The Effects of Actuarial Value Threshold Changes on Plan Benefit Design and Cost-Sharing for Vulnerable Individuals in New York

INTERNATIONAL

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BACKGROUND

The Affordable Care Act classifies insurance plans by metal level based on actuarial value (AV). Between plan year (PY) 2017 and PY2018, the de minimis AV variation standard expanded to -4%/+5% for expanded bronze plans, and -4%/+2% for other metal levels. This is an important policy change in a volatile individual market that also faces issuer withdrawals, uncertain cost-sharing payments, and other policy shifts.

OBJECTIVES

Our objective was to determine the effect of the AV change on out-of-pocket costs and cost sharing structures for New Yorkers buying on and off exchange plans with one of ten high-cost chronic health conditions: bipolar disorder, breast cancer, diabetes, pregnancy & childbirth, heart disease, hepatitis C, HIV, multiple sclerosis, rheumatoid arthritis, and schizophrenia.

POPULATION

Our analyses examine consumers with ten chronic conditions shopping for health insurance in New York State.

METHODS

Data Source:

- Our study analyzed PY2017 and PY2018 plan benefit information filed by health insurance issuers with the New York State Department of Financial Services.
 Our dataset included plans with both standardized and non-standardized benefit packages.
- MarketScan claims data was used to derive the allowed cost on a unit basis for medical services and prescription drugs. The plan benefit data was then applied to the allowed cost data and treatment plan/utilization parameters provided by nationally and internationally recognized clinical guidelines to calculate out-of-pocket costs.

Analyses

Within each metal level for PY2017 vs PY2018, the analysis compares changes in the following plan benefit parameters and out-of-pocket costs as the de minimus thresholds changed:

- Mean annual maximum out-of-pocket (MOOP) limit and mean annual combined drug and medical deductible; and
- The mean copay and coinsurance amounts for specific types of medical services and by prescription drug formulary tier.
- Estimated year-to-year percentage change in estimated annual out-of-pocket cost (OOPC), mean annual deductible, and mean annual MOOP threshold for consumers with one of ten chronic health conditions:

HIV

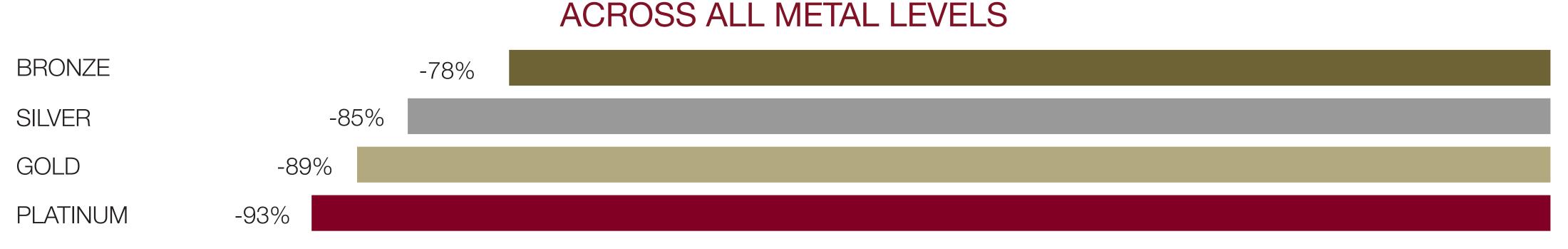
Hepatitis C

Multiple Sclerosis

Schizophrenia

Rheumatoid Arthritis

- Bipolar Disorder
- Breast Cancer
- Diabetes
- Pregnancy & Childbirth
- Heart Disease



HEPATITIS C RECORDED LARGEST PERCENTAGE DECREASE IN AVERAGE OOPC

FINDINGS

We found that 69 percent of platinum plans expanded into the new variation range in

While New York's marketplace rules did not allow on-exchange silver plans to enter

the expanded AV threshold, 3.5 percent of off-exchange silver plans expanded their

AV into the new range. In general, our analysis revealed minor year-to-year percentage

also saw modest increases in OOPCs, including schizophrenia (4% in gold), HIV (3-8%

across all metal levels), diabetes (2-4% across all metal levels except platinum), and

bipolar disorder (4-5% in silver and gold); OOPCs saw modest percentage decreases

for rheumatoid arthritis (7% in gold, 13% in platinum), coronary artery disease (12% in

and pregnancy and childbirth (13%-40% across all metal levels).

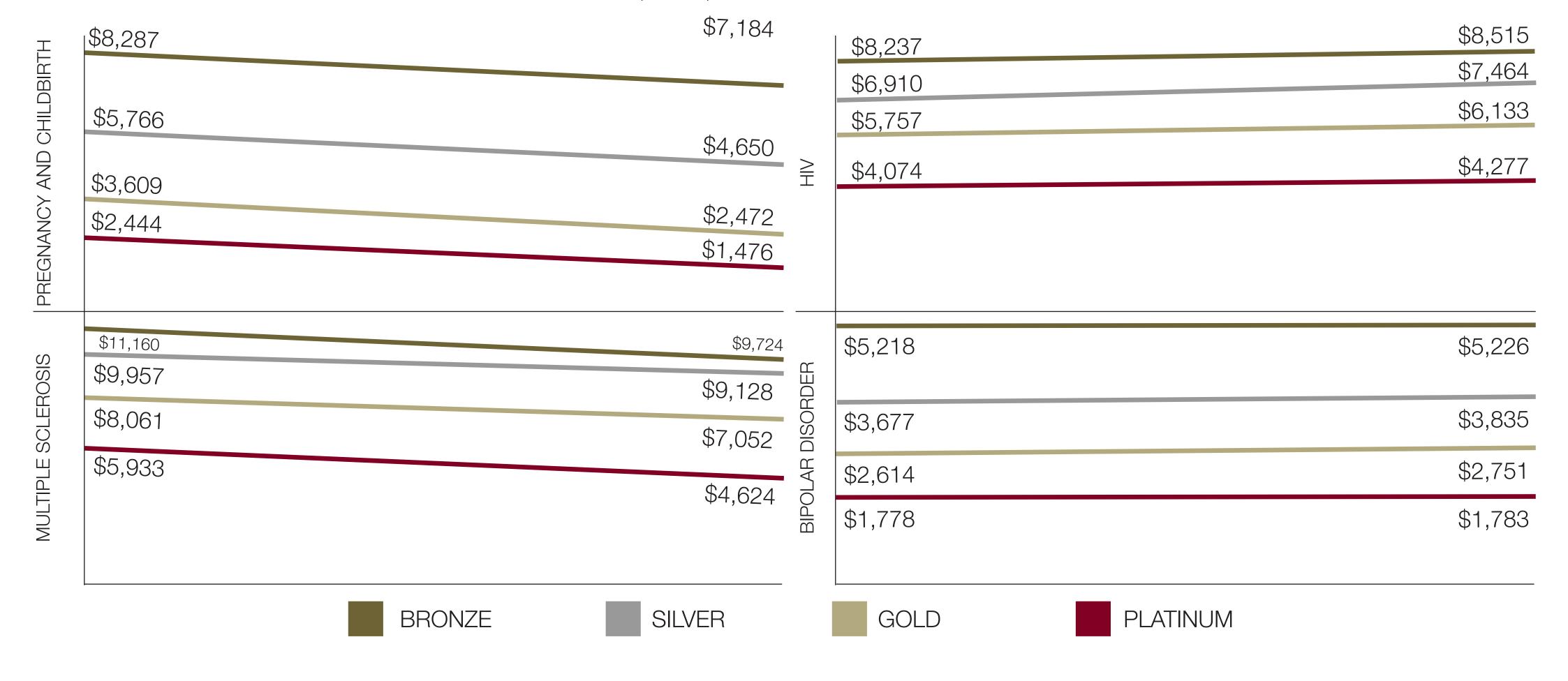
platinum), and multiple sclerosis (8-22% across all metal levels). Our analysis did reveal

significant year-to-year decreases in OOPCs for hepatitis C (80% across all metal levels)

changes in estimated out-of-pocket costs for many of the conditions. Several conditions

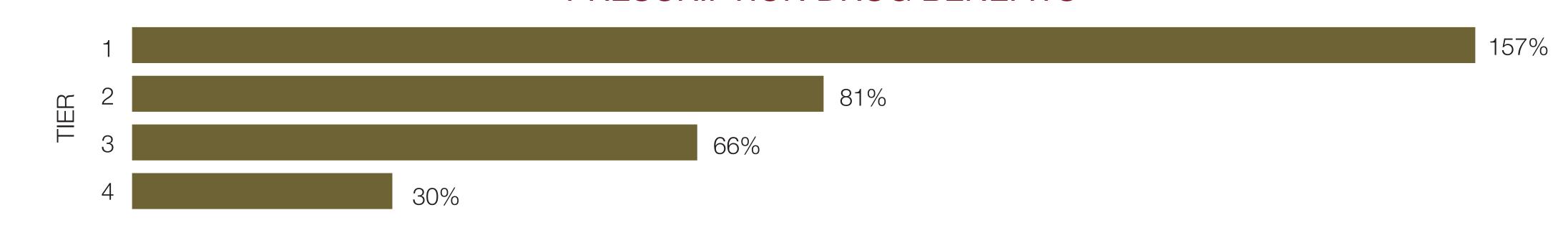
2018, compared to 15 percent of gold plans and no bronze and expanded bronze plans.

AVERAGE OOPC DECREASED ACROSS METAL LEVELS FOR HAVING A BABY, MULTIPLE SCLEROSIS, HIV, AND BIPOLAR DISORDER

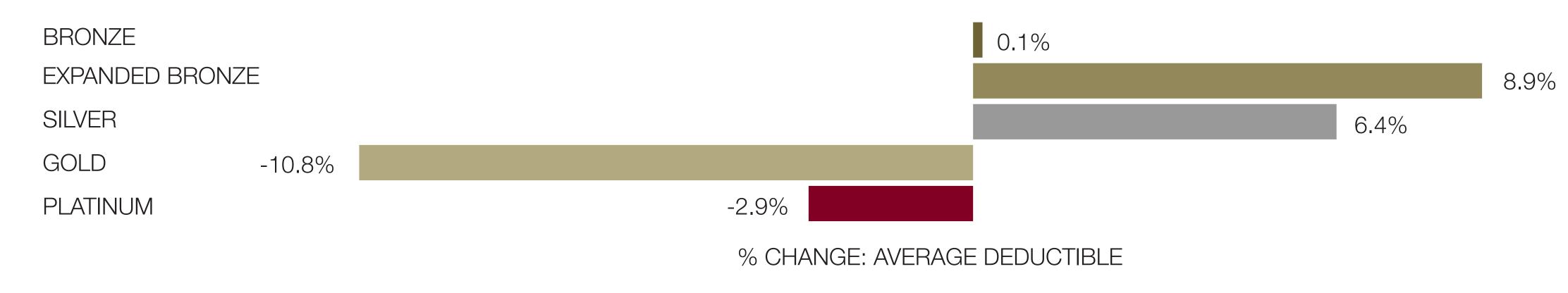


The analysis also identified some changes in plan cost-sharing parameters. For prescription drugs, cost sharing generally increased from PY 2017 to PY 2018 across all drug tiers in bronze plans. Silver plan tier 2 coinsurance rose from 0% to 42%; for bronze, tier 2 coinsurance increased 81%. Tier 3 coinsurance increased the most for platinum plans (292%) while also increasing around 67% for bronze, silver, and gold. For copays across all metal levels, tier 1 copays were 19% (silver) – 37% (gold) higher than previous plan year. All metal level tier 2 copays increased around 12%, while tier 3 copays increased around 10%. The annual deductible for certain metal levels experienced modest increases (expanded bronze and silver), while other metal levels had modest decreases (gold and platinum plans). Year-to-year changes in MOOPs were minor, with a 2% decrease for platinum plans and a roughly 1% decrease for all other metal levels.

BRONZE: AVERAGE COINSURANCE SPIKED ACROSS ALL FORMULARY TIERS FOR PRESCRIPTION DRUG BENEFITS



CHANGE IN AVERAGE DEDUCTIBLE ACROSS METAL LEVELS



STRENGTHS AND LIMITATIONS

This analysis is unique in its effort to estimate the impact of changes in actuarial value de minimus variation standards on plan benefit packages over time. The analysis also estimates the impact of these changes of out-of-pocket costs for consumers with specific high cost conditions receiving treatment in accordance with nationally recognized clinical guidelines.

We caution that a wide variety of factors affect cost-sharing and out-of-pocket costs, including state-specific dynamics such as benefit package standardization, Medicaid expansion or adoption of the Basic Health Plan program (Essential Plan in New York). For these reasons, we advise against extrapolating these findings to other states.

CONCLUSIONS

Preliminary findings show variations by condition in the potential effect of the AV threshold change.

- Certain high-cost conditions (e.g., hepatitis C, multiple sclerosis) saw significant OOPC decreases
- Other high-cost conditions saw very modest increases (e.g., HIV, bipolar disorder) or modest decreases (e.g., rheumatoid arthritis and coronary artery disease).

We found increases in some cost-sharing parameters, especially prescription drug coinsurance, although deductibles decreased for gold and platinum plans. Negative effects of AV threshold changes or market instability may have been muted in some cases, as changes in deductibles were modest from PY2017 to PY2018. Individual carrier decisions to cover certain drugs may also have shielded New Yorkers from adverse impacts. We encourage further study on how AV threshold changes affect plan designs and impact vulnerable populations.

ACKNOWLEDGEMENTS

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