# Trends in the Effects of Actuarial Value Threshold Changes on Plan Benefit Design and Out-of-Pocket-Costs for Vulnerable New Yorkers

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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 marked an important policy change in a volatile individual market that has faced issuer withdrawals, uncertain cost-sharing payments, discontinuation of individual mandate enforcement, and other Federal and state-level policy changes.

## OBJECTIVES

Our objective was to evaluate the longitudinal effect of the AV change on out-of-pocket cost trends and cost-sharing structure trends for New Yorkers purchasing on- and off-exchange plans with one of the following chronic conditions: bipolar disorder, breast cancer, diabetes, pregnancy & childbirth, heart disease, HIV, multiple sclerosis, rheumatoid arthritis, and schizophrenia.

## POPULATION

This study examines New York consumers with chronic conditions shopping for health insurance on- and off-exchange.

## METHODS

Our analyses combined data from three sources:

1. Plan benefit information for PY2017-PY2019 was extracted from issuer template submissions, which are filed with the New York State Department of Financial Services and are publicly available for download through SERFF Filing Access. This dataset includes on- and off-exchange plans with both standardized and non-standardized benefit packages.
2. New York-specific claims data was used to determine the allowed cost on a unit basis for medical services and prescription drugs.
3. Pharmacists consulted with nationally- and internationally-recognized clinical guidelines to develop appropriate treatment scenarios for each chronic condition.

The plan benefit information (1) was combined with claims data (2) to determine actual OOPCs for services and drugs required by treatment scenarios (3). Additionally, for each PY, the study examined the following plan benefits:

- Mean annual maximum out-of-pocket maximums (MOOP) and mean annual combined drug and medical deductibles
- Mean copay and coinsurance amounts for specific types of medical services

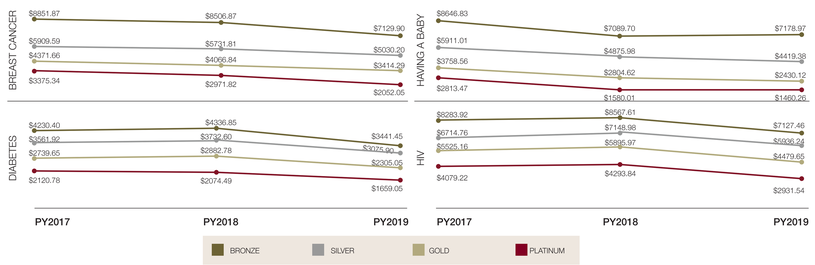
## FINDINGS

Estimated OOPC trends varied by condition.

- Some conditions, including **breast cancer** and **having a baby** saw consistent and sometimes large (e.g. 20%) downward trends across most or all metal levels.
- More commonly, estimated average OOPCs **did not follow consistent trends**, rising one year and falling the next.
- On average, large (20%+) single-year estimated OOPC decreases were observed in 2019 for **diabetes** within all metal levels except silver, and for **HIV** within gold and platinum plans, while large (20%+) decreases were observed in 2018 for **having a baby** within gold and platinum plans and for **multiple sclerosis** within platinum.
- Large (20%+) single-year estimated average OOPC increases were observed for **rheumatoid arthritis** within platinum plans in 2019.

End-to-end, OOPCs on average dropped in varying magnitude for all conditions except **coronary artery disease**, which saw minor increases across all metal levels, and **rheumatoid arthritis**, which saw larger increases across all metal levels.

### OUT-OF-POCKET COST TRENDS FROM PY17-PY19



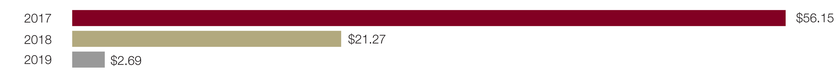

### % DIFFERENCE IN OUT-OF-POCKET COSTS RELATIVE TO PREVIOUS YEAR

| | Bronze | | Silver | | Gold | | Platinum | |
|---|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 |
| Breast Cancer | -4% | -16% | -3% | -12% | -7% | -16% | -12% | -31% |
| Diabetes | 3% | -21% | 5% | -18% | 5% | -20% | -2% | -20% |
| Having a Baby | -18% | 1% | -18% | -9% | -25% | -13% | -44% | -8% |
| HIV | 3% | -17% | 6% | -17% | 7% | -24% | 5% | -32% |

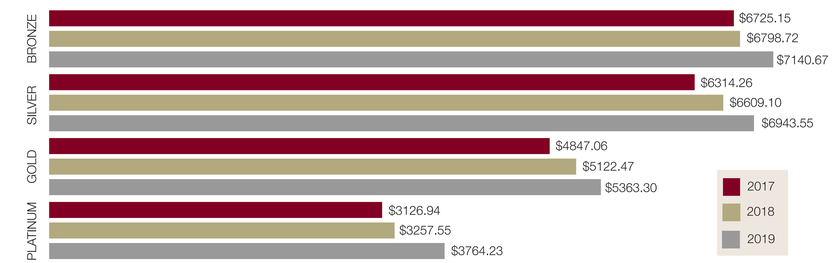
Average deductibles trended upwards for all metal levels except platinum. In 2018, gold and silver deductibles saw large increases (26% and 25% respectively), while bronze deductibles rose in 2019 (10%) on average. Platinum deductibles decreased considerably year-over-year, dropping from an average of about $56 in 2017 to less than $3 in 2019. MOOPs on average trended upwards for all metal levels, with total increase of roughly 10% in gold and silver plans and a total increase of roughly 20% in platinum plans.

Medical coinsurance followed a similar trend, with decreases for bronze plans and increases in other metal levels. Changes in copay tended to be minor, although copays for lab services decreased across all metal levels.

### PLATINUM: AVERAGE DEDUCTIBLES CONSISTENTLY DROPPED




### OUT-OF-POCKET MAXIMUMS: TRENDED UPWARDS FOR ALL METAL LEVELS




## STRENGTHS AND LIMITATIONS

This analysis is unique in its effort to analyze trends in cost-sharing design to estimate the impact of changes in *de minimis* AV thresholds. The analysis also estimates the impact of these changes on out-of-pocket cost trends for consumers with common chronic conditions, offering insight into the costs faced by a key vulnerable population.

We caution that a wide variety of factors can affect cost-sharing design and OOPCs. These factors can range from state-specific dynamics such as benefit standardization, Medicaid expansion, or reinsurance programs, to Federal policies such as the discontinuation of individual mandate enforcement and the expansion of short-term plans.

## CONCLUSIONS

Drawing on three years of data, the **longitudinal effects of AV threshold changes on OOPCs for consumers with chronic conditions appear to be mixed.**

- While OOPCs were often lower in the final year of analysis than the first year, many conditions did not observe strong, consistently directional trends across all three years. Breast cancer and Having a Baby were the exceptions, with downward trends across all or most metal levels across all three years.
- These decreases came despite a consistent upward trend in deductibles (except platinum plans) and MOOPs, and mixed trends in medical copays and coinsurance.

A potential explanation for dropping OOPCs is more generous prescription cost-sharing benefits, which were not evaluated in this analysis. Individual issuer decisions to cover certain drugs also have a strong effect on OOPCs. Because a number of New York-specific factors such as the Medicaid expansion, the Essential Plan, and the expanded open enrollment period may have affected plan benefit design and OOPCs, we recommend further analyses in other states to evaluate the impact of AV threshold changes.

## ACKNOWLEDGEMENTS

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