

Qualified Health Plan Selection: Considerations For Consumers

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April 2, 2014

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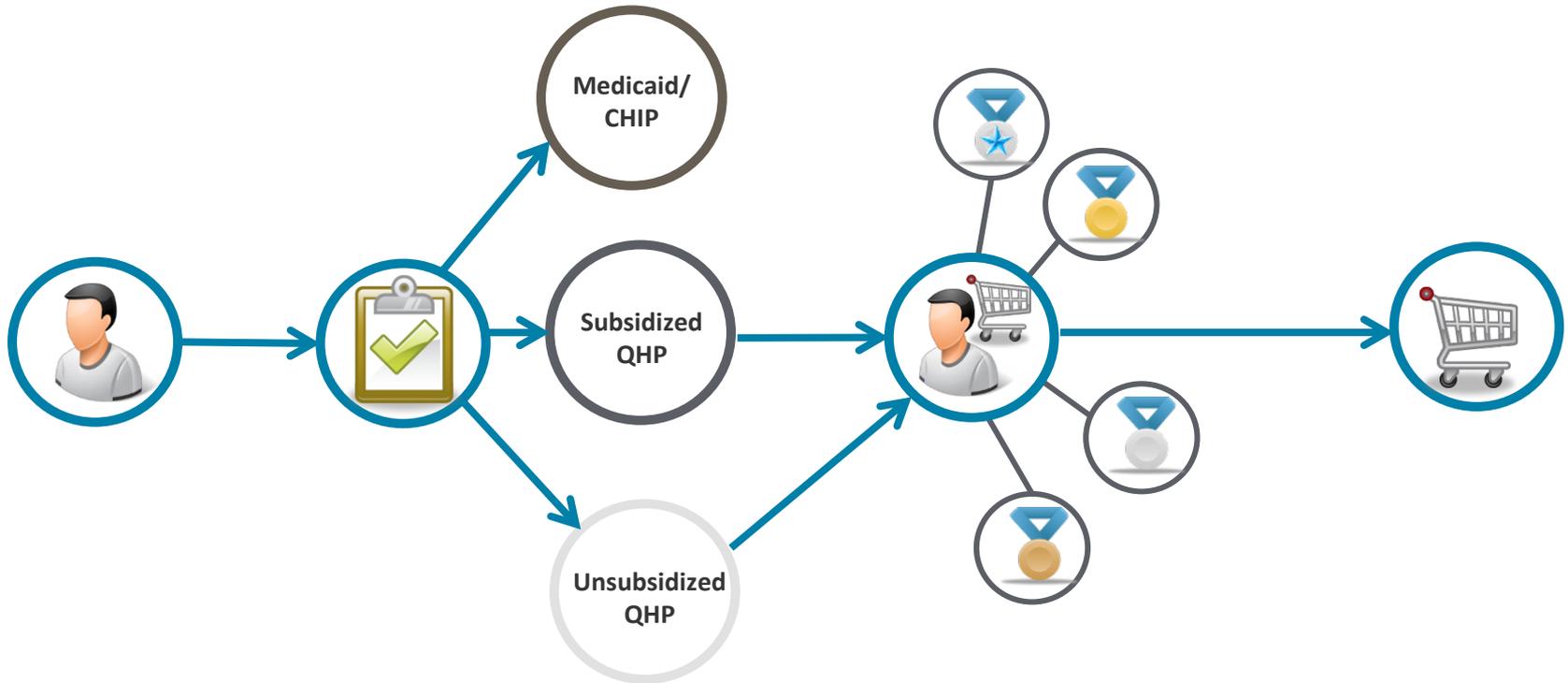
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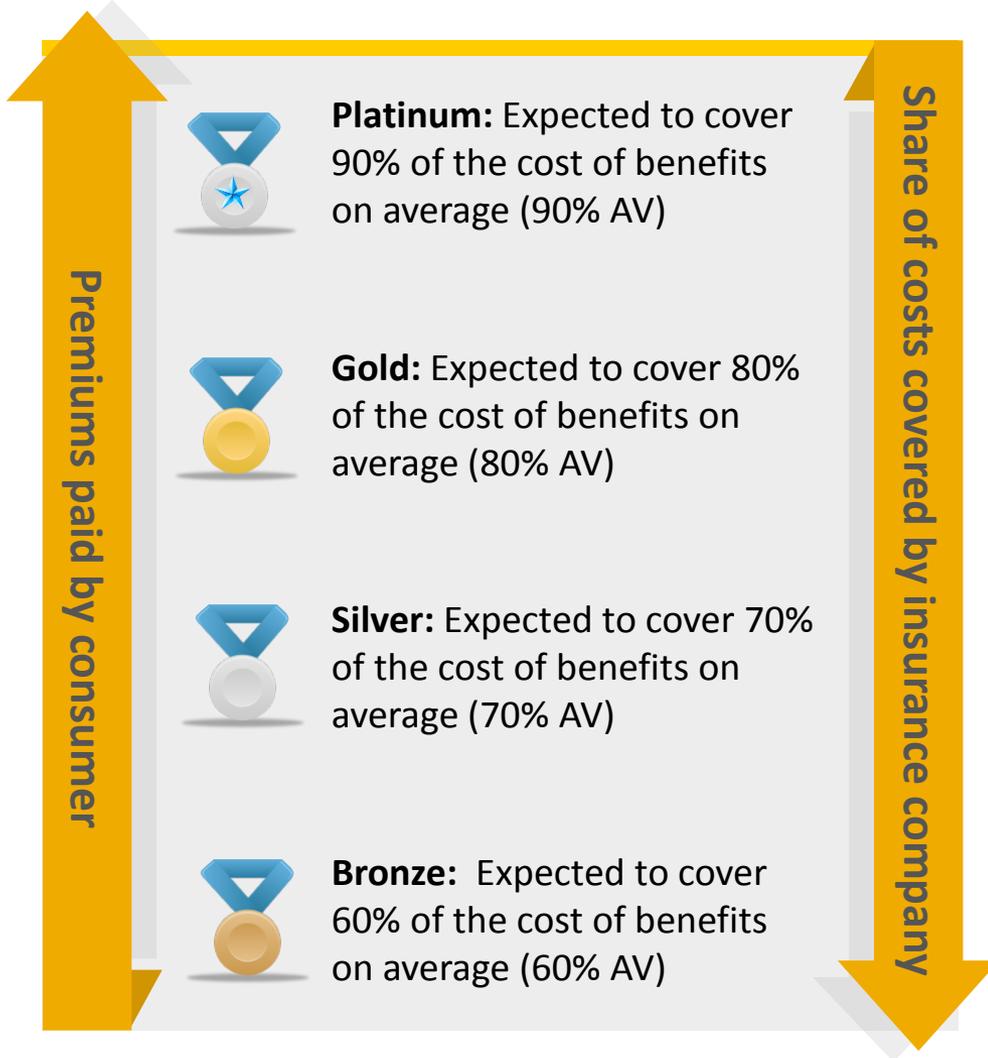
- Plan Selection: Financial Considerations
- Plan Selection: Access Considerations
- Questions & Answers

Plan Selection Through the Marketplace

- 1 Applies for Coverage
- 2 Receives Eligibility Determination
- 3 Shops, Compares, & Chooses Plan
- 4 Enrolls in Plan



Plan Value: Metal Levels



What is actuarial value?

- The percentage of an enrollee's medical costs that a plan will cover, on average, after payment of the premium and plan enrollment.
- The balance will be covered by the enrollee through co-pays and deductibles.



Plan Value: Catastrophic Plans

Individuals under 30 or individuals who cannot afford coverage because the cost of premiums exceeds 8% of their income are eligible to purchase catastrophic coverage. Catastrophic plans have very high deductibles, but after the deductible is met provide full coverage with no cost sharing.

- Generally lower premiums than other plans.
- Offer only preventive coverage (with no cost sharing) until a \$6,350 deductible is met.
- After deductible met, covers all other essential health benefit expenses with no cost sharing.
- Premium tax credits are *not* available (regardless of income).

Premiums

The monthly payment to enroll in health insurance

- Premiums for QHPs may vary depending on the plan, geography, age, smoking status, and family size.
- The amount a consumer will contribute to premiums depends on premium tax credits—individuals with family income less than 400% of the Federal Poverty level may qualify for tax credits that will reduce their required contribution to the cost of premiums.

Cost Sharing

Amounts an enrollee pays for health services, after payment of premiums

- **Co-payments:** The amount an enrollee pays for an individual service; for example, when they visit the doctor.
- **Deductibles:** The amount an enrollee pays, after payment of premiums, before insurance coverage applies.
- There are maximum limits on cost sharing in QHPs.
- Cost sharing does not apply to all services—certain preventative services must be provided without co-payments and regardless of if the deductible has been met.

Premium Tax Credits

A federal tax credit that subsidizes the cost of purchasing a QHP

- **Eligibility:** Available for individuals 100 – 400% FPL who file for taxes and who can not afford other “minimum essential coverage.”
- **Amount:** The amount of the credit depends on a family’s income and other factors. More substantial help is available to people at lower income levels.
- **Use:** The APTC can be used to purchase any metal-level plan.

Cost-Sharing Reductions

Financial assistance that reduces out-of-pocket costs (co-pays and deductibles) after consumer pays the premium and enrolls in plan.

- **Eligibility:** Available for consumers with incomes 100 – 250% FPL
- **Amount:** The amount of reduction depends on income. More substantial help is available to people at lower income levels.
- **Use:** Families can enroll in high value silver plans that already reflect the cost sharing reduction.

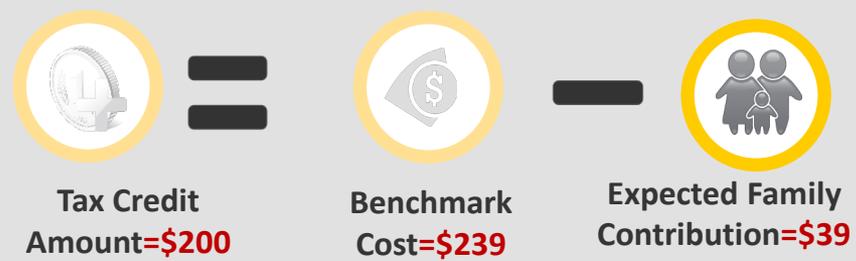
How is the Tax Credit Calculated?

The APTC reflects how much families are expected to contribute to their premiums. APTC are set at a level that is meant to allow families to purchase a relatively inexpensive silver plan.

Steps to Calculate the APTC

- STEP 1** Determine the amount the family is expected to spend on premiums (expected contribution) given the family's income
- STEP 2** Identify the cost of the second-lowest cost silver plan (benchmark plan) for this family and adjust the cost to reflect selected characteristics of the family, such as age and size.
- STEP 3** Fill the gap – after identifying a family's expected contribution, determine how much more is needed to purchase the benchmark plan. The APTC are set at this dollar amount to fill this gap

How is the Family's Expected Contribution Calculated?



Families are expected to contribute between 2% and 9.5% of their income towards QHP premiums. The percentage they are expected to contribute is based on a sliding scale.

To find contribution amount, the Marketplace must figure out:

- 1 Who's in the family?
- 2 How much income does the family have?
- 3 What is the family's income as a percentage of the federal poverty level?

Premium Credits by Income Under Health Reform			
Income (2013)		Expected Family Contribution	
Percentage of poverty line	Annual dollar amount (2013 \$)	Premium contribution as percentage of income	Monthly premium contribution
Individual			
100 – 133%	\$11,490 - \$15,282	2%	\$19 – \$25
133 – 150%	\$15,282 - \$17,235	3 – 4%	\$38 – \$57
150 – 200%	\$17,235 - \$22,980	4 – 6.3%	\$57 – \$121
200 – 250%	\$22,980 - \$28,725	6.3 – 8.05%	\$121 - \$193
250 – 300%	\$28,725 - \$34,470	8.05 – 9.5%	\$193 - \$273
300 – 350%	\$34,470 - \$40,215	9.5%	\$273 - \$318
350 – 400%	\$40,215 - \$45,960	9.5%	\$318 - \$364
Family of Four			
100 – 133%	\$23,550 - \$31,322	2%	\$39 - \$52
133 – 150%	\$31,322 - \$35,325	3 – 4%	\$78 - \$118
150 – 200%	\$35,325 - \$47,100	4 – 6.3%	\$118 - \$247
200 – 250%	\$47,100 - \$58,875	6.3 – 8.05%	\$247 - \$395
250 – 300%	\$58,875 - \$70,650	8.05 – 9.5%	\$395 - \$559
300 – 350%	\$70,650 - \$82,425	9.5%	\$559 - \$652
350 – 400%	\$82,425 - \$94,200	9.5%	\$652 - \$746

How is the Tax Credit Used to Shop for Plans?

- After the Marketplace determines an individual's eligibility for APTC/CSR, the individual will be told the maximum amount of APTC she can receive.
- The individual can then shop around for different plans.
- If he or she chooses a less expensive plan, the APTC will cover more of the premium costs. If he or she chooses a more expensive plan, the APTC will cover less of the premium costs, and the individual will need to pay more out of pocket.
- As an individual shops, they may want to consider both premium costs and out-of-pocket costs under various plans.



How Does the Cost Sharing Reduction Work?

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People who qualify for cost sharing reductions can enroll in special silver plans that have a higher actuarial value, meaning co-payments and deductibles in these plans are reduced.

Only available to those who enroll in a Silver plan.

There are three levels of savings available to people who qualify for a CSR.

- The level of savings (or tier) for which a family qualifies is based on the family's income.
- Issuers provide silver plans with higher actuarial value for those with CSRs.
 - The maximum out-of-pocket costs for someone above 250% FPL is \$6,350. For those under 250% FPL, the CSR reduces the maximum out-of-pocket costs.
 - The higher the actuarial value, the lower the deductibles, coinsurance, and/or copayments

TIERS OF COST-SHARING REDUCTIONS

CSR Tier	Income Range	Actuarial Value of the Silver Plan	2014 Maximum Out of Pocket Costs*
1	Special populations < 100% FPL; 100% FPL – 150 %FPL	94%	\$2,250
2	150% FPL - 200% FPL	87%	\$2,250
3	200% FPL – 250% FPL	73%	\$5,200

Silver plan variations offered in these levels

*78 FR 15483

Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 29 in Portland, OR*
150% FPL (\$17,235)

High AV due to cost sharing reductions

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan CSR Version, 94% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	\$134	\$145	\$176	\$222
Tax Credit	N/A**	\$119	\$119	\$119
Enrollee Premium	\$134 Highest premium	\$26 Lowest premium	\$57	\$103
Deductible	\$6,350	\$5,000	\$750 Lowest deductible	\$1,500
Inpatient Facility	N/A	40% cost sharing	35% cost sharing	20% cost sharing
Primary Care	N/A	40% cost sharing	\$30	\$15
Prescription Drugs	N/A	50% cost sharing	\$10 – 50%	\$15 - \$30
Max Out of Pocket Costs	\$6,350	\$6,350	\$1,250 Lowest out of pocket max	\$3,500

* This is fictional scenario--tax credits and premiums are estimates, and actual determinations may differ; **Premium Tax Credits not available for catastrophic plans

Sources: <http://www.coveroregon.com/individual/browse>
<http://kff.org/interactive/subsidy-calculator/>

Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 50 in Portland, OR*
150% FPL (\$17,235)

High AV due to cost sharing reductions

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan CSR Version, 94% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	N/A**	\$232	\$281	\$354
Tax Credit	N/A**	\$224	\$224	\$224
Enrollee Premium	N/A**	\$8 <small>Lowest premium</small>	\$57	\$130
Deductible	N/A**	\$5,000	\$750 <small>Lowest deductible</small>	\$1,500
Inpatient Facility	N/A**	40% <i>cost sharing</i>	35% <i>cost sharing</i>	20% <i>cost sharing</i>
Primary Care	N/A**	40% <i>cost sharing</i>	\$30	\$15
Prescription Drugs	N/A**	50% <i>cost sharing</i>	\$10 – 50%	\$15 - \$30
Max Out of Pocket Costs	N/A*	\$6,350	\$1,250 <small>Lowest out of pocket max</small>	\$3,500

* This is fictional scenario--tax credits and premiums are estimates, and actual determinations may differ

** Age 30+ individuals with access to affordable coverage are not eligible for catastrophic plans

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Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 29 in Portland, OR*
200% FPL (\$22,980)

AV is 73%--fewer cost sharing reductions at 200% FPL

- Monthly Premium
- Tax Credit
- Enrollee Premium
- Deductible
- Inpatient Facility
- Primary Care
- Prescription Drugs
- Max Out of Pocket Costs

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan CSR Version 73% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	\$134	\$145	\$176	\$222
Tax Credit	N/A**	\$55	\$55	\$55
Enrollee Premium	\$134	\$90 <small>Lowest premium</small>	\$121	\$167
Deductible	\$6,350	\$5,000	\$1,500 <small>Same deductible</small>	\$1,500
Inpatient Facility	N/A	40% cost sharing	35% cost sharing	20% cost sharing
Primary Care	N/A	40% cost sharing	\$30	\$15
Prescription Drugs	N/A	50% cost sharing	\$10 – 50%	\$15 - \$30
Max Out of Pocket Costs	\$6,350	\$6,350	\$5,000	\$3,500

* This is fictional scenario--tax credits and premiums are estimates, and actual determinations may differ
 **Premium Tax Credits not available for catastrophic plans

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Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 50 in Portland, OR*
200% FPL (\$22,980)

Fewer cost sharing reductions at 200% FPL

- Monthly Premium
- Tax Credit
- Enrollee Premium
- Deductible
- Inpatient Facility
- Primary Care
- Prescription Drugs
- Max Out of Pocket Costs

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan CSR Version 73% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	N/A**	\$232	\$281	\$354
Tax Credit	N/A**	\$160	\$160	\$160
Enrollee Premium	N/A**	\$72 <small>Lowest premium</small>	\$121	\$195
Deductible	N/A**	\$5,000	\$1,500 <small>Same deductible</small>	\$1,500
Inpatient Facility	N/A**	40% cost sharing	35% cost sharing	20% cost sharing
Primary Care	N/A**	40% cost sharing	\$30	\$15
Prescription Drugs	N/A**	50% cost sharing	\$10 – 50%	\$15 - \$30
Max Out of Pocket Costs	N/A**	\$6,350	\$5,000	\$3,500

* This is fictional scenario--tax credits and premiums are estimates, and actual determinations may differ
 ** Age 30+ individuals with access to affordable coverage are not eligible for catastrophic plans

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<http://kff.org/interactive/subsidy-calculator/>

Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 29 in Portland, OR*
400% FPL (\$45,960)

No cost sharing reductions at 400% FPL

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan 70% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	\$134	\$145	\$176	\$222
Tax Credit	N/A**	\$0 No tax credits at 400% FPL	\$0	\$0
Enrollee Premium	\$134 Lowest premium	\$145	\$176	\$222
Deductible	\$6,350	\$5,000	\$2,500 Higher deductible b/c no CSRs	\$1,500
Inpatient Facility	N/A	40% cost sharing	35% cost sharing	20% cost sharing
Primary Care	N/A	40% cost sharing	\$30	\$15
Prescription Drugs	N/A	50% cost sharing	\$10 – 50%	\$15 - \$30
Max Out of Pocket Costs	\$6,350	\$6,350	\$6,000 Higher max b/c no CSRs	\$3,500

* This is fictional scenario--tax credits and premiums are estimates, and actual determinations may differ
**Premium Tax Credits not available for catastrophic plans

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Premium and Cost-Sharing Considerations



Oregon



Single Adult, Age 50 in Portland, OR*
400% FPL (\$45,960)

No cost sharing reductions at 400% FPL

	Second-Lowest Cost Catastrophic Plan <60% AV	Second-Lowest Cost Bronze Plan 60% AV	Second-Lowest Cost Silver Plan 70% AV	Second-Lowest Cost Gold Plan 80% AV
Monthly Premium	N/A**	\$232	\$281	\$354
Tax Credit	N/A**	\$0 No tax credits at 400% FPL	\$0	\$0
Enrollee Premium	N/A**	\$232 Lowest premium	\$281	\$354
Deductible	N/A**	\$5,000	\$2,500 Higher deductible b/c no CSRs	\$1,500
Inpatient Facility	N/A**	40% cost sharing	35% cost sharing	20% cost sharing
Primary Care	N/A**	40% cost sharing	\$30	\$15
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 ** Age 30+ individuals with access to affordable coverage are not eligible for catastrophic plans

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Key Takeaways on Financial Considerations

- Calculating the cost of health plans is complicated, particularly where tax credits and cost sharing reductions must be factored in.
- One size does not fit all: empower consumers to make the best personal choice for themselves.
- While in general there is a trade-off between premiums and cost sharing (higher premiums for lower cost sharing and lower premiums for higher cost sharing), this is not always true when tax credits are available.
- Out of pocket expenses are a key factor for individuals with high medical expenses. These individuals should consider plans with high actuarial value (low deductibles and cost sharing).
- After accounting for tax credits, bronze plans may be less expensive than catastrophic plans for many people under 200% FPL.

Drug Formularies

The medications covered by the health plan.

- QHPs must provide *greater of*:
 - One drug per USP (United States Pharmacopeia) category and class, *or*
 - Same number of drugs per category and class as a specific benchmark plan
- Consumer will want to verify that drugs they take are on plan formulary
- Enrollees may request “clinically appropriate drugs” not on formulary
- Some higher cost drugs may have higher co-payments
- Co-payments on certain high cost drugs may not count towards deductible

Provider Networks

The providers (such as doctors or hospitals) whose services are covered by the plan.

- Consumers may wish to verify whether certain providers are included in the plan’s network when comparing plans

Utilization Controls

Mechanisms that health plans use to limit the use of services; for example, prior-authorization or visit limits.

- Individuals who use high amounts of medical services or high-cost services may wish to verify which utilization controls will apply when comparing plans.
- Utilization controls on drugs may include:
 - Tiering (higher cost sharing for higher cost drugs)
 - Prior authorization
 - Quantity & frequency limits
 - Step therapy (require enrollees to try lower cost drugs before higher cost drugs)

Transparency of Formularies & Networks

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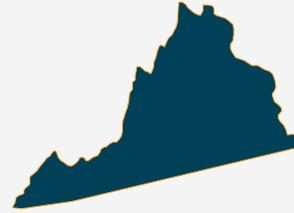
Minnesota

Downloadable document links to formulary and network for each plan



New York

Downloadable document links to network for each plan; Must create an account and link-out to formulary



Virginia

Formulary and network are not available through healthcare.gov



Maryland

Online provider search tool; formulary not available on Maryland Health Connection

Consumers may have to analyze plan formularies and networks through the issuer instead of the Marketplace in many states

Key Takeaways on Access Considerations

- Enrollees with substantial medical needs, or who want access to specific providers and prescriptions may need to research provider networks, formularies and utilization control mechanisms.
- Information on provider networks and formularies may not be easily accessible
- Information on utilization controls may be even more difficult to find.
- In many states, consumers may need to obtain this information from the issuer.

Questions?