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**COLORADO**  
Department of  
Regulatory Agencies  
Division of Insurance

# Creating Colorado's Standardized Plan

Meeting #4: Plan Design Drafts

Colorado Division of Insurance

Michael Conway, Commissioner



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Division of Insurance

# Opening Remarks and Introductions

- Introductions of Division staff
- Introductions from attendees
- Opening remarks from Commissioner Conway

# New Hire: Colorado Option Director



## Kyla Hoskins, MPH

- Over ten years of experience in policy, program implementation and consumer advocacy
- Part of the team that stood up the exchange from inception to 2016
- Colorado Consumer Health Initiative (CCHI) Board Member for six (6) years



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# Intended Outcomes for Today

- Learn about draft standardized plan options
- Discuss whether and how these meet the intent of the bill and needs of consumers

# Agenda

- Overview of current Colorado market
- Presentation by Wakely on draft plan designs
  - Julie Peper, FSA, MAAA
- Discussion and Public Comments

A large, diverse crowd of people is gathered in front of the Colorado State Capitol building. The building is a neoclassical structure with a prominent central dome and multiple levels of columns. The foreground is filled with the backs of many people, creating a sense of a public event or rally.

# Overview of Colorado Individual Market



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# Plans with the Highest Enrollment

- Previous stakeholder meetings have asked:
  - “What will make the standardized plan something people want to buy?”
- Worth looking at what plans people are currently buying
- We pulled the most popular plans in Colorado’s marketplace from 2019

# Gold Plans

| Deductible/OOP Max                          | Plan 1 <sup>[1]</sup> | Plan 2                                       | Plan 3                                       | Plan 4                                       |
|---|-----------------------|--|--|--|
| Deductible                                  | N/A                   | \$2,000 Med /<br>\$300 Rx                    | \$1,400 Med /<br>\$0 Rx                      | \$900 Med/ Rx<br>Combined                    |
| Deductible Waived for:                      | N/A                   | Office Visits,<br>Urgent Care, Rx<br>Generic | Office Visits,<br>Urgent Care, Rx<br>Generic | Office Visits,<br>Urgent Care, Rx<br>Generic |
| Maximums Out of Pocket                      | \$7,500               | \$8,200                                      | \$8,550                                      | \$7,800                                      |
| <b>Service Category (Copay/Coinsurance)</b> |                       |  |  |  |
| Typical Coinsurance                         | 35%                   | 35% after Ded                                | 30% after Ded                                | 20% after Ded                                |
| PCP Office Visit                            | \$20                  | \$20   | \$30   | \$20   |
| Specialist                                  | \$55                  | \$60   | \$60   | \$60   |
| Urgent Care                                 | \$75                  | \$75   | \$50   | \$40   |
| Rx Generic                                  | \$10                  | \$10   | \$5  | \$10   |
| Rx Preferred Brand                          | \$35                  | \$40 after Ded                               | \$40   | \$50   |
| <b>Actuarial Value</b>                      |                       |  |  |  |
| 2021 Federal AVC                            | 81.9%                 | 76.8%  | 78.6%  | 80.7%  |
| Premium (Rating Area 1, Age 40)             | \$447.43              | \$383.36                                     | \$530.61                                     | \$456.34                                     |
| Issuer                                      | Kaiser                | Kaiser                                       | Anthem                                       | Cigna  |
| % of Market by Metal                        | 41.9%                 | 16.7%  | 7.0%   | 5.6%   |

- Mixture of copays and coinsurance:
  - Copays for highly utilized services,
  - Coinsurance for higher cost, lower utilized services.
- Office visits (PCP and specialist), urgent care, and generic prescriptions are all offered prior to the deductible.



# Silver Plans

| Deductible/OOP Max                   | Plan 1                                       | Plan 2  | Plan 3  |
|--------------------------------------|--|---|---|
| Deductible                           | \$5,000 Med / Rx Combined                    | \$5,000 Med / Rx Combined   | \$5,500 Med / Rx Combined   |
| Deductible Waived for:               | Office Visits,<br>Urgent Care, Rx<br>Generic | PCP Office Visits,<br>Urgent Care, Rx<br>Generic, Rx<br>Preferred Brand | PCP Office Visits,<br>Urgent Care, Rx<br>Generic, Rx<br>Preferred Brand |
| Maximums Out of Pocket               | \$8,550                                      | \$8,550   | \$7,800   |
| Service Category (Copay/Coinsurance) |  |   |   |
| Typical Coinsurance                  | 40% after Ded                                | 20% after Ded   | 25% after Ded   |
| PCP Office Visit                     | \$25   | \$25  | \$35  |
| Specialist                           | \$80   | 20% after Ded   | 25% after Ded   |
| Urgent Care                          | \$100  | \$50  | \$50  |
| Rx Generic                           | \$15   | \$20  | \$5   |
| Rx Preferred Brand                   | \$85 after Ded                               | \$70  | \$40  |
| Actuarial Value                      |  |   |   |
| 2021 Federal AVC                     | 68.0%  | 68.3%   | 69.4%   |
| Premium (Rating Area 1, Age 40)      | \$372.97                                     | \$366.15  | \$423.24  |
| Issuer                               | Kaiser                                       | Cigna   | Anthem  |
| % of Market by Metal                 | 14.3%  | 12.6%   | 12.6%   |

- Similar deductibles
- Mixture of copays and coinsurance
  - Copays for highly utilized services
  - Coinsurance for higher cost, lower utilized services
  - Office visits (primarily PCP), urgent care, and generic prescriptions are all offered prior to the deductible.
- AVs in lower half of the required range.



# Bronze Plans

| Deductible/OOP Max                         | Plan 1                    | Plan 2  | Plan 3                        | Plan 4   |
|--|---------------------------|---|-------------------------------|--|
| Deductible                                 | \$7,000 Med / Rx Combined | \$6,000 Med / Rx Combined                               | \$6,900 Med / Rx Combined     | \$8,000 Med / Rx Combined                                |
| Deductible Waived for:                     | N/A                       | Urgent Care   | PCP Office Visit, Urgent Care | N/A  |
| Maximums Out of Pocket                     | \$7,000                   | \$8,550   | \$8,550                       | \$8,550  |
| <b>Service Category(Copay/Coinsurance)</b> |                           |   |                               |  |
| Typical Coinsurance                        | N/A                       | 30% after Ded   | 50% after Ded                 | 50% after Ded  |
| PCP Office Visit                           | N/A                       | \$45 copay for first 3 visits then 30% after deductible | \$50                          | \$50 copay for first 2 visits then 50% after deductible  |
| Specialist                                 | N/A                       | 30% after Ded   | 50% after Ded                 | 50% after Ded  |
| Urgent Care                                | N/A                       | \$50  | \$60                          | \$150 copay for first 2 visits then 50% after deductible |
| Rx Generic                                 | N/A                       | 30% after Ded   | 50% after Ded                 | 50% after Ded  |
| Rx Preferred Brand                         | N/A                       | 30% after Ded   | 50% after Ded                 | 50% after Ded  |
| <b>Actuarial Value</b>                     |                           |   |                               |  |
| 2021 Federal AVC                           | 64.6%                     | 64.2%   | 63.6%                         | 62.7%  |
| Premium (Rating Area 1, Age 40)            | \$364.43                  | \$337.56  | \$318.02                      | \$299.19   |
| Issuer                                     | Anthem                    | Anthem  | Cigna                         | Kaiser   |
| % of Market by Metal                       | 13.3%                     | 12.6%   | 7.3%                          | 8.5%   |

- The deductible applies to almost all services.
  - One plan offers coverage for PCP office visits prior to the deductible
  - Two of the plans offer coverage for two to three PCP visits prior to the deductible.
- Primarily coinsurance based, with some select copays for office visits.
- AVs for the Bronze plans tend to be at the high end of the de minimis range.



# Highest Enrollment Plans - Common themes

- Mixture of copay and coinsurance is most popular in Colorado
- AV ranges of most popular plans
  - Gold: full de minimis range
  - Silver: 68 - 69.4%
  - Bronze: 62.7 - 64.6%
- PCP visits, generics, urgent care offered prior deductible



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# Stakeholder Feedback - Common themes

- Support copay cost-sharing structure to facilitate price transparency and predictability
- Balance lower premiums with maximizing subsidy amounts for eligible individuals
- Incentivize PCP visits, generic drugs, and behavioral health visits through no to low cost sharing limits





# Presentation from Wakely



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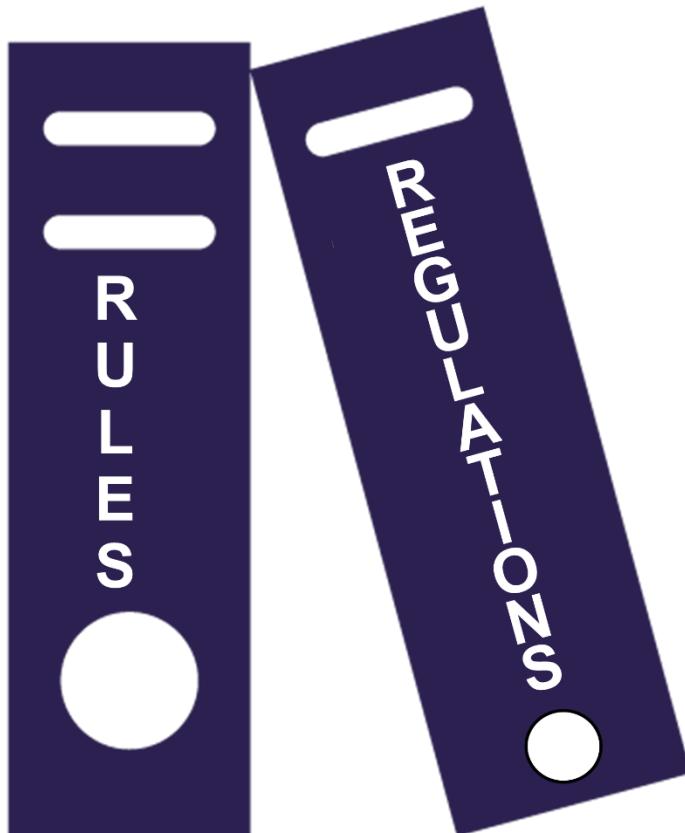
# Standard Plan Design – Sample Plans

September 24, 2021

PRESENTED BY

Brittney Phillips, ASA, MAAA  
Julie Peper, FSA, MAAA

# Background – Actuarial Value and Metal Level



- The Affordable Care Act (ACA) requires that health care coverage provided by issuers to non-grandfathered individual and small groups must cover all Essential Health Benefits (EHBs) and have plan designs that have Actuarial Values (AVs) that fall under the Platinum (90% AV), Gold (80% AV), Silver (70% AV), or Bronze (60% AV) tiers.
  - AVs are the portion of costs that are covered by the insurer. For example, a 70% AV indicates that, on average, the insurer will cover 70% of incurred health care costs and the member will cover, on average, 30% of the costs.
- Current regulation allows for a -4% to +2% de minimis range around the target AVs for each metal level.
  - For example, any plan design that has an AV from 76% to 82% is considered a Gold plan.
  - Colorado limits the de minimis range for Silver plans to +/- 2% (68%-72%).
  - Bronze plan designs meeting certain criteria are eligible for an expanded range of +5% on the higher end, allowing an AV up to 65%. In general, the higher AV, the higher the premium. Thus, how rich the plan design is will influence the premium.

# Background – Actuarial Value and Metal Level

- A lower AV should generally result in lower premium, although the plan will, on average, have greater cost sharing for members who use services. A higher AV will generally have a higher premium but will increase protection for members who utilize services via lower cost sharing.
- The AV from the federal AVC must be used to determine the metal level of a plan. However, premiums will be developed by each carrier based on their own calculation of the pricing AV.



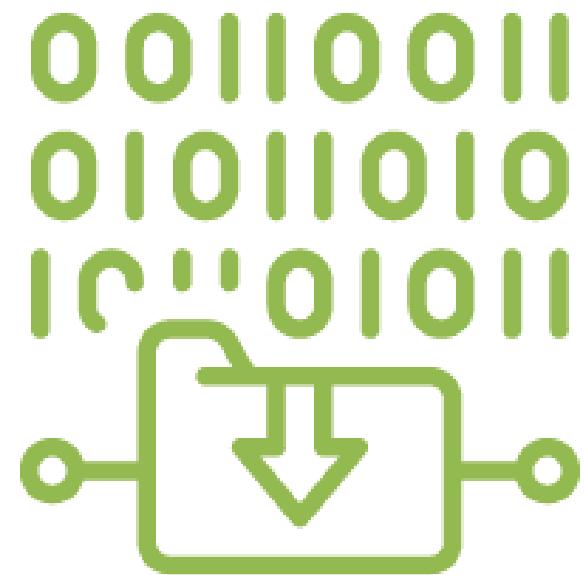
# Federal Actuarial Value Calculator (AVC) Overview

**The Center for Consumer Information and Insurance Oversight (CCIIO) releases an Actuarial Value Calculator (AVC) for each plan year.**

- ⑩ This model must be used to determine the actuarial value (AV) of a plan for purposes of determining compliance with metal level requirements.
- ⑩ The calculator includes inputs for various plan design features, including:
  - ⑩ Deductible
  - ⑩ Out-of-Pocket Maximums
  - ⑩ Member cost-sharing for 20 different service categories (emergency room, inpatient, primary care, etc.)
  - ⑩ Copays and/or Coinsurance
  - ⑩ Whether the deductible applies
- ⑩ Some plan design features are not supported by the AVC.
  - ⑩ If the impact of these features is considered substantial, an actuary can either modify the inputs to most closely represent the plan design or can modify the results of the AVC to account for these features. This requires an actuarial certification documenting the development of the modification.
- ⑩ The data underlying the 2022 AVC is based on national 2017 individual and small group data from the Health Intelligence Company, LLC database, which has been trended to 2022.

# Wakely Pricing Model (WPM)

- The Wakely Pricing Model (WPM) referenced on subsequent slides is meant to illustrate the difference between the federal AVC and other AV models.
  - The data underlying the WPM is based on Wakely's ACA database, with data from Edge Servers for 3.8 million individual and small group market lives in 2018. The data is trended forward to 2022.
- The pricing AV and relative premium of the standard plan designs will depend on the actual plan design and will be based on carrier's own modeling and may differ significantly from those shown here.



# Differences between Federal AV and Pricing AV

In general, plans with richer benefits will have a higher premium.

- ⑩ AV is one way to compare benefit richness across plans, meaning all else being equal a plan with a higher AV should have a higher premium.

However, the resulting AV from the AVC will differ from the pricing AV used by carriers to determine premiums. So differences in federal AV do not always align with premium differences between plans.

- ⑩ The Federal AVC is based on summarized national data whereas carriers will likely use their own experience.
- ⑩ Each carrier will likely use their model and the data and methodology may differ from that used in the AVC.
- ⑩ Not all service categories are represented in the AVC.
- ⑩ There are other factors that impact the final premium, such as provider contracting and network factors, that are not captured by the pricing AV.

The premium difference as determined by carriers often does not align with the difference in the AV from the federal AVC used to determine metal levels.

# AV and Premium Relationship

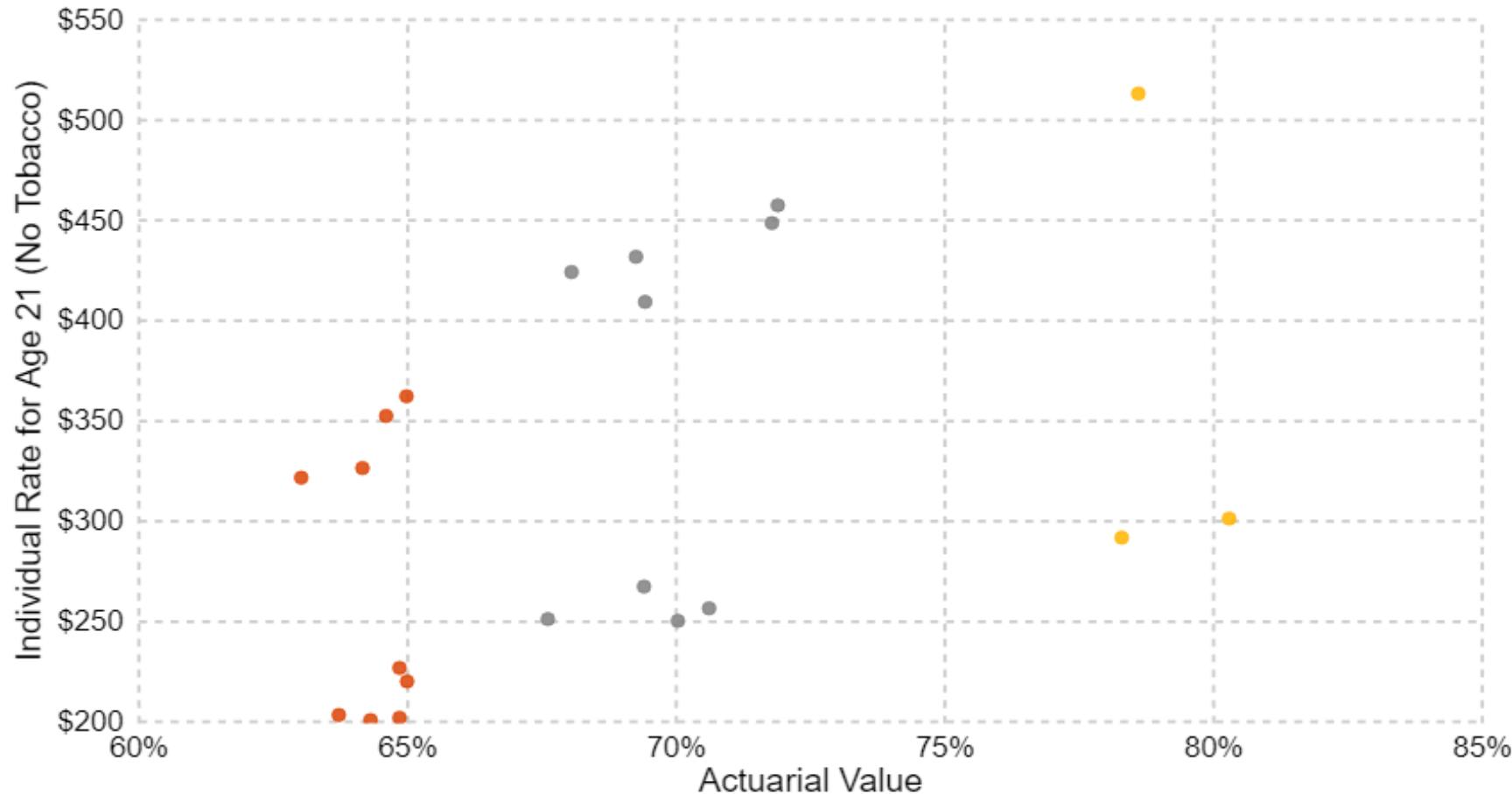
|  | Bronze<br>(not expanded) | Bronze<br>(expanded) | Silver | Gold  |
|--|--------------------------|----------------------|--------|-------|
| Low AV                                       | 56.0%                    | 56.0%                | 68.0%  | 76.0% |
| High AV                                      | 62.0%                    | 65.0%                | 72.0%  | 82.0% |
| Premium Impact Moving<br>from High to Low AV | -9.7%                    | -13.8%               | -5.6%  | -7.3% |

- The table above shows an estimated premium difference of a plan at the low end of the AV de minimis range compared to a plan at the high end.
- The premium of the lower AV plan would have higher member cost sharing when a member uses services relative to the higher AV plan within the same metal level.
- Assumes a linear relationship between AVs and premiums.

# AV and Premium Relationship

## Plan AVs and Premiums – Grand County, 2021 Plans

Level of Coverage ● Expanded Bronze ● Silver ● Gold



# Sample Plan Designs

- The following slides provide examples of plan designs at the Gold, Silver, and Bronze Metal Levels.
  - The purpose is to facilitate discussion around the structure and priorities for plan design as well as the potential trade-off between cost sharing and AV/premiums.
  - Several service categories are shown, but it is not an exhaustive summary of all cost sharing that may be incurred under each of these plans.
- The standard plan designs will need to comply with the final 2023 AVC, which has not been released. Changes may be necessary to these plan designs in order to meet the AV requirements.

# General Considerations

## Copay versus Coinsurance Design

- ⑩ Plan designs with more fixed elements, such as copays, will likely require more substantial updates year over year to maintain compliance with AV requirements versus a plan design that is largely coinsurance-based, where the value of the member cost sharing increases proportionately to the underlying claim costs.
- ⑩ Copays are generally easier for members to understand.

The sample plan designs provide different structures (primarily copays, primarily coinsurance, high deductible health plan).

# Gold Plan Design Examples

| Plan Type                             | Sample Plan Designs                        |                               |                               |
|---------------------------------------|--|-------------------------------|-------------------------------|
|                                       | Copay                                      | Copay & Coins                 | \$0 Deductible                |
| <b>Deductible/OOP Max</b>             |  |                               |                               |
| Medical Ded                           | \$1,200                                    | N/A                           | N/A                           |
| Rx Ded                                | N/A  | N/A                           | N/A                           |
| Integrated Ded                        | N/A  | \$1,500                       | \$0                           |
| Integrated OOPM                       | \$7,000                                    | \$7,200                       | \$8,550                       |
| <b>Service Category</b>               | <b>Copay / Coinsurance</b>                 | <b>Copay / Coinsurance</b>    | <b>Copay / Coinsurance</b>    |
| Inpatient                             | *\$500 per day, Limit of 5 copays per stay | *30%                          | 40%                           |
| Outpatient Facility                   | *\$500                                     | *30%                          | 40%                           |
| ER                                    | *\$600                                     | *30%                          | \$750                         |
| Radiology (MRI, CT, PET)              | *\$500                                     | *30%                          | 40%                           |
| X-Rays and Diagnostic Imaging         | *\$50                                      | *30%                          | 40%                           |
| PCP Office Visit                      | First 3 visits \$0, then \$20              | First 3 visits \$0, then \$20 | First 3 visits \$0, then \$30 |
| Specialist Office Visit               | \$50                                       | \$50                          | \$60                          |
| Physical Therapy                      | \$30                                       | \$40                          | \$50                          |
| Urgent Care                           | \$50                                       | \$50                          | \$60                          |
| Ambulance                             | \$250                                      | *30%                          | 40%                           |
| Rx Generic                            | \$10                                       | \$10                          | \$15                          |
| Rx Preferred Brand                    | \$40                                       | *\$40                         | \$50                          |
| Rx Non-Preferred Brand                | \$150                                      | *30%                          | \$150                         |
| Rx Specialty                          | \$600                                      | *50%                          | \$600                         |
| <b>Actuarial Value</b>                |  |                               |                               |
| 2021 Federal AVC (Adj, if applicable) | 79.1%                                      | 79.1%                         | 80.0%                         |
| Wakely Pricing Model AV               | 81.1%                                      | 78.2%                         | 80.1%                         |

\*Deductible Applies

# Silver Plan Design Examples

| Plan Type                             | Sample Plan Designs                        |                               |                            |
|---------------------------------------|--|-------------------------------|----------------------------|
|                                       | Copay                                      | Copay & Coins                 | HDHP                       |
| <b>Deductible/OOP Max</b>             |  |                               |                            |
| Integrated Ded                        | \$4,800                                    | \$4,700                       | \$3,000                    |
| Integrated OOPM                       | \$8,550                                    | \$8,550                       | \$7,000                    |
| <b>Service Category</b>               | <b>Copay / Coinsurance</b>                 | <b>Copay / Coinsurance</b>    | <b>Copay / Coinsurance</b> |
| Inpatient                             | *\$500 per day, Limit of 5 copays per stay | *40%                          | *30%                       |
| Outpatient Facility                   | *\$500                                     | *40%                          | *30%                       |
| ER                                    | *\$600                                     | *40%                          | *30%                       |
| Radiology (MRI, CT, PET)              | *\$500                                     | *40%                          | *30%                       |
| X-Rays and Diagnostic Imaging         | *\$75                                      | *40%                          | *30%                       |
| PCP Office Visit                      | First 3 visits \$0, then \$25              | First 3 visits \$0, then \$30 | *\$30                      |
| Specialist Office Visit               | \$60                                       | \$80                          | *30%                       |
| Physical Therapy                      | \$50                                       | \$60                          | *30%                       |
| Urgent Care                           | \$60                                       | \$80                          | *30%                       |
| Ambulance                             | \$250                                      | *40%                          | *30%                       |
| Rx Generic                            | \$15                                       | \$15                          | *\$15                      |
| Rx Preferred Brand                    | *\$50                                      | *40%                          | *30%                       |
| Rx Non-Preferred Brand                | *\$150                                     | *40%                          | *50%                       |
| Rx Specialty                          | *\$600                                     | *40%                          | *50%                       |
| <b>Actuarial Value</b>                |  |                               |                            |
| 2021 Federal AVC (Adj, if applicable) | 68.7%                                      | 68.4%                         | 68.4%                      |
| Wakely Pricing Model AV               | 71.4%                                      | 69.0%                         | 69.0%                      |

\*Deductible Applies

# Bronze Plan Design Examples

| Plan Type                             | Sample Plan Designs                        |  |                            |
|---------------------------------------|--|--|----------------------------|
|                                       | Copay                                      | Copay & Coins                                  | HDHP                       |
| <b>Deductible/OOP Max</b>             |  |  |                            |
| Integrated Ded                        | \$7,500                                    | \$6,500  | \$7,000                    |
| Integrated OOPM                       | \$8,700                                    | \$8,700  | \$7,000                    |
| <b>Service Category</b>               | <b>Copay / Coinsurance</b>                 | <b>Copay / Coinsurance</b>                     | <b>Copay / Coinsurance</b> |
| Inpatient                             | *\$500 per day, Limit of 5 copays per stay | *50%   | N/A                        |
| Outpatient Facility                   | *\$500                                     | *50%   | N/A                        |
| ER                                    | *\$750                                     | *50%   | N/A                        |
| Radiology (MRI, CT, PET)              | *\$750                                     | *50%   | N/A                        |
| X-Rays and Diagnostic Imaging         | *\$100                                     | *50%   | N/A                        |
| PCP Office Visit                      | First 3 visits \$0, then \$50              | First 3 visits \$0, then \$50 after deductible | N/A                        |
| Specialist Office Visit               | \$100                                      | *50%   | N/A                        |
| Physical Therapy                      | \$75                                       | *50%   | N/A                        |
| Urgent Care                           | \$100                                      | *50%   | N/A                        |
| Ambulance                             | \$250                                      | *50%   | N/A                        |
| Rx Generic                            | \$25                                       | \$25   | N/A                        |
| Rx Preferred Brand                    | *\$60                                      | *50%   | N/A                        |
| Rx Non-Preferred Brand                | *50%                                       | *50%   | N/A                        |
| Rx Specialty                          | *50%                                       | *50%   | N/A                        |
| <b>Actuarial Value</b>                |  |  |                            |
| 2021 Federal AVC (Adj, if applicable) | 64.3%                                      | 64.0%  | 64.6%                      |
| Wakely Pricing Model AV               | 63.4%                                      | 63.4%  | 65.4%                      |

\*Deductible Applies

# Appendix

# Sample Plan Designs

- The following slides provide examples of plan designs at the Gold, Silver, and Bronze Metal Levels.
  - The purpose is to facilitate discussion around the structure and priorities for plan design as well as the potential trade-off between cost sharing and AV/premiums.
  - Several service categories are shown, but it is not an exhaustive summary of all cost sharing that may be incurred under each of these plans.
  - We relied on the state's and carriers' certifying actuaries for their calculation of the federal AV reported for each plan.
- The standard plan designs for Massachusetts and Oregon reflect the 2021 standard plan designs in those states.
  - Standard plans are also offered in California, Connecticut, DC, New York, Vermont, and Washington, though not shown here.
- Also reflected is an example of the plan designs offered by the Peak Health Alliance in Summit County in 2021.
  - There are other Peak options available at each metal level. What is presented here is a sample of the most popular plan Peak plan at each metal level based on projected membership in the 2021 URRT.
- We also included sample plan designs that reflect different benefit structures and AV levels, though these plan designs are not necessarily currently available.
- The standard plan designs will need to comply with the final 2023 AVC, which has not been released. Changes may be necessary to these plan designs in order to meet the AV requirements.

# Gold Plan Design Examples

|                                       | Standard Plan Designs |                            | Peak Health Alliance | Sample Plan Designs                        |                               |                               |
|---------------------------------------|-----------------------|----------------------------|----------------------|--|-------------------------------|-------------------------------|
|                                       | Massachusetts         | Oregon                     |                      | Copay                                      | Copay & Coins                 | \$0 Deductible                |
| <b>State/Plan Type</b>                |                       |                            |                      |  |                               |                               |
| <b>Deductible/OOP Max</b>             |                       |                            |                      |  |                               |                               |
| Medical Ded                           | N/A                   | \$1,500                    | N/A                  | \$1,200                                    | N/A                           | N/A                           |
| Rx Ded                                | N/A                   | N/A                        | N/A                  | N/A  | N/A                           | N/A                           |
| Integrated Ded                        | \$0                   | N/A                        | \$3,000              | N/A  | \$1,500                       | \$0                           |
| Integrated OOPM                       | \$5,000               | \$7,300                    | \$8,150              | \$7,000                                    | \$7,200                       | \$8,550                       |
| Service Category                      | Copay / Coinsurance   | Copay / Coinsurance        | Copay / Coinsurance  | Copay / Coinsurance                        | Copay / Coinsurance           | Copay / Coinsurance           |
| Inpatient                             | \$750                 | *20%                       | * 20%                | *\$500 per day, Limit of 5 copays per stay | *30%                          | 40%                           |
| Outpatient Facility                   | \$500                 | *20%                       | * 20%                | *\$500                                     | *30%                          | 40%                           |
| ER                                    | \$300                 | *20%                       | \$600                | *\$600                                     | *30%                          | \$750                         |
| Radiology (MRI, CT, PET)              | \$400                 | *20%                       | * 20%                | *\$500                                     | *30%                          | 40%                           |
| X-Rays and Diagnostic Imaging         | \$75                  | *20%                       | * 20%                | *\$50                                      | *30%                          | 40%                           |
| PCP Office Visit                      | \$25                  | \$20                       | \$20                 | First 3 visits \$0, then \$20              | First 3 visits \$0, then \$20 | First 3 visits \$0, then \$30 |
| Specialist Office Visit               | \$50                  | \$40                       | \$40                 | \$50                                       | \$50                          | \$60                          |
| Physical Therapy                      | \$50                  | \$20                       | * 20%                | \$30                                       | \$40                          | \$50                          |
| Urgent Care                           | \$50                  | \$60                       | \$75                 | \$50                                       | \$50                          | \$60                          |
| Ambulance                             | \$0                   | *20%                       | * 20%                | \$250                                      | *30%                          | 40%                           |
| Rx Generic                            | \$25                  | \$10                       | \$10                 | \$10                                       | \$10                          | \$15                          |
| Rx Preferred Brand                    | \$50                  | \$30                       | \$50                 | \$40                                       | *\$40                         | \$50                          |
| Rx Non-Preferred Brand                | \$75                  | 50%                        | \$100                | \$150                                      | *30%                          | \$150                         |
| Rx Specialty                          | N/A                   | 50% up to \$500 per script | \$650                | \$600                                      | *50%                          | \$600                         |
| Actuarial Value                       |                       |                            |                      |  |                               |                               |
| 2021 Federal AVC (Adj, if applicable) | 81.4%                 | 81.9%                      | 78.3%                | 79.1%                                      | 79.1%                         | 80.0%                         |
| Wakely Pricing Model AV               | 89.1%                 | 78.1%                      | 76.5%                | 81.1%                                      | 78.2%                         | 80.1%                         |

\*Deductible Applies

# Silver Plan Design Examples

|                                       | Standard Plan Designs          |                                | Peak Health Alliance           | Sample Plan Designs                              |                                  |                                |      |
|---------------------------------------|--------------------------------|--------------------------------|--------------------------------|--|----------------------------------|--------------------------------|------|
|                                       | Massachusetts                  | Oregon                         |                                | Colorado   | Copay                            | Copay & Coins                  | HDHP |
| <b>State/Plan Type</b>                |                                |                                |                                |  |                                  |                                |      |
| <b>Deductible/OOP Max</b>             |                                |                                |                                |  |                                  |                                |      |
| Medical Ded                           | N/A                            | \$3,650                        | N/A                            | N/A  | N/A                              | N/A                            | N/A  |
| Rx Ded                                | N/A                            | N/A                            | N/A                            | N/A  | N/A                              | N/A                            | N/A  |
| Integrated Ded                        | \$2,000                        | N/A                            | \$4,600                        | \$4,800  | \$4,700                          | \$3,000                        |      |
| Integrated OOPM                       | \$8,550                        | \$8,550                        | \$8,550                        | \$8,550  | \$8,550                          | \$7,000                        |      |
| <b>Service Category</b>               | <b>Copay /<br/>Coinsurance</b> | <b>Copay /<br/>Coinsurance</b> | <b>Copay /<br/>Coinsurance</b> | <b>Copay /<br/>Coinsurance</b>                   | <b>Copay /<br/>Coinsurance</b>   | <b>Copay /<br/>Coinsurance</b> |      |
| Inpatient                             | *\$1,000                       | *30%                           | * 40%                          | *\$500 per day,<br>Limit of 5<br>copays per stay | *40%                             | *30%                           |      |
| Outpatient Facility                   | *\$500                         | *30%                           | * 40%                          | *\$500   | *40%                             | *30%                           |      |
| ER                                    | *\$300                         | *30%                           | * 40%                          | *\$600   | *40%                             | *30%                           |      |
| Radiology (MRI, CT, PET)              | *\$400                         | *30%                           | * 40%                          | *\$500   | *40%                             | *30%                           |      |
| X-Rays and Diagnostic Imaging         | *\$75                          | *30%                           | * 40%                          | *\$75  | *40%                             | *30%                           |      |
| PCP Office Visit                      | \$25                           | \$40                           | \$10                           | First 3 visits \$0,<br>then \$25                 | First 3 visits \$0,<br>then \$30 | *\$30                          |      |
| Specialist Office Visit               | \$50                           | \$80                           | * 40%                          | \$60   | \$80                             | *30%                           |      |
| Physical Therapy                      | \$50                           | \$40                           | * 40%                          | \$50   | \$60                             | *30%                           |      |
| Urgent Care                           | \$50                           | \$70                           | \$75                           | \$60   | \$80                             | *30%                           |      |
| Ambulance                             | *\$0                           | *30%                           | * 40%                          | \$250  | *40%                             | *30%                           |      |
| Rx Generic                            | \$25                           | \$15                           | \$10                           | \$15   | \$15                             | *\$15                          |      |
| Rx Preferred Brand                    | \$50                           | \$60                           | * 40%                          | *\$50  | *40%                             | *30%                           |      |
| Rx Non-Preferred Brand                | *\$75                          | 50%                            | * 40%                          | *\$150   | *40%                             | *50%                           |      |
| Rx Specialty                          | N/A                            | 50%                            | \$680                          | *\$600   | *40%                             | *50%                           |      |
| <b>Actuarial Value</b>                |                                |                                |                                |  |                                  |                                |      |
| 2021 Federal AVC (Adj, if applicable) | 72.0%                          | 71.9%                          | 67.6%                          | 68.7%  | 68.4%                            | 68.4%                          |      |
| Wakely Pricing Model AV               | 74.6%                          | 69.4%                          | 67.3%                          | 71.4%  | 69.0%                            | 69.0%                          |      |

\*Deductible Applies

# Bronze Plan Design Examples

|                                       | Standard Plan Designs |                     | Peak Health Alliance | Sample Plan Designs                            |                     |                     |
|---------------------------------------|-----------------------|---------------------|----------------------|--|---------------------|---------------------|
| State/Plan Type                       | Massachusetts         | Oregon              | Colorado             | Copay  | Copay & Coins       | HDHP                |
| <b>Deductible/OOP Max</b>             |                       |                     |                      |  |                     |                     |
| Integrated Ded                        | \$2,700               | \$8,550             | \$6,500              | \$7,500  | \$6,500             | \$7,000             |
| Integrated OOPM                       | \$8,550               | \$8,550             | \$8,550              | \$8,700  | \$8,700             | \$7,000             |
| Service Category                      | Copay / Coinsurance   | Copay / Coinsurance | Copay / Coinsurance  | Copay / Coinsurance                            | Copay / Coinsurance | Copay / Coinsurance |
| Inpatient                             | *\$1,200              | *0%                 | * 40%                | *\$500 per day, Limit of 5 copays per stay     | *50%                | N/A                 |
| Outpatient Facility                   | *\$500                | *0%                 | * 40%                | *\$500   | *50%                | N/A                 |
| ER                                    | *\$750                | *0%                 | * 40%                | *\$750   | *50%                | N/A                 |
| Radiology (MRI, CT, PET)              | *\$1,000              | *0%                 | * 40%                | *\$750   | *50%                | N/A                 |
| X-Rays and Diagnostic Imaging         | *\$100                | *0%                 | * 40%                | *\$100   | *50%                | N/A                 |
| PCP Office Visit                      | *\$40                 | \$50                | \$25                 | First 3 visits \$0, then \$50 after deductible |                     | N/A                 |
| Specialist Office Visit               | *\$90                 | \$100               | * 40%                | \$100  | *50%                | N/A                 |
| Physical Therapy                      | *\$90                 | \$50                | * 40%                | \$75   | *50%                | N/A                 |
| Urgent Care                           | *\$90                 | \$100               | \$75                 | \$100  | *50%                | N/A                 |
| Ambulance                             | *\$0                  | *0%                 | * 40%                | \$250  | *50%                | N/A                 |
| Rx Generic                            | \$30                  | \$20                | \$35                 | \$25   | \$25                | N/A                 |
| Rx Preferred Brand                    | *\$100                | *0%                 | * 40%                | *\$60  | *50%                | N/A                 |
| Rx Non-Preferred Brand                | *\$150                | *0%                 | * 40%                | *50%   | *50%                | N/A                 |
| Rx Specialty                          | N/A                   | *0%                 | * 40%                | *50%   | *50%                | N/A                 |
| Actuarial Value                       |                       |                     |                      |  |                     |                     |
| 2021 Federal AVC (Adj, if applicable) | 65.0%                 | 64.9%               | 64.3%                | 64.3%  | 64.0%               | 64.6%               |
| Wakely Pricing Model AV               | 69.4%                 | 66.1%               | 65.7%                | 63.4%  | 63.4%               | 65.4%               |

\*Deductible Applies

# Limitations and Disclosures

# Disclosures and Limitations

**Responsible Actuaries.** Julie Peper and Brittney Phillips are the actuaries responsible for this communication. Julie is a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. Brittney is a Member of the American Academy of Actuaries and an Associate of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report.

**Intended Users.** This information has been prepared for the sole use of the State of Colorado and their stakeholders that will be participating in discussions to develop standard plan designs. Distribution to such parties should be made in its entirety. This report cannot be distributed to or relied on by any third party without the prior written permission of Wakely.

**Risks and Uncertainties.** The assumptions and resulting estimates included in this report and produced by the model are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that actual experience will tie to the AV estimated for the placement of plan designs into tiers. The developed actuarial values are for the purposes of classifying plan designs of similar value and do not represent the expected actuarial value of a plan or pricing AV used to determine premium rates. Actual AVs will vary based on a plan's specific population, utilization, unit cost, and other variables.

**Conflict of Interest.** Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. Except as noted here, the responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to the state of Colorado.

**Data and Reliance.** We have relied on others for data and information used in this report. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. Below is a list of data and assumptions provided by others and assumptions required by law.

- Final 2022 Federal AVC Model was relied on for the federal AV. While reasonability tests have shown there are some assumptions and methodologies that are not consistent with expectations, the AVC was developed for plan classification and not pricing. Thus, the model is being used as such and we make no warranties for the accuracy of the AVs that result from the AVC.

**Subsequent Events.** These analyses are based on the implicit assumption that the ACA will continue to be in effect in future years with no material change. Material changes in state or federal laws regarding health benefit plans may have a material impact on the results included in this analysis. Furthermore, changes in state or Federal law were not included in the analysis. There are no other known relevant events subsequent to the date of information received that would impact the results of this report.

**Contents of Actuarial Report.** This document and the supporting exhibits/files constitute the entirety of actuarial report and supersede any previous communications on the project.

**Deviations from ASOPS.** Wakely completed the analysis using sound actuarial practice. To the best of my knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations.

# Addressing high value services

- First dollar coverage for PCP
  - 3 non-preventive PCP visits
  - 3 non-preventive BH visits
- PCP visits, Generic Rx, Urgent care are copay based
  - Not subject to deductible



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# AV Impact - Primary Care & Behavioral Health - Trade Offs

- Each Standard Option plan includes the first three (3) primary care visits and first three (3) behavioral health visits at no-cost (\$0)
- There was a fairly significant impact to the Actuarial Value (AV) when we added the 3 free primary care and behavioral health visits
- These free benefits increased the AV approximately:
  - +0.3% for Gold
  - +0.5% for Silver
  - +0.8% for Bronze

# AV Impact - Primary Care & Behavioral Health - Trade Offs (contd.)

***What does this mean in terms of dollars for consumers?***

To maintain a similar AV level as before the change the following cost sharing adjustments were made:

- **Gold** – Increased OOPM \$300
- **Silver** – Increased deductible \$300-\$500 (this increase differed for the two plans )
- **Bronze** – Increased deductible \$500 and also increased the generic Rx copay \$5



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# What aspects of the draft plan designs are positive? Why?



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# What aspects of the draft plan design should be improved? How?



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# Do these plan designs promote racial health equity and reduce racial health disparities? Why or why not?



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# Public Comments/Questions?



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# Topics for Next Meetings

- More on plan design and cost sharing
- Focus on racial health equity

## Contact Information:

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## Next Meeting:

- Friday, October 8th  
from 12 PM - 1:30  
PM
- Plan designs and  
Cost sharing
- Use the same  
GoToWebinar link  
to register

## How to Engage:

- Website
- Email:  
[dora\\_ins\\_co\\_option@state.co.us](mailto:dora_ins_co_option@state.co.us)
- Google forms
- Meetings (public  
comment period)



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