



From: Connecticut Health Insurance Exchange Staff
Re: Defining the Standard Plan Designs – Individual and Family
Date: December 28, 2012

As part of its QHP certification requirements approved by the Board on November 29 and incorporated into the QHP Solicitation issued on December 14, carriers interested in participating on the Exchange will be required to submit one standard plan for each of the Bronze, Silver and Gold tiers. Carriers are allowed to offer a standard plan design for the Platinum tier.

Carriers are encouraged to submit a non-standard plan for each tier.

The Exchange is focusing initially benefit designs for the Individual and Family segments, and use that information to inform the process with which we address plan designs for the Small Employer Health Options (SHOP) program. The following standards apply only to qualified health plans offered by on a carriers' indemnity license.¹

Appendix A and **Appendix B** present the Exchange's preliminary drafts of general cost sharing parameters for the standard plan designs. The Exchange looks forward to receiving comment from interested stakeholders on the attractiveness and affordability of the standard plans.

The actuarial value ("AV") of each metal tier must adhere to the following levels:

- Bronze: 60%
- Silver: 70%
- Gold: 80%
- Platinum: 90%

The actual AV of the plans must be within +/- 2 percent of the defined AV.

In addition to the above AV levels, for each standard Silver plan, carriers participating in the Individual Exchange must provide three Silver alternative plans that reflect cost sharing reductions. These plans will only be offered to individuals and families with a certain level of household income. Based on the household's income in relationship to the Federal Poverty Level ("FPL") the AV of these plans are:

¹ The Connecticut Insurance Department requires non-indemnity health care center plans (i.e. HMOs) to have a minimum deductible of \$1,500 (only exemptions to the deductible are certain preventative services required to be covered with no cost sharing). Further, in Connecticut an HMO plan cannot combine copayments and co-insurance.

Using the proposed AV Calculator, Exchange staff could not define a Platinum plan with \$1,500 deductible. More significantly, staff could only define a limited number of Gold plans and could not design two of the three Silver alternative plans with actuarial values of 87 percent and 94 percent. Because carriers are required by the ACA to offer at minimum a Gold plan and these Silver alternative plans to participate in the individual Exchange, HMO plans may be excluded from the Individual Exchange.

Staff will consider exemptions to the requirements of the standard plans for HMOs wanting to participate in the Small Employer Health Options Program (SHOP) Exchange.

200-250% of FPL: 94%
150-200% of FPL: 87%
100-150% of FPL: 73%

The actual AV of the Silver alternative plans must be within +/- 1 percent of the defined AV.

In defining each of the standard plans, the Exchange and Connecticut's carriers must conform to federal and state regulations. These plans will need to meet the appropriate metal tier AV defined and be in full compliance of all federal and state regulations pertaining to maximum out-of-pocket limits, copayments, and co-insurance.

For example, in Connecticut an HMO plan cannot combine copayments and co-insurance. While the proposed standard plan designs refer only to plans offered on a carrier's indemnity license they all rely strictly upon a copayment schedule. In accordance with State law the following limits on copayments are reflected in the proposed Standard plan designs:

Non-preventative Primary Care Visit:	\$40
Specialist Office Visit:	\$45
Urgent Care Visit:	\$75
Emergency Room Visit:	\$150
	<i>assumes ER copayment is waived if admitted</i>
Outpatient Surgery:	\$500
Inpatient:	\$500/day
	<i>up to \$2,000 per admission</i>
High Cost Diagnostic Tests (e.g. CAT, MRI, PET):	\$200

We will continue to work with the Connecticut Insurance Department to ensure standard plan designs are compliant with state regulations.

In addition to these state laws, the ACA mandates that preventative care—as defined on List A and List B of the U.S. Preventive Services Task Force—not be subject to any deductible and have \$0 copayment. And the ACA limits out-of-pocket maximum to \$6,250 for an individual (twice that for a household) and deductibles for small group products to \$2,000 (twice that for a household).² There are additional limits on maximum out of pocket for the Silver alternative plans reflected in the standard plans defined.

All these regulations direct how the Exchange and carriers may define these standard plans. There still remain many potential variations to the plan designs and the Exchange requests inputs from carriers, consumers, employers, brokers and other stakeholders on their preferred design.

For example, all the standard plans but the Bronze plan include a separate deductible for prescription drugs based on their popularity in the small group market. Also, all the standard plans rely strictly upon a copayment schedule. A co-insurance schedule may be preferable. Such a cost sharing decision will contribute to a comparably more or less expensive premium and/or contribute to a higher or lower AV.

² The later limitation could not be met using the proposed federal Actuarial Value calculator while also meeting the state's current limits on certain copayments. The lowest deductible the Exchange could define and maintain with an AV of no more than 62% was \$3,000 for an individual. The Exchange believes that state regulation should pre-empt the \$2,000 dollar limit and that the higher deductible is justified under the "reasonableness" standard proposed by the federal government.

The Exchange is interested to learn what impact such decisions (and others) will have on both premium costs and the relative attractiveness of the plan to consumers and employers.

Stand-Alone Dental

Additional materials will be provided for standard plan design for Stand-Alone Dental. The Exchange will define a standard “Low” and standard “High” cost sharing schedule, with actuarial values of 75% and 85%, respectively, for the dental benefits included in the State’s essential health benefits package (as defined by the Connecticut Husky B program) and in accordance with the proposed federal regulation.

Resources

The Actuarial Value Calculator with Continuance Tables is available from the Center for Consumer Information and Insurance Oversight (“CCIIO”). This proposed tool allows users to measure the actuarial value of health plans and compliance with actuarial value standards established under Section 1302(d) by the Affordable Care Act. The Microsoft Excel file can be downloaded here: <http://cciio.cms.gov/resources/EHBBenchmark/av-calculator-final-locked-11-20-2012.xlsm>.

The methodology for the AV calculator can be reviewed here:

<http://cciio.cms.gov/resources/EHBBenchmark/av-calculator-methodology.pdf>.

Appendix C provides an annotated screen shot of the AV calculator Excel file prepared by Exchange staff.

Additional information, on the November 26 proposed federal regulation on the “Standards related to the EHB, AV, and Accreditation” can be found here: <http://www.gpo.gov/fdsys/pkg/FR-2012-11-26/pdf/2012-28362.pdf>.

- Please submit any comments on above plans or suggestions for alternative plan designs to Connecticut Health Insurance Exchange c/o Grant Porter at grant.porter@ct.gov.

Appendix A. DRAFT Standard Plan Designs

	Bronze - 60 AV		Silver - 70 AV		Gold - 80 AV		Platinum- 90 AV	
AV Calculation using HHS AV Calculator [1]	62.0%		71.3%		79.5%		91.3%	
	Subject to Deductible		Subject to Deductible		Subject to Deductible		Subject to Deductible	
Deductible(s) [2]								
Medical Benefit (if separate)	n/a		\$ 2,000		\$ 1,000		n/a	
Prescription Drug Benefit (if separate)	n/a		250		250		n/a	
Integrated (if applicable)	3,000		n/a		n/a		0	
Out-of-Pocket Maximum [3]	\$ 6,250		\$ 6,250		\$ 6,250		\$ 2,500	
Medical Benefits								
Office Visits								
Preventive Care/Screening/Immunization	\$ -		\$ -		\$ -		\$ -	
Primary Care Visit to Treat an Injury or Illness	30	✓	30		20		20	
Specialist Visit	45	✓	35	✓	25		40	
Mental Health Visits	30	✓	30		20		20	
Emergency Room Services	150		150		100		100	
Inpatient Admission	500	✓	500	✓	250	✓	250	
Apply Inpatient Copay Per Day	yes		yes		yes		no	
Outpatient Surgery	500	✓	500	✓	250	✓	250	
High-Tech Imaging (CT/PET Scans, MRIs)	200	✓	200	✓	200	✓	150	
Laboratory Services/X-Rays	20	✓	15	✓	10		10	
Rehabilitative Services (inc. PT, OT, ST)	45	✓	35	✓	20	✓	20	
Skilled Nursing Facility	1,000	✓	500	✓	500	✓	500	
Apply SNF Copayment per Day	yes		yes		yes		no	
Prescription Drug Benefit								
Tier 1 (i.e. Generics)	\$ 20	✓	\$ 15	✓	\$ 15	✓	\$ 10	
Tier 2 (i.e. Preferred Brand Drugs)	30	✓	25	✓	25	✓	20	
Tier 3 (i.e. Non-Preferred Brand Drugs)	45	✓	40	✓	30	✓	30	
Specialty Tier (i.e. Speciality High-Cost Drugs)	45	✓	40	✓	45	✓	30	

NOTES:

1. Cost Sharing parameters and actuarial value of plans calculated using AV Calculator and continuance tables developed by CCIIO. Methodology and Excel file for developing plan designs available at: <http://cciio.cms.gov/resources/regulations/index.html#pm>.
2. Plan cost sharing parameters were constructed to adhere to ACA requirements for actuarial value ("AV") tiers, maximum deductible and out-of-pocket (excepting Bronze plan design that exceeds \$2,000 deductible defined in Proposed Regulation) and Connecticut requirements on maximum copayments for certain services and prohibition against co-insurance on HMO products.
3. Maximum out of pocket is defined by the ACA. For a household, it is twice the individual maximum

Observations from Gorman Actuarial, LLC survey of Connecticut carriers and products sold in 2012 (*Exchange comments in Italics*):

- The most popular plans in the CT Small Group market have a \$2,500 Deductible. *Exchange staff tried to stay within the HHS guidance of at most a \$2000 Deductible. This was not possible at Bronze level.*
- Coinsurance plans are not prevalent in the CT Small Group market. *Exchange staff used copayment schedule. However, for Outpatient Surgery the AV Calculator allowed only for a coinsurance percentage. Therefore, Exchange staff assumed cost of \$1500 and so correspondingly set coinsurance rate (i.e. for Bronze, copayment of \$500 is equivalent to coinsurance of 67% for typical outpatient surgery.)*
- A large portion of the CT Small Group market are in plans that are within the "Platinum" metallic tier, using the HHS AV Calculator.
- A separate prescription drug deductible was common in CT small group market. *In SHOP the Exchange encourages carriers to submit Health Saving Account eligible High Deductible Health Plans. This would require integrated deductible of at least \$1,500.*

Appendix B. DRAFT Standard Plan Design for Silver Alternative (i.e. Cost Sharing Reduction Plans)

AV Calculation using HHS AV Calculator [2]	Silver Alternatives (i.e. Cost Sharing Reduction Plans) [1]							
	Silver - 70 AV		Silver - 73 AV		Silver - 87 AV		Silver - 94 AV	
	71.3%		73.4%		87.7%		94.9%	
	<i>Subject to Deductible</i>		<i>Subject to Deductible</i>		<i>Subject to Deductible</i>		<i>Subject to Deductible</i>	
Deductible(s) [3]								
Medical Benefit (if separate)	\$	2,000	\$	1,750	\$	500		n/a
Prescription Drug Benefit (if separate)		250		150		0		n/a
Integrated (if applicable)		n/a		n/a		n/a		0
Out-of-Pocket Maximum [4]	\$	6,250	\$	5,200	\$	2,250	\$	2,250
Medical Benefits								
Office Visits								
Preventive Care/Screening/Immunization	\$	-	\$	-	\$	-	\$	-
Primary Care Visit to Treat an Injury or Illness		30		30		20		15
Specialist Visit		35 ✓		35 ✓		25		20
Mental Health Visits		30		30		20		15
Emergency Room Services		150		100		75		75
Inpatient Admission		500 ✓		500 ✓		250 ✓		250
<i>Apply Inpatient Copay Per Day</i>		yes		yes		no		no
Outpatient Surgery		500 ✓		500 ✓		250 ✓		250
High-Tech Imaging (CT/PET Scans, MRIs)		200 ✓		150 ✓		50 ✓		50
Laboratory Services/X-Rays		15 ✓		15 ✓		10		5
Rehabilitative Services (inc. PT, OT, ST)		35 ✓		35 ✓		25		20
Skilled Nursing Facility		500 ✓		500 ✓		500 ✓		250
<i>Apply SNF Copayment per Day</i>		yes		yes		no		no
Prescription Drug Benefit								
Tier 1 (i.e. Generics)	\$	15 ✓	\$	15 ✓	\$	15	\$	5
Tier 2 (i.e. Preferred Brand Drugs)		25 ✓		25 ✓		20		10
Tier 3 (i.e. Non-Preferred Brand Drugs)		40 ✓		40 ✓		30		20
Specialty Tier (i.e. Speciality High-Cost Drugs)		40 ✓		40 ✓		30		20

NOTES:

1. Silver Alternatives are only available through the Exchange and are only available to individuals eligible for cost sharing reductions (with households incomes between 100 and 250% of FPL). These benefits will be priced as Silver, but have lower cost sharing and should not be viewed as a viable market option. The federal government will be reimbursing the carriers for reduction in out-of-pocket costs. CCIIO has defined specific rules in how to construct these alternatives in relationship to base Silver plan.
2. Cost sharing parameters and actuarial value of plans calculated using AV Calculator and continuance tables developed by CCIIO. Methodology and Excel file for developing plan designs available at: <http://cciio.cms.gov/resources/regulations/index.html#pm>.
3. Plan cost sharing parameters were constructed to adhere to ACA requirements for actuarial value ("AV") tiers, maximum deductible and out-of-pocket (excepting Bronze plan design that exceeds \$2,000 deductible defined in Proposed Regulation) and Connecticut requirements on maximum copayments for certain services and prohibition against co-insurance on HMO products.
4. Maximum out of pocket is defined by the ACA. For a household, it is twice the individual maximum

FEEDBACK WELCOME:

- The Exchange wishes to define a standard plan for each metal tier that will meet the AV requirement, offer an attractive cost sharing arrangement for the market, and keep the benefits simple to understand while following all laws and regulations.
- Please submit any comments on above plans or suggestions for alternative plan designs to Connecticut Health Insurance Exchange c/o Grant Porter at grant.porter@ct.gov.

Appendix C. Overview of Actuarial Value Calculator available for download at: <http://cciio.cms.gov/resources/EHBBenchmark/av-calculator-final-locked-11-20-2012.xlsm>.

Check box if plans will use an "Integrated Medical and Drug Deductible"

Check if Inpatient Copay or Skilled Nursing Facility Copay should apply on daily basis. If left uncheck the copayment will apply only once per

Set the Deductible and OOP Maximum(s) in boxes that are not shaded. What boxes are not shaded will be determined by parameters set in Row 2 and Row 5. For copayment plans, set base coinsurance to 100%.

Define target Metal Tier for Plan. A different continuation table is used based on AV value of plan. If defining a Silver Alternative check box in Row 6 to "Indicate if Plan Meets CSR Standards?" (You will be prompted to change Metal tier based on AV of desired Silver alternative, if applicable.

For benefits not subject to deductible, uncheck the box.

For plans with only a copayment schedule, uncheck "All" in Row 17 and Row 26 under "Subject to Coinsurance?" But, then check box in row 35 for "Outpatient Facility Fee (e.g. Ambulatory Surgery Center)"

The screenshot shows the 'av-calculator-final-locked-11-20-2012.xlsm' spreadsheet. Key sections include:

- User Inputs for Plan Parameters (Rows 1-6):** Includes checkboxes for 'Use Integrated Medical and Drug Deductible?' (checked), 'Apply Inpatient Copay per Day?' (checked), 'Apply Skilled Nursing Facility Copay per Day?' (checked), 'Use Separate OOP Maximum for Medical and Drug Spending?' (checked), and 'Indicate if Plan Meets CSR Standard?' (checked). A dropdown menu shows 'Silver' as the 'Desired Metal Tier'.
- HSA/HRA Options (Rows 7-9):** Includes 'HSA/HRA Employer Contribution?' (checked) and 'Annual Contribution Amount:'.
- Narrow Network Options (Rows 10-12):** Includes 'Blended Network/POS Plan?' (unchecked), '1st Tier Utilization:', and '2nd Tier Utilization:'.
- Tier 1 Plan Benefit Design (Rows 13-15):**

	Medical	Drug	Combined
Deductible (\$)	\$2,000.00	\$250.00	\$1,500.00
Coinsurance (% Insurer's Cost Share)	100.00%	100.00%	100.00%
OOP Maximum (\$)	\$6,250.00		
OOP Maximum if Separate (\$)			
- Tier 2 Plan Benefit Design (Rows 16-18):** Similar table structure to Tier 1, currently blank.
- Important Instructions (Rows 19-41):** A table listing various services with columns for 'Subject to Deductible?', 'Subject to Coinsurance?', 'Coinsurance, if different', and 'Copay, if separate'.

Type of Benefit	Subject to Deductible?	Subject to Coinsurance?	Coinsurance, if different	Copay, if separate
Medical	<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
18 Emergency Room Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$150.00
19 All Inpatient Hospital Services (inc. MSHA)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$500.00
20 Primary Care Visit to Treat an Injury or Illness (exc. Well Baby, Preventive, and X-rays)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$30.00
21 Specialist Visit	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00
22 Mental/Behavioral Health and Substance Abuse Disorder Outpatient Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$30.00
24 Imaging (CT/PET Scans, MRIs)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$200.00
27 Rehabilitative Speech Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00
29 Rehabilitative Occupational and Rehabilitative Physical Therapy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$35.00
31 Preventive Care/Screening/Immunization	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	100%	\$0.00
32 Laboratory Outpatient and Professional Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$15.00
33 X-rays and Diagnostic Imaging	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$15.00
34 Skilled Nursing Facility	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$500.00
35 Outpatient Facility Fee (e.g., Ambulatory Surgery Center)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	67%	
36 Outpatient Surgery Physician/Surgical Services	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
Drugs	<input checked="" type="checkbox"/> All	<input checked="" type="checkbox"/> All		
38 Generics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$15.00
39 Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$25.00
40 Non-Preferred Brand Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00
41 Specialty High-Cost Drugs	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		\$40.00
- Options for Additional Benefit Design Limits (Rows 42-52):** Includes checkboxes for 'Do Not Allow Copays to Exceed Service Unit Cost?' (checked), 'Set a Maximum on Specialty Rx Coinsurance Payments?' (unchecked), 'Set a Maximum Number of Days for Charging an IP Copay?' (checked), and a text input for '# Days (1-10):' set to '4'.
- Output (Rows 53-58):** A 'Calculate' button is visible. Below it, the status shows 'Calculation Successful. 71.3% Silver'.

In Connecticut, there are a maximum number of days for which a plan can charge copay. Therefore, check box in row 27 and enter "4" in Row 48.

Set copayment for each major service. The AV Calculator does not support copayments for Outpatient facility and surgery and so a co-insurance is used. Assume typical cost is \$1,500 and so coinsurance of 67% = \$500 copayment. If laboratory outpatient and professional services and/or x-ray and diagnostic imaging are not charged à la carte then the copayments for these should be left blank (i.e. are part of primary/specialist care visit).

Press "Calculate" button to get AV of plan.

After pressing "Calculate", AV Calculator will provide AV of defined plan and will report whether or not proposed plan design was successful with respect to desired Metal Tier.