

ESSENTIAL HEALTH BENEFIT OVERVIEW & APPLICATION PROCESS

WA EHB Benchmark Plan

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Going Beyond the Numbers

Agenda

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Benefit Pricing: Benefits for Consideration

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Additional EHB Regulations and Information



Overview of Federal Regulations on EHB

Federal Regulations

Under 45 CFR 156.111 states may select a new EHB-benchmark plan (BMP) for 2020 BY or later (finalized in 2019 NBPP) using one of 3 options

- Select an EHB-benchmark that another plan used for the 2017 BY
- Replace one or more categories of EHB with another 2017 BY BMP
- Select a new set of benefits to become the state's EHB-benchmark plan, provided certain conditions are met

To date, all updates to state EHB benchmarks has used method #3
May 4, 2024, application deadline for BY 2026 (as finalized in the 2023 NBPP)

- Provide reasonable public comment period
- Submit supporting documentation
- Fulfill typicality and generosity standards

Resources:

[Federal Register :: Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2019](#)

[Federal Register :: Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2023](#)

Federal Regulations

Typicality and Generosity Tests

Generally, there are two actuarial requirements the proposed benchmark plan must meet – the typicality and generosity test:

Typicality Test

- Provides a scope of benefits in the new EHB-benchmark plan that are equal to the scope of benefits provided under a typical employer plan selected by the state

Generosity Test

- Ensures the new EHB-benchmark plan does not exceed the generosity of the most generous among a set of comparison plans
- The costs (i.e., actuarial value) of the new plan cannot exceed the cost of the most generous plan at all (0.0%)

Federal Regulations

Typicality Test

Step 1

Select a typical employer plan among the options at §156.111(b)(2)(i): These options include:

- One of the state's 10 base-benchmark plan options established at 156.100 from which the state was able to select for the 2017 plan year; or
- One of the five largest group plans provided the plans meet certain requirements like benefits in the plan are from a plan year beginning after December 31, 2013

Step 2

Calculate the expected value of covering all of the benefits at 100 percent actuarial value in the proposed EHB-benchmark plan and in the typical employer plan, including any necessary supplementation for plans to meet EHB standards

Step 3

Compare the expected value of covering all of the benefits (at 100 percent actuarial value) in the typical employer plan to that of the state's proposed EHB-benchmark plan

Federal Regulations

Generosity Test

Step 1

Determine the most generous plan among the set of comparison plans

- The Comparison plans include the EHB-benchmark plan used by the state in 2017, and any of the state's base-benchmark plan options for the 2017 plan year, supplemented as necessary to meet EHB standards at 156.100

Step 2

Calculate the expected value of covering all of the benefits at 100 percent actuarial value in the proposed EHB-benchmark plan and in the most generous plan among the set of comparison plans, including any necessary supplementation to meet EHB standards (156.100)

Step 3

Compare the expected value of covering all of the benefits (at 100 percent actuarial value) in the most generous plan among the set of comparison plans to that of the proposed state's EHB-benchmark plan

Other Changes

Other Federal Requirements

Beyond Federal regulations, CMS often requests states to “clean up” the benchmark documentation to ensure that all documentation around the benchmark plan aligns with EHB standards at 156.100, 156.122, and 156.125.

This often includes:

Identification and removal of potentially discriminatory language (156.100 and 156.125)

Alignment of prescription drug formulary with requirements at 156.122

- This often includes adding drugs so that there is one drug in every United States Pharmacopeia (USP) category and class

Removal of any issuer-specific identifications on the materials

Any other changes requested by CMS

Changes to EHB

Benefit Pricing

Benefit Pricing & Selection

Changes to EHB

Benefit Selection Process

Evaluation of the value of each benefit being considered for inclusion in 2026 benchmark (using ACA data, publicly available data, and actuarial judgement)

Comparison of newly proposed benchmark plan against generosity test such that benefit changes do not result in the new EHB plan being richer than the most generous plan included in the generosity testing

- EHB focuses on the allowed cost of services, which is the overall cost of the benefit (combined cost of the insurer paid amount and member cost sharing)
- Ultimately, the premium impact of the changes will vary based on insurer pricing, cost sharing of the benefits, and changes, if any, to administrative costs due to the changes

Additionally, the proposed benchmark must pass the typicality test

Benefit Pricing & Selection

Discriminatory Considerations

Potential changes to address discriminatory benefit design; these changes are likely not considered changes to the EHB Benchmark plan (as defined at 156.110(d) and 156.125)

Foot Care

- Current benefit excludes foot care except for diabetics. Revised language could specify as medically necessary.

Lifetime maximums

- Ensure no lifetime maximums that are not allowed under federal regulations

Acupuncture

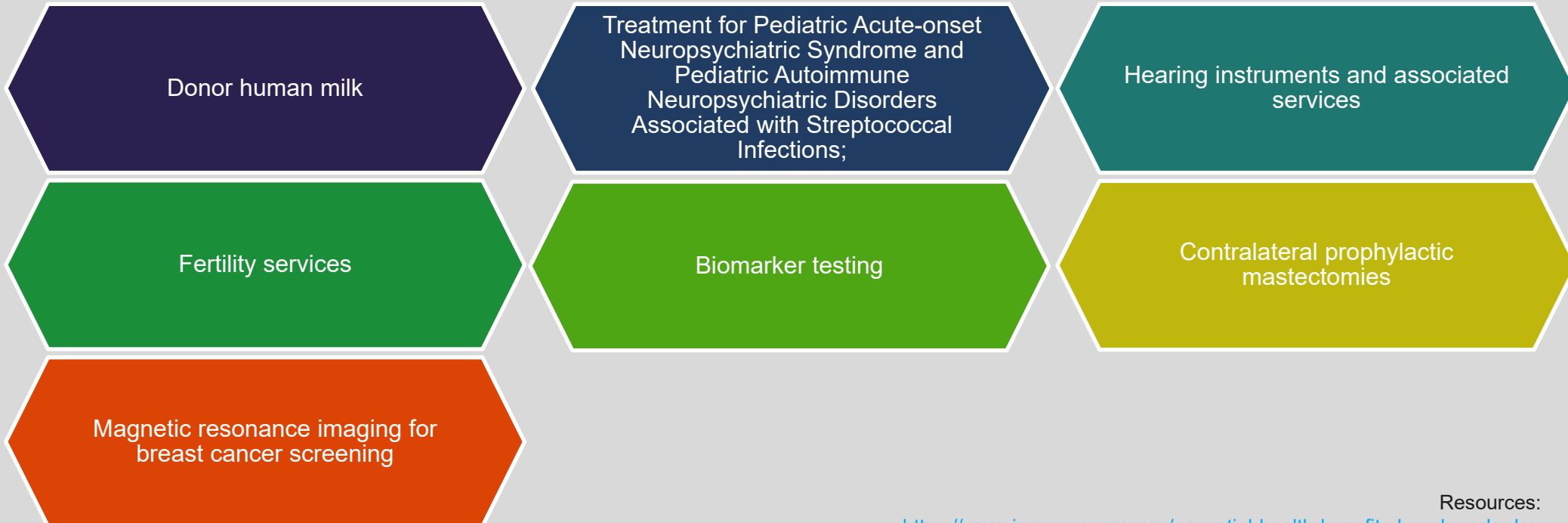
- Ensure no exclusions or limits on the benefit that are different for specified conditions unless medically justified

Additional discriminatory language may be identified

Benefit Pricing & Selection

Benefit Changes Considered Based on Stakeholder Feedback

Pursuant to SSB 5338, the following benefits should be considered



Wakely Process

Wakely Process

Overview



- Compare Washington benchmark plan to other state's benchmark plans
- Review recent EHB benchmark changes in other states
- Review Washington's benchmark plan for potential discriminatory language
- Review plan benefits for plans that could be used for generosity or typicality tests

- Public comment estimated to begin by April 1st
- Submission to CMS by May 4th

Project Timeline

Project Timeline

Task	Description	Completion Date
Kickoff Call	Introduce team and discuss project and timeline	7/26/2023
National & Regional BMP Overview	Overview of national BMPs, regional comparisons, and recent EHB changes.	8/10/2023 - Draft
		8/17/2023 - Feedback
		8/24/2023 - Final
Current EHB Analysis	Review of potential discriminatory language in the current benefits	8/17/2023 - Draft
		8/24/2023 - Feedback
		8/31/2023 - Final
Wakely Receives BMP Plan Documents	Wakely receives complete set of 2017 detailed plan documents for the 10 benchmark plan options for use in generosity testing (specifically need 3 small group plans, state options, and any large group plans desired)	9/7/2023
Generosity and Typicality Testing	Wakely provides high-level comparison of benefits between current BMP and 10 BMP options to understand the approximate richness of the richest plan	9/11/2023 - Draft Generosity Test Results Submitted to OIC
		9/21/2023 - OIC Provide Feedback on Generosity Test Results
		Late Sep. - Public Meeting to Review Findings
		9/28/2023 - Final
Presentation of Deliverables 1 & 2	Document that pulls all of the analyses together for Phases 1 and 2: 1) notable differences comparison to other states, discriminatory review, and stakeholder input; 2) results of generosity testing; 3) high level discussion on potential room	End of Sep. - Draft
		Early Oct. Feedback
		Mid October - Final

Next Steps in Analysis

1

Review benefits that are not clear in the brochures or for the benchmark

2

Review benefits that are not in CMS posted benchmark or do not align with plan benefits

3

Conduct generosity and typicality analysis

4

Price benefits and confirm impact to plans

THANK YOU

Questions?



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Regulations and Information

Disclosures and Limitations

Disclosures and Limitations

- **Responsible Actuaries.** Julie Peper and Matt Sauter are the actuaries responsible for this document. Julie is a Fellow of the Society of Actuaries and Matt is an Associate of the Society of Actuaries. Both Julie and Matt are Members of the American Academy of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this document.
- **Intended Users.** This information has been prepared for the sole use of the Washington State Office of the Insurance Commissioner. Distribution to parties should be made in its entirety and should be evaluated only by qualified users. The parties receiving this document should retain their own actuarial experts in interpreting results.
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- **Data and Reliance.** The current cost estimates rely on data provided obtained in the Wakely proprietary data set, online publications, and third party subject matter experts. As such, we have relied on others for data and assumptions used in the assignment. 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.
- **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 report. Material changes as a result of Federal or state regulations may also have a material impact on the results. There are no specifically known relevant events subsequent to the date of engagement that would impact the results of this document.
- **Contents of Actuarial Report.** This document is not an actuarial report and does not comply with Actuarial Standards of Practice on communication. Once the analysis is complete, a full report will be provided the lists all data and assumptions used in the comparison of benefits for purposes of supporting EHB changes to CMS.

Links & Resources

CMS EHB Reference Page

- <https://www.cms.gov/CCIIO/Resources/Data-Resources/ehb>

CMS' EHB Process Overview (February 2021)

- https://www.regtap.info/uploads/library/PMSC_Slides_022421_5CR_022421.pdf