ | $750 ✓ | $750 ✓ |
| Durable Medical Equipment | | 20% | 20% ✓ | 20% ✓ | 20% ✓ | 20% ✓ | 20% ✓ | 20% ✓ |
| Rehabilitative Occupational and Rehabilitative Physical Therapy | | $40 | $45 | $55 | $60 | $60 ✓ | $60 ✓ | $75 ✓ |
| Laboratory Outpatient and Professional Services | | $0 | $25 ✓ | $50 ✓ | $60 ✓ | $60 ✓ | $60 ✓ | $60 ✓ |
| X-rays and Diagnostic Imaging | | $0 | $25 ✓ | $75 ✓ | $75 ✓ | $75 ✓ | $75 ✓ | $75 ✓ |
| High-Cost Imaging | | $150 | $200 ✓ | $300 ✓ | $500 ✓ | $500 ✓ | $500 ✓ | $500 ✓ |
| Outpatient Surgery: Ambulatory Surgery Center | | $250 | $250 ✓ | $500 ✓ | $500 ✓ | $500 ✓ | $500 ✓ | $500 ✓ |
| Outpatient Surgery: Physician/Surgical Services | | $0 | $0 ✓ | $0 ✓ | $0 ✓ | $0 ✓ | $0 ✓ | $0 ✓ |
| Prescription Drug | Retail Tier 1 | $10 | $20 | $25 | $30 | $30 ✓ | $30 | $35 ✓ |
| | Retail Tier 2 | $25 | $40 | $50 ✓ | $60 | $60 ✓ | $60 ✓ | $75 ✓ |
| | Retail Tier 3 | $50 | $60 | $125 ✓ | $100 ✓ | $105 ✓ | $125 ✓ | $150 ✓ |
| | Mail Tier 1 | $20 | $40 | $50 | $60 | $60 ✓ | $60 | $70 ✓ |
| | Mail Tier 2 | $50 | $80 | $100 ✓ | $120 | $120 ✓ | $120 ✓ | $150 ✓ |
| | Mail Tier 3 | $150 | $180 | $375 ✓ | $300 ✓ | $315 ✓ | $375 ✓ | $450 ✓ |
| Federal Actuarial Value Calculator | | 89.38% | 81.30% | 76.04% | 71.94% | 69.42% | 64.96% | 64.95% |

# Standard Plans Facilitate Comparison-Shopping

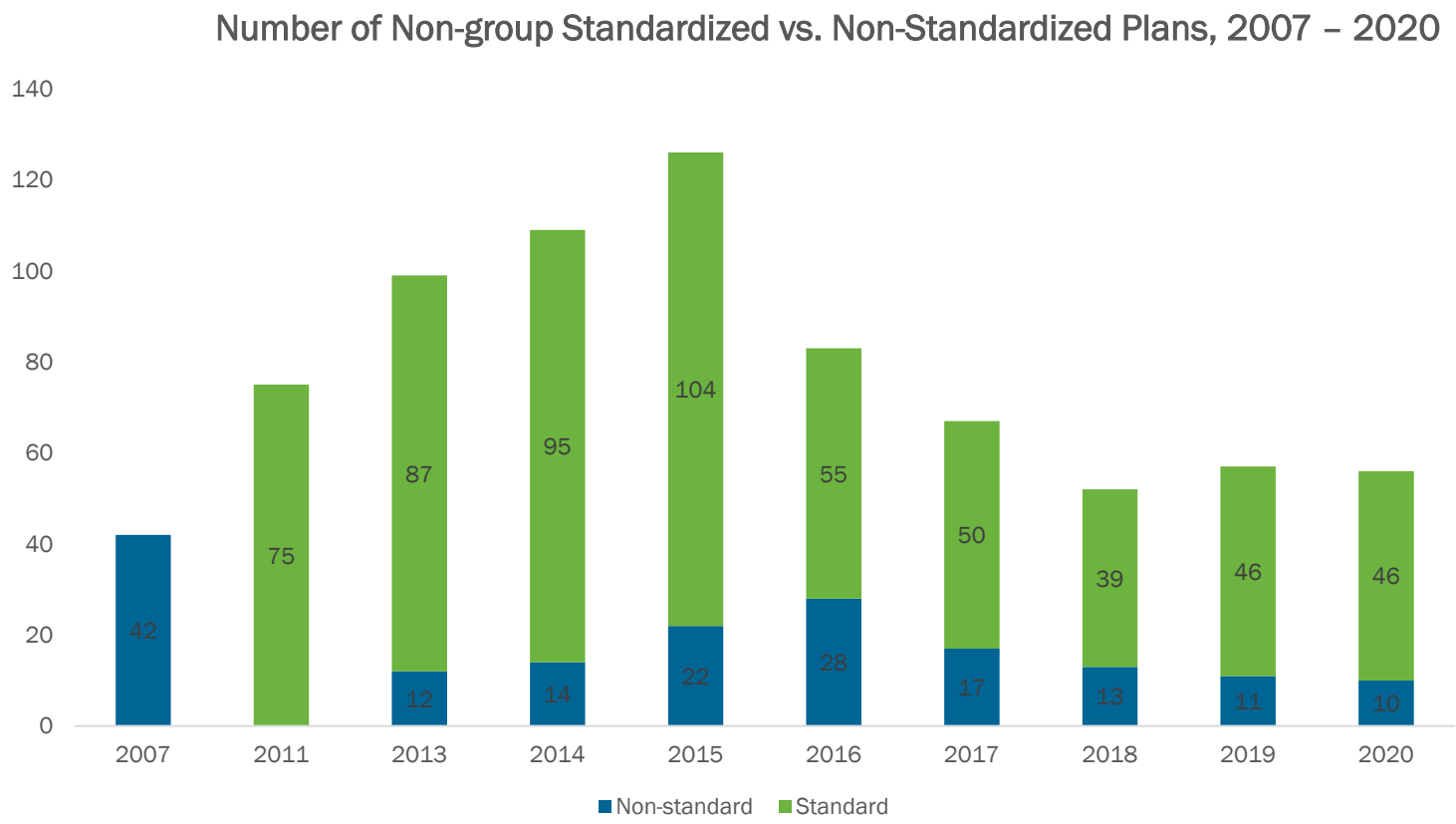
**Standard plans facilitate the apples-to-apples comparisons that allow Health Connector members to "shop differently." The Health Connector has found that its members select different carriers than comparable off-Exchange shoppers.**




Source: CHIA Enrollment Trends August 2019 Databook. Data from March 2019. http://www.chiamass.gov/enrollment-in-health-insurance/. Enrollment totals for On-Exchange Non-Group enrollment do not include ConnectorCare enrollment. Excludes carriers with negligible enrollment.

# Standard Plans Can Adapt to Meet Policy Goals

**Over the past decade, the Health Connector has varied its standard plan shelf in response to member feedback and a shifting policy landscape.**



# The Future of Standard Plan Designs

**The Health Connector's strategy for standard plan designs continues to evolve. Possible directions for the future may include:**

- Continuing to emphasize "first dollar coverage" to the greatest extent possible
  - The federal actuarial value calculator constrains standard plan design
  - Within those constraints, the Health Connector has taken steps to minimize cost-sharing for certain benefits and plans, such as medication assisted treatment for opioid use disorder
  - The Health Connector hopes to take additional steps toward "value-based insurance design" in future plan years
- Standardizing cost-sharing for additional benefits
- Refining plan designs aimed at particular market segments, such as:
  - Unsubsidized non-group bronze members, who struggle with affordability
  - Small group members, who seek HSA-compatible options
- Improving web-based decision-support tools to more clearly indicate which plans are standardized

# NY State of Health Standard Products

**Danielle Holahan**
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**RWJF State Network Webinar**
**November 6, 2019**

# Standard Products Overview

- Since 2014, New York has **required** that every insurer offer a Standard Product at each metal level and in every county of its Marketplace service area
  - Standard products must include the Essential Health Benefits (except pediatric dental, which is optional if otherwise available)
  - Cost sharing is the same across insurers within a metal tier
  - Policy rationale was to ease comparison shopping and manage the number of plan choices
  - Links to Standard and Standard 3 PCP products are found here:
    https://info.nystateofhealth.ny.gov/sites/default/files/Attachment%20B%20-%20Standard%20Products%202020%20042419%28Cost%20Sharing%20Chart%29%20%28002%29.pdf
    https://info.nystateofhealth.ny.gov/sites/default/files/Attachment%20C%20-%20Standard%20Products%202020%20%28Cost%20Sharing%20Chart%29.pdf

- New York **permits** insurers to offer up to three Non-Standard products in each metal level, which allows insurers to innovate and gives consumers more choice

# 2020 Standard Products: Policy Goals

- Keep deductibles as low as possible, within permissible actuarial value (AV) limits:
  - In 2020, the Silver and Silver CSR deductible levels were **lowered;** outpatient facility fee co-payment and maximum out-of-pocket increased
  - Deductible levels affect most consumers, while few consumers reach their MOOP each year
- Coverage before the deductible:
  - Prescription drugs are covered before the deductible (except Bronze)
  - 3 primary care / "sick visits" are covered in all standard Bronze products and some Gold and Silver Non-Standard products
- Silver product (standard and non-standard) permissible AV variation is between 70% and 72%

# 2020 Standard Products: Overview of Changes from 2019

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| Metal Level | Deductible 2019 | Deductible 2020 | Max Out of Pocket 2019 | Max Out of Pocket 2020 |
|---|---|---|---|---|
| Platinum | $0 | $0 | $2,000 | $2,000 |
| Gold | $600 | $600 | $4,000 | $4,000 |
| Silver | $1,700 | **$1,300** | $7,500 | **$7,900** |
| Silver (>200 -<250 FPL) | $1,350 | **$1,100** | $6,075 | **$6,500** |
| Silver (>150 -<200 FPL) | $250 | $250 | $2,100 | $2,100 |
| Silver (>100 -<150 FPL) | $0 | $0 | $1,000 | $1,000 |
| Bronze | $4,000 | **$4,425** | $7,600 | **$8,150** |
| Catastrophic | $7,900 | **$8,150** | $7,900 | **$8,150** |

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# HOW MUCH DOES A QUALIFIED HEALTH PLAN (QHP) COST?

**MONTHLY PREMIUMS:** The price you pay each month will depend on the plan you pick. Many people are eligible for tax credits which lower your monthly cost. Individuals earning up $49,960 a year and a family of 4 earning up to $103,000 may be eligible for tax credits.

**COST SHARING:** Cost sharing is the amount you pay when you get a health care service. Some people are also eligible to get help paying for these costs, based on their income. Below are examples of the QHP cost sharing level for standard plans offered at four levels. Other plans are available with different cost sharing and additional covered services.

| COST SHARING FOR HEALTH CARE SERVICES | PLATINUM | GOLD | SILVER | BRONZE |
|---|---|---|---|---|
| Annual Deductible | $0 | $600 | $1,300 | $4,425 |
| Preventive Care | Free | Free | Free | Free |
| Primary Care Physician Visit | $15 | $25 | $30 | First 3 Visits Free; then 50% cost sharing |
| Specialist Visit | $35 | $40 | $50 | 50% cost sharing |
| Inpatient Hospital Stay per admission | $500 | $1,000 | $1,500 | 50% cost sharing |
| Behavioral Health Outpatient Visit | $15 | $25 | $30 | 50% cost sharing |
| Behavioral Health Inpatient Visit per admission | $500 | $1,000 | $1,500 | 50% cost sharing |
| Emergency Room | $100 | $150 | $250 | 50% cost sharing |
| Urgent Care | $55 | $60 | $70 | 50% cost sharing |
| Physical Therapy, Speech Therapy, Occupational Therapy | $25 | $30 | $30 | 50% cost sharing |

| COST SHARING FOR PRESCRIPTION DRUGS | PLATINUM | GOLD | SILVER | BRONZE |
|---|---|---|---|---|
| Generic | $10 | $10 | $10 | $10 |
| Preferred Brand | $30 | $35 | $35 | $35 |
| Non-Preferred Brand | $60 | $70 | $70 | $70 |

# New York's Essential Plan

- New York's Basic Health Program, the Essential Plan, offers standardized benefits across insurers
- Same comprehensive benefits as Qualified Health Plans
- Vision and Dental coverage is:
  - Included for lower-income enrollees
  - Optional for additional premium for higher income enrollees
- Very low cost:
  - Premium is $20 or $0
  - **No** deductible
  - Low cost sharing

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# HOW MUCH DOES THE ESSENTIAL PLAN COST?

**PREMIUMS:** The monthly premium is $20 per person or $0, depending on income.

**COST SHARING:** *There is **NO DEDUCTIBLE.*** Below are some examples of Essential Plan cost sharing levels.

| COST SHARING FOR HEALTH CARE SERVICES | Annual individual income: below $12,490-$18,735 | Annual individual income: $18,736-$24,980 |
|---|---|---|
| Monthly Premium | $0 | $20 |
| Annual Deductible | None | None |
| Preventive Care | Free | Free |
| Primary Care Physician Visit | $0 | $15 |
| Specialist Visit | $0 | $25 |
| Inpatient Hospital Stay per admission | $0 | $150 |
| Behavioral Health Outpatient Visit | $0 | $15 |
| Behavioral Health Inpatient Visit per admission | $0 | $150 |
| Emergency Room | $0 | $75 |
| Urgent Care | $0 | $25 |
| Physical Therapy, Speech Therapy, Occupational Therapy | $0 | $15 |
| **COST SHARING FOR PRESCRIPTION DRUGS** | **Annual individual income: below $12,490-$18,735*** | **Annual individual income: $18,736-$24,980** |
| Generic | $1 | $6 |
| Preferred Brand | $3 | $15 |
| Non-Preferred Brand | $3 | $30 |

*$0 for individuals with income below $12,490.

| COST SHARING FOR DENTAL AND VISION BENEFITS | Annual individual income: below $12,490-$18,735 | Annual individual income: $18,736-$24,980 |
|---|---|---|
| Dental and Vision | $0 (lower income enrollees)<br><br>Can be purchased for an additional premium (higher income enrollees) | Can be purchased for an additional premium |

# Lessons Learned

## Qualified Health Plans:

- In 2019, nearly 7 in 10 of QHP enrollees selected Standard product options
- Non-Standard product enrollment is concentrated in plans that offered additional benefits (e.g., adult dental and vision, sick visits not subject to deductible)
- Consumers consistently buy on price. Standard product changes – lower deductibles, services before deductible – improve the value of these products

## Essential Plan:

- Tremendously successful program – 790,000 enrolled as of January 31, 2019
- Comprehensive benefits and very low cost
- EP costs consumers $1,485 less per year, on average, than QHP
- Participation rates among eligibles are significantly higher for EP versus QHP

# Discussion

The slides and a recording of the webinar will be available at www.shvs.org after the webinar

# Thank You


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