QHP Plan Year (PY) 2018 Updates to the Actuarial Value (AV) Calculator

January 17, 2017

Qualified Health Plan (QHP)
Series I

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

Agenda

- Session Guidelines
- Key Dates
- Announcements
- AV Background
- Overview of 2018 AV Calculator Changes
- AV Calculator Reminders
- 2018 Payment Notice (PN): Bronze Plan Policy

- 2018 AV Plans and Benefits Template (P&BT) Changes
- AV P&BT Reminders
- How to Match AVs Between AV Calculator and P&BT
- Questions
- Resources
- Closing Remarks

HTTPS://WWW.REGTAP.INFO

Session Guidelines

- This is a 60-minute webinar session.

- This webinar will provide an opportunity for Center for Consumer Information and Insurance Oversight (CCIIO) Plan Management (PM) Subject Matter Experts (SMEs) to respond to questions from QHP issuers.

- For questions regarding content, contact the Centers for Medicare & Medicaid Services (CMS) Help Desk by email at: CMS_FEPS@cms.hhs.gov or by phone at (855) 267-1515.

- For questions regarding logistics and registration, contact the Registrar at (800) 257-9520.

Upcoming Key Dates for QHP Plan Maintenance and Certification

Date	Category	Activity
Jan. 5 – Jan. 13, 2017	Plan Data Change	Issuers Submitted PY 2017 Data Change Requests for the Data Correction Window (DCW) occurring in mid- to late-January (2nd Quarter SHOP Rate Changes)
Jan. 18 – Jan. 24, 2017	Plan Data Change	January Data Correction Window for Approved PY 2017 Plan Data Changes
January 31, 2017	Open Enrollment	Open Enrollment (OE) Period Ends
February 12, 2017	Plan Data Change	January DCW PY 2017 Plan Data Changes Display on HealthCare.gov
Mar. 15 – Mar. 17, 2017	Issuer Conference	Annual QHP Issuer Conference in Baltimore, MD

Announcements

Actuarial Value Background

- The Affordable Care Act (ACA) requires non-grandfathered individual and small group insurance plans inside and outside the Marketplaces to meet particular actuarial values.

  - Bronze = 60% AV

  - Silver = 70% AV

  - Gold = 80% AV

  - Platinum = 90% AV

- The ACA requires that issuers calculate AV based on the provision of the Essential Health Benefits (EHB) to a standard population.

- 45 CFR 156.135(a): to calculate the AV of a health plan, the issuer must generally use the AV Calculator developed and made available by the U.S Department of Health and Human Services (HHS) for the given benefit year, unless certain exceptions apply.

Updating the AV Calculator

45 CFR 156.135(g) *Updates to the AV Calculator.*

HHS will update the AV Calculator annually for material changes that may include costs, plan designs, the standard population, developments in the function and operation of the AV Calculator and other actuarially relevant factors.

Overview of 2018 AV Calculator Changes: Standard Population

- Updates the claims data underlying the continuance tables with 2015 data:
  - Types of Data: Is based on individual and small group claims.
  - Types of Plans: Includes claims from Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Exclusive Provider Organization (EPO) and Point of Service (POS) plans.
  - Individual Market Adjustment: Removes Pre-existing Condition Insurance Plans (PCIP)/High Risk Pools (HRP) adjustment.
  - Enrollment: Includes annualized claims of enrollees with at least four months of enrollment.
  - EHB Adjustments: Removes previous EHB adjustments.
- Uses an annual projection factor for prescription drug and medical claims between 2015 and 2018.
- Updates the enrollment demographic distribution to reflect the projected 2018 population.

Overview of 2018 Calculator Changes: Algorithms

- Copay Option for Outpatient Services: Allows service-specific cost-sharing for the outpatient facility and professional services.

- Effective Coinsurance: Uses effective coinsurance to calculate the benefit in the coinsurance range to apply to plans with a combined medical and drug deductible and is simplified by automatically incorporating all elements of the plan design into the calculation of the level of spending at which the maximum out-of-pocket (MOOP) is reached.

- MOOP Calculation: Iteratively calculates the point at which the MOOP is reached to decrease the influence of services that account for a substantial share of total spending relative to services that account for a substantial share of spending in the coinsurance range.

Overview of 2018 AV Calculator Changes: Algorithms and Other

- <u>Nested Deductibles:</u> Uses an equivalent combined deductible for calculation of the point at which MOOP is reached.

- <u>Deductible Spending:</u> Scales to the percentage of spending below the deductible that does not contribute to the deductible.

- <u>Two Tier Plan Design:</u> Uses a utilization-weighted average between AVs of the two tiers.

- <u>Expanded Bronze Plan Option:</u> Includes a new option for users to indicate that the user is running an expanded bronze plan as finalized in the 2018 Notice of Benefit and Payment Parameters.

Overview of 2018 AV Calculator Changes: Other

- <u>MOOP Limit:</u> Increases estimated MOOP limit to $7,600.

- <u>Coding:</u> Simplifies the AV Calculator's source coding.

- <u>Error Messages:</u> Adds new messages to notify users of input errors.

- <u>Additional Notes:</u> Adds an output feature called "Additional Notes" to provide the user with further clarity on specific AV calculations.

- <u>Run Time:</u> Includes the run time in the output section of the AV Calculator.

- <u>Input Names:</u> Updates input names to reflect current naming conventions.

AV Calculator Reminders

- The AV Calculator is not a pricing tool.

- Issuers must always use an actuarially justifiable process when inputting their plan designs into the AV Calculator.

- Due to the number and scope of changes in the 2018 AV Calculator, the impact on current plans' AVs will vary.

Level of Coverage

45 CFR 156.140(c): *De minimis variation.*

The allowable variation in the AV of a health plan that does not result in a material difference in the true dollar value of the health plan is ±2 percentage points.
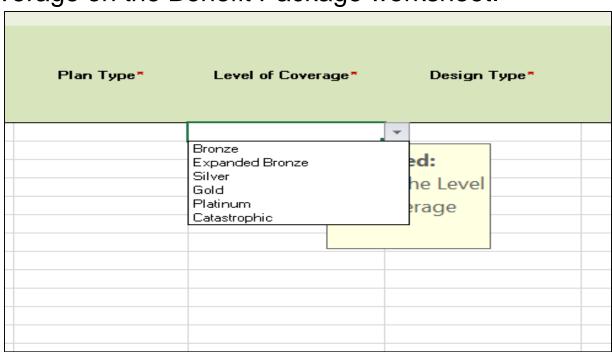
2018 PN: Bronze Plan Policy

- Finalized a policy to increase the de minimis range for calculating AV for bronze plans that either:

    1. Cover and pay for at least one major service, other than preventive services, before the deductible; or

    2. Meet the requirements to be a high deductible health plan.

- For those plans, the de minimis range will be -2% and +5%.

2018 AV Plans and Benefits Template Changes: Expanded Bronze Plan

- P&BT allows users to calculate AV for plans that meet the requirements under the new 2018 PN bronze plan policy:
  - Users select "Expanded Bronze" dropdown option in the Level of Coverage on the Benefit Package worksheet.

HTTPS://WWW.REGTAP.INFO

2018 AV Plans and Benefits Template Changes: Copay "With Deductible" Option

- All individual cost sharing for service inputs in the Cost Share Variance Tab:
  - Replaces "copay before deductible" = "copay with deductible".
- This will affect some issuers' ability to directly cut and paste from old templates.

2018 AV Plans and Benefits Template Changes: Outpatient Copays

- P&BT will map copays for Outpatient Surgery Physical/Surgical Services and Outpatient Facility Fee.

EB	EC	ED	EE	EF	EG
Outpatient Facility Fee (e.g., Ambulatory Surgery Center)					
Copay			Coinsurance		
In Network (Tier 1)	In Network (Tier 2)	Out of Network	In Network (Tier 1)	In Network (Tier 2)	Out of Network
$10.00 Copay after deductible	$20.00 Copay with deductible	$30.00	No Charge after deductible	5.00% Coinsurance after deductible	5.00%

AV Calculator System Requirements

The integrated 2018 AV Calculator works best with computers that have 8 GB of RAM or less.

- **Issue:** If using a high-end computer with 16 GB of RAM or more, you may experience a run-time error when using the Plans and Benefits template 'Check AV Calc' macro.
- **Solutions:** If you do experience a run-time error when using the 'Check AV Calc' macro in the Plans and Benefits template with a computer is a higher level of RAM, then workarounds are available:
  - Option 1: Transfer the template to another computer (with 8 GB of RAM or less) to run the Check AV Calc macro; or
  - Option 2: Restart the high-end computer, re-open the template, and run the 'Check AV Calc' macro.

If issuers need additional assistance, contact the Help Desk.

HTTPS://WWW.REGTAP.INFO

AV P&BT Reminders

- Must use the 2018 AV Calculator for 2018 plans.

- Ensure that all plans comply with the 2018 MOOP limits established in the 2018 PN.

- Check the AV Calculator Mapping Chart in QHP Certification Instructions.

How to Match AVs Between AV Calculator and P&BT

To compare the AV calculations between the stand-alone AV Calculator and the P&BT:

Step 1: Calculate the Plan's AV in the Stand-Alone AV Calculator and save the screenshot.

Step 2: Calculate the Plan's AV in the P&BT and save the screenshot.

Step 3: Compare the two screenshots in steps 1 and 2 line by line and the user will eventually find the difference in calculation.

AV Calculator Resources

- 2018 AV Calculator User Guide (Available)

- 2018 AV Calculator Methodology (Available)

- QHP Certification Instructions on AV (Coming Soon)

HTTPS://WWW.REGTAP.INFO

Open Q&A Session

Questions?

- To submit or withdraw questions by phone:

  – *To submit a question, dial "star(*) pound(#)" on your phone's keypad.*

  – *To withdraw a question, dial "star(*) pound(#)" on your phone's keypad.*

- To submit questions by webinar:

  – *Type your question in the text box under the "Q&A" tab and click "Send."*

HTTPS://WWW.REGTAP.INFO

Submission of Inquiries

Users/Issuers can contact:

- **CMS Help Desk** with questions about specific situations, the Federal Templates and their functionality and Health Insurance Oversight System (HIOS)
  Call: 855-CMS-1515 or **Email:** CMS_FEPS@cms.hhs.gov

- **National Association of Insurance Commissioners (NAIC)** with questions about state requirements/System for Electronic Rate and Form Filing (SERFF)
  Email: serffplanmgmt@naic.org

- **CMS Help Desk** with questions about policy
  Call: 855-CMS-1515 or **Email:** CMS_FEPS@cms.hhs.gov

Best Practices- Submitting Help Desk Tickets

- Include HIOS ID, issuer state and issuer legal name.

- Include screenshots or attach templates when asking about an error or issue with the template.

- Submit separate Help Desk requests for different, unrelated questions.

- Put the question in the body of the email; do not attach Excel or Word documents with lists of questions.

- Identify or note whether a question is for the SHOP or Individual Marketplace.

HTTPS://WWW.REGTAP.INFO

PM Webinar Dates

The 2017 QHP January Webinar Series I sessions occur on Tuesdays and Thursdays as shown below:

Date	Day	Time (ET)	Topic
1/19/17	Thursday	1:00 p.m. – 2:00 p.m. ET	Plan vs. Product
1/24/17	Tuesday	3:00 p.m. – 4:00 p.m. ET	Open Q&A
1/26/17	Thursday	1:00 p.m. – 2:00 p.m. ET	Quality Improvement Strategy (QIS) Overview and Summary of Requirements for the 2018 PY
1/31/17	Tuesday	3:00 p.m. – 4:00 p.m. ET	Essential Community Provider (ECP)/ Network Adequacy (NA) Template Updates

Please register if you wish to participate, even if you have registered for a previous series.

For registration and additional information on CMS' webinar series, please log in to https://www.REGTAP.info.

Additional Webinar Dates

In addition to the weekly PM webinar sessions, issuers are encouraged to attend the following sessions:

Program Area	Day	Time (ET)
Enrollment	Mondays	12:00 p.m. – 1:00 p.m.
EDGE Server	Tuesdays	11:30 a.m. – 1:00 p.m.
FF-SHOP	Tuesdays	1:00 p.m. – 2:00 p.m.

Please register if you wish to participate, even if you have registered for a previous series. For registration and additional information on CMS' webinar series, please log in to https://www.REGTAP.info.

HIOS User Group Conference Call

- The HIOS User Group Conference Call occurs every Wednesday from 2:00 p.m. to 3:30 p.m. Eastern Time (US & Canada) (GMT-05:00).

- Call Access: 1-888-455-8828; Passcode: 6714482

HTTPS://WWW.REGTAP.INFO

Resources

Resource	Resource Link
CMS	http://www.cms.gov/
CMS Regulations and Guidance	http://www.cms.gov/Regulations-and-Guidance/Regulations-and-Guidance.html?redirect=/home/regsguidance.asp
Data Templates	https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/qhp.html
HealthCare.gov	http://www.healthcare.gov/
National Conference of State Legislatures (NCSL)	http://www.ncsl.org
Registration for Technical Assistance Portal (REGTAP)	https://REGTAP.info
U.S. Department of Health & Human Services (HHS)	http://www.hhs.gov/

HTTPS://WWW.REGTAP.INFO

Commonly Used Acronyms

Acronym	Definition
AV	Actuarial Value
BHP	Basic Health Program
ECP	Essential Community Provider
EHB	Essential Health Benefit
EIDM	Enterprise Identity Management
FFM	Federally-facilitated Marketplace
HIOS	Health Insurance Oversight System

Commonly Used Acronyms
(continued)

Acronym	Definition
MSP	Multi-State Plans
NAIC	National Association of Insurance Commissioners
NCQA	National Committee for Quality Assurance
QHP	Qualified Health Plan
SBM	State-based Marketplace
SERFF	System for Electronic Rate and Form Filing
USP	United States Pharmacopeia

Closing Remarks