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BEYOND THE NUMBERS

WA EHB Benchmark Plan

EHB Overview & Potential 2026 Changes

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Table of Contents

Slide Number	Discussion Topic
4	Wakely Process & Recap
5	Generosity Test
10	Benefit Pricing & Pathways
17	Next Steps

Estimates are Draft for Illustrative, Discussion Purposes

The current estimates are still being refined and peer reviewed. Estimates shown today should be considered draft for illustrative and discussion purposes only.

DRAFT

EHB Process and Recap

Overview

1. Overview of Federal Regulations
2. Plan Comparisons (CMS Tests)
3. **Generosity Test**
4. **Benefit Pricing**
5. **Benefit Discussion and Pathways**
6. Finalize Benchmark and CMS Testing
7. Submission
    1. Public comment estimated to begin around April
    2. Submission to CMS first week of May

Generosity Test

Plan Comparisons

Generosity Test

Comparison of Benefits

1. Identify and gather plan documents for eligible comparison plans for use in CMS testing

2. Compare benefits between current benchmark plan and plans used for Generosity testing

3. Determine total benefit difference; this dictates the “room” available to modify benefits (Generosity test)

Plan Comparisons

Generosity Test

1. Among all benchmark options, two richest plans were identified as the Federal Government Employees Health Association (GEHA) and 2017 Public Employees Benefits Board Plan (PEBB)

2. Based on analysis, the PEBB was identified as the richest of all options for the generosity test

3. The PEBB effectively places a ceiling on how rich total benefits can be for the new benchmark plan under current Federal regulations

Plan Comparisons

Claim and Premium Impact Considerations

- EHB regulations focus on the change in allowed costs (insurer paid plus member cost share) but the impact to premium is also important for consumers.
- Wakely estimated the impacts using proprietary data sets on primarily ACA data. Large group data, WA issuer input, and, where necessary, public sources were also used to assess reasonability or where benefits were not credible in other data sources.
- Key considerations for the allowed cost included in the analysis
  - The estimates are based on ongoing estimated costs. Any pent-up demand that may occur in the initial years of coverage is not incorporated.
  - The estimates only include the cost of the specific benefits being considered, and downstream impacts (e.g., maternity costs for infertility, potential savings from increased well-being from having hearing aids) are not included.
- Actual impacts included in future premium by the issuers may vary, potentially significantly, based on the above considerations as well as each issuer's underlying data, assumptions, and fixed administrative costs.

Generosity Test

Primary Differences between Benchmark and PEBB

Benefit	Current Benchmark Plan	PEBB (Most Generous)	Range of Allowed Cost - BMP Relative to PEBB
Home Health Care Services	130 visits/year	No Limit	0.00% to -0.02%
Acupuncture	12 Visit(s) per Year	8 visits/yr	0.01% to 0.02%
Naturopath	Not Covered	3 visits/yr	-0.04% to -0.09%
Bariatric Surgery	Not Covered	Once every 10 years	-0.01% to -0.04%
PT / OT / ST / Massage	25/year Combined	60 visits/yr Combined	-0.21% to -0.40%
Habilitative Services	IP 30 OP 25 visits/yr	60 visits/yr	0.00% to -0.01%
Cardiac rehabilitative therapy visits	Covered	Not Covered	0.02% to 0.04%
Hearing Aids	Not Covered	Once every 3 years	-0.04% to -0.12%
Routine hearing exams	Not Covered	Covered	0.00% to -0.01%
All other benefit differences			0.00% to 0.00%
Total (%)			**-0.28% to -0.63%**
Total (PMPM $)			**-$1.98 to -$4.51**

- Cost estimates are a percentage of total allowed costs
- All pricing estimates in the analysis are based on the ongoing cost of the services. Neither downstream costs (e.g. maternity costs for infertility) nor pent up demand costs are included. Totals may not add due to rounding.
- *PMPM ranges were calculated assuming a total allowed Medical and Rx cost of ~$700 PMPM.

Benefit Pricing & EHB Pathways

Additions to Benchmark Plan

Benefit Pricing & Selection

Changes to EHB

Benefit Selection Process

1. SSB 5338 set forth a list of benefits that should be considered.
2. Other bills mandated Human Donor Milk and a Hearing Benefit be added to any new benchmark plan.
3. Benefits were priced based on our understanding of the benefit and current coverage. In all cases, a range was provided.
4. Benefit additions must comply with generosity and typicality tests.
5. 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.

Benefit Pricing

Description and Cost of Benefits

Benefit	Notes	Costs as a percent of total allowed costs
Human Donor Milk	Human milk when infant is unable to receive maternal milk or whose parent is unable to produce maternal human milk in sufficient quantities or caloric density. Additional criteria apply (see bill).	0.01% to 0.05%
Hearing Exam and Hearing Aids	Hearing exam and hearing aids each ear every three years.	0.04% to 0.12%
Artificial Insemination	Artificial insemination in vivo.	0.01% to 0.02%
IVF	In vitro fertilization including medication, one extraction, fertilization, culture, preservation, and up to 3 transfers.	0.60% to 1.10%
Treatment for Pediatric Acute-onset Neuropsychiatric Syndrome and Pediatric Autoimmune Neuropsychiatric Disorders Associated with Streptococcal Infections;	Potentially covered when medically necessary in accordance with best practices. Additional information on benefit coverage and potential gaps may be needed.	N/A
Biomarker testing	Identified to be covered when medically necessary in accordance with best practices.	N/A
Contralateral prophylactic mastectomies	Identified to be covered when medically necessary in accordance with best practices.	N/A
Magnetic resonance imaging for breast cancer screening	Identified to be covered when medically necessary in accordance with best practices.	N/A

New Benchmark Pathways

Cost of Additional Benefits

- Human donor milk and a hearing benefit are required to be added in any new benchmark plan.
- There is potentially an additional 0.58% still available after adding these benefits.
- An IVF benefit is unlikely to fit within the generosity test allowance.

Benefit	Price Range
Donor Human Milk	0.01% to 0.05%
Hearing Exam and Hearing Aids	0.04% to 0.12%
1: Required EHB Additions	**0.05% to 0.17%**
2: Room in Generosity Test	0.28% to 0.63%
3 = 2 - 1: Remaining Room	**0.11% to 0.58%**
4: - IVF	0.60% to 1.10%
5: - Artificial Insemination	0.01% to 0.02%

Pathway Options
Option A: Donor Milk & Hearing Benefit
Option B: Donor Milk, Hearing, & AI
Unlikely to add IVF since option A is required

All pricing estimates in the analysis are based on the ongoing cost of the services. Neither downstream costs (e.g. maternity costs for infertility) nor pent up demand costs are included. Totals may not add due to rounding.

Human Donor Milk

Benefit Pricing

Benefit Definition

- Coverage for medically necessary donor human milk **for inpatient use** for an infant who is medically or physically unable to receive maternal human milk or participate in chest feeding or whose parent is medically or physically unable to produce maternal human milk in sufficient quantities or density
- Must meet criteria such as low birth weight, less than 34-week gestational age, or a variety of other criteria

Background

- Additional details provided in 48.43.820
- Inpatient use limitation impacts price notably

Hearing Aids & Exams

Benefit Pricing

Benefit Definition

- Hearing exams and hearing aids for adults and children
- Hearing aids are limited to one per ear every three years

Background

- Adult hearing benefits for adults are not prevalent in the ACA markets, with only 12 states explicitly requiring adult hearing aids to be offered. However, more than half of states require coverage for children. Given discriminatory requirements, many states who only covered child hearing aids, are now also covering adults under the benefit (not a change to EHB when done for discriminatory design purposes).
- While significant variation exists in services covered, limits, and cost-sharing, the most common offering is covering hearing aids every 36 months with coinsurance between 0% to 50%
- Under the ACA, annual or lifetime dollar limits are not allowed on EHB benefits*

*https://www.ecfr.gov/current/title-45/subtitle-A/subchapter-B/part-147/section-147.126

Fertility Services

Benefit Pricing & Considerations

In Vitro Fertilization (IVF) – 0.60% to 1.10%

- Unlikely to be added to benchmark due to high cost and remaining room
- Priced three cycles of in-vitro fertilization, including evaluation, counseling, egg preservation and other related services
- Majority of costs is in the preliminary fertility drugs and extraction. Preservation and fertilization are lower in costs.
- How a “cycle” is defined may alter the comparison - need to define exactly what constitutes a cycle

Artificial Insemination – 0.01% to 0.02%

- Lower price than IVF due to availability & price of sperm, drug prices lower or non-existent

Benefit Considerations

- Increased claim cost related to additional maternity cycles
- Improved mental wellbeing for affected members
- Improved support for organic state population growth

Figures from Milliman’s study were used to assess the reasonability of Wakely’s estimates:
https://www.insurance.wa.gov/sites/default/files/documents/2023fertility-treatment-cost-analysis-report.pdf

Next Steps

EHB Next Steps

Overview

1. Finalize Benchmark and CMS Testing
   A. Decide Benefits to Add – Decide on benefits to add to benchmark
   B. Generosity Test – Finalize pricing and ensure benefits being added are compliant
   C. Typicality Test – Identify comparison benchmark plan exactly equal to proposed benchmark plan

2. Submission
   A. Public comment estimated to begin around April
   B. Submission to CMS first week of May

Questions?

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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.
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- **Data and Reliance.** The current cost estimates rely on available data including Wakely's proprietary ACA data set, Large Group data, WA stakeholder insight, 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.

Additional EHB Regulations and Information

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

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
- May 2024 application deadline for BY 2026
  - Provide reasonable public comment period
  - Submit supporting documentation
  - Fulfill typicality and generosity standards

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 - Provide 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 - Ensure the new EHB-benchmark plan does not exceed the generosity of the most generous among a set of comparison plans by 0.0 percentage point actuarial increase

Federal Regulations

Typicality Test

- Step 1 – Select a typical employer plan among the options at §156.111(b)(2)(i): One of the state's 10 base-benchmark plans or one of the five largest group plans
- 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
- 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

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Federal Regulations

Generosity Test

- Step 1 – Determine the most generous plan among this set of comparison plans
- 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
- 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