

## Standard Plans - Stakeholder Feedback

### - June 22nd Meeting -

At the June 22nd Cascade Care Workgroup meeting, WAHBE staff engaged with workgroup participants in continued conversation around adjusting standard plan designs for PY 2023. Stakeholders were asked to provide written feedback on the following background questions, to help guide ongoing standard plan development work:

1. Have ARPA subsidies impacted how you think HBE should consider the balance between standard plan cost-sharing and premiums? How would this change if ARPA subsidies were/were not extended beyond 2022?
2. How should HBE balance standardized Bronze plan designs? Do current standard plan deductibles and cost-shares strike the right balance and offer the right level of coverage for consumers?
3. How should HBE balance lower cost-sharing post-deductible vs. potentially higher copays with no deductible?
4. Does low customer utilization impact how HBE should contemplate standard plan cost-sharing types or amounts?
5. Should HBE consider standardizing additional benefits? If so, which benefits should be the focus of standardization and why?
6. Are there additional research questions or datapoints that would help inform your feedback around changes to standard plans?

*Below is a summary of the written feedback from stakeholders.*

#### **Have ARPA subsidies impacted how you think HBE should consider the balance between standard plan cost-sharing and premiums? How would this change if ARPA subsidies were/were not extended beyond 2022?**

Advocates support richer standard plan designs, acknowledging that it may create premium pricing trade-offs. They noted that even before ARPA, they accepted this trade-off due to rejections of the views that:

1. Policymakers should respond to high premiums by hiding health care costs in cost-sharing, where costs are less likely to be understood by consumers;
2. Health consumers should be encouraged to purchase skimpy plans, contrary to the point that insurance is to protect against unforeseen health care needs; and
3. Richer plans are always priced higher, as carriers can and do price richer plans competitively.

Advocates do note that the availability of ARPA's enhanced subsidies through PY 2022 will be critical for buffering consumers from premium costs and hope/expect these subsidies to be continued in 2023.

Carriers would also like to see ARPA enhanced subsidies be made permanent but would like WAHBE to evaluate standard plan designs under both the scenario they are extended and if they are not.

**How should HBE balance standardized Bronze plan designs? Do current standard plan deductibles and cost-shares strike the right balance and offer the right level of coverage for consumers?**

Advocates note a general desire for stability with 2023 standard plans, but note that Bronze plans may warrant an exception. They express concerns about the 40% coinsurance structure of the standard bronze plans, citing consumer confusion about what coinsurance means. They express further concern that the increased volume of \$0 premium bronze plans, created by enhanced subsidies, will increase consumer enrollment in these plans without them realizing the full extent of their cost-sharing obligations. Advocates do note their desire is constrained to adjusting the existing bronze plan design, and not to create additional bronze plans at this time.

Coordinated Care expressed a desire for WAHBE to consider developing a catastrophic standard plan design for customers who want very basic, limited coverage. They believe the population that still remains uninsured likely falls into the category of not wanting to purchase other QHPs on the Exchange, but would like a cheaper offering. They also support additional standard plan designs at each metal tier, especially at the silver level.

**How should HBE balance lower cost-sharing post-deductible vs. potentially higher copays with no deductible?**

Coordinated Care expressed concerns about *Washington Healthplanfinder's* display tools and the logic used to display Cascade and Cascade Select QHPs to shoppers.

**Does low customer utilization impact how HBE should contemplate standard plan cost-sharing types or amounts?**

Advocates do not feel equipped to respond to this question currently due to not knowing *why* customer utilization is currently low. They cite a number of possible reasons, including low health care needs, concerns about out-of-pocket costs, inability to find a provider, or lack of understanding about certain benefits.

**Should HBE consider standardizing additional benefits? If so, which benefits should the focus of standardization and why?**

Advocates support the notion of standardizing additional benefits over time to help consumers understand the out-of-pocket costs they will face when shopping and later accessing care. They suggest taking the approach of making steady year-over-year progress in assigning standardized cost-sharing to the outstanding 24 benefits categories that are not yet standardized. They would like to see an analysis of the level of variability in how carriers are assigning cost-sharing in the PBT and adjudicating claims.

Advocates further suggest WAHBE approach increased standardization by looking at benefit categories that are ripe for standardization due to consistent cost-sharing across carriers; likely to cause consumer confusion if not standardized; or potentially discriminatory if left unstandardized.

Kaiser Permanente does not recommend pursuing any bundled benefits in standard plan designs, citing that it could impinge on a provider's treatment recommendations based on an individual's situation.

**Are there additional research questions or datapoints that would help inform your feedback around changes to standard plans?**

Advocates would like more information about how carriers are currently assigning drugs to particular drug tiers, and how carriers are currently handling out-of-pocket accumulators when consumers use prescription drug coupons.

Coordinated Care reiterated its support for an additional Silver standard plan option, given the limitations on non-standard plans that take effect in 2023.

**Other Feedback?**

Advocates reiterated a desire to see a standard plans incorporate a number of guiding principles, including:

- Actuarial values at the top of the allowable metal ranges;
- Access to key services before the deductible and with low-to-no copays;
- A copay structure; and
- Standardization of as many benefit categories as are practical.

Kaiser Permanente expressed a desire to maintain a consistent shopping experience for consumers, and recommended continuing with the current standard plan designs.

# Appendix

## Stakeholder Comments

Mr. Evan Klein, Senior Policy Analyst  
Washington Health Benefit Exchange  
Submitted via email to: [evan.klein@wahbexchange.org](mailto:evan.klein@wahbexchange.org)

**Re: 2023 Cascade Care Standard Plans**

Dear Mr. Klein and colleagues:

Thank you for the opportunity to provide ongoing feedback about how the Washington Health Benefit Exchange (WAHBE) should consider Cascade Care Standard Plans in the 2023 Plan Year (PY) and beyond.

We work on behalf of consumers to ensure that Washington residents have access to affordable health care. We have previously submitted extensive comments to inform PY 2023 plan designs, emphasizing a desire for the Exchange to retain relative stability in plan designs moving into PY 2023. We reiterate our previous recommendation that WAHBE's standard plan shelf continue to favor the following design principles:

- Actuarial values that are at the top of the allowable metallic tier range, recognizing that consumers are likely to buy on premium price rather than considering total out-of-pocket costs due to information asymmetries;
- Access to key services—such as primary care, behavioral health services, and generic prescription drugs— before the deductible and with low-to-no copays to reduce barriers to essential care;
- A copay structure rather than a coinsurance structure, to help consumers understand the potential out-of-pocket liability they may face; and
- Standardization of as many benefit categories as are practical, to reduce surprises at the point of care.

In addition to this general feedback, we write now to respond to your specific follow-up questions with a consumer perspective in mind.

**Q: Have ARPA subsidies impacted how you think HBE should consider the balance between standard plan cost-sharing and premiums? How would this change if ARPA subsidies were/were not extended beyond 2022?**

On the whole, the design principles we suggest above point to richer plan designs. We support rich plan designs in the standard plan shelf because consumers expect that plans receiving official Cascade Care approval from WAHBE will offer a higher degree of protection against unexpected out-of-pocket expenses. One of the primary goals of plan standardization is to ensure that consumers can make apples-to-apples comparisons between plans based on premium price without worrying that skimpy cost-sharing designs will lead to unexpected out-of-pocket costs later. Consumers expect that when they choose between Cascade Care plans, they are making a safer choice than a non-standard plan. It would be confusing and counter-intuitive if WAHBE disrupted this expectation by offering skimpier plans as standard plans.

We recognize that there may be premium pricing trade-offs for rich standard plan designs. Even before American Rescue Plan Act (ARPA) subsidies took effect, we tended to accept this trade-off for four reasons:

- (1) we reject the view that policymakers should respond to high premium costs by “hiding” health care costs in cost-sharing, where they are less likely to be understood by consumers – there are other steps policymakers should take to address these costs;
- (2) we reject the view that “healthy” consumers should be encouraged to purchase skimpy plans with inexpensive premiums – the point of insurance is to protect consumers from health care needs they cannot yet anticipate;
- (3) we reject the assumption that richer plans are always priced higher – the reality is that carriers can and do price rich plans competitively when they are encouraged to do so through policy levers which drive market share in those plans; and
- (4) consumers whose financial situation requires a lower premium price point can find these plans on the non-standard shelf.

With that in mind, we always have an eye toward ensuring that standard plans are priced at a point consumers can sustain. The availability of ARPA’s enhanced premium subsidies through PY 2022 will be critical in buffering consumers from premium costs. We hope and expect that this level of premium subsidization will continue in 2023, either through Congressional re-authorization or the state’s new Cascade Care subsidy program. If Congress does not act to reauthorize ARPA subsidies, or sets them at different levels, the state could revisit the level of state premium subsidies available in PY 2023 in the next legislative session with full knowledge of the premium structure. As a result, we suggest that WAHBE should proceed to design PY 2023 plans with the expectation that enhanced subsidies will continue.

**Q: How should HBE balance standardized Bronze plan designs? Do current standard plan deductibles and cost-shares strike the right balance and offer the right level of coverage for consumers?**

As a general matter, we favor relative stability in the plan shelf for PY 2023. However, the standard bronze plan may warrant an exception.

Today’s standard bronze plan design uses a 40% coinsurance structure. While we understand that the actuarial value calculator requires difficult cost-sharing trade-offs, we continue to be concerned that consumers may not understand the reality of this high level of coinsurance when they purchase the coverage. While recent studies suggest a high degree of consumer confusion around all cost-sharing terminology,<sup>1</sup> the literature suggests that coinsurance is the most confusing type of cost-sharing. For example, a 2018 survey by UnitedHealthcare found that while 64% of people could define copayment, only 24% could define coinsurance.<sup>2</sup>

Given this troubling consumer health literacy issue, we tend to favor plan designs with a copay structure rather than a coinsurance structure where possible. We are also concerned that if enhanced premium subsidization continues in PY 2023, consumers will be flooded with zero-premium bronze plans and may select these plans without realizing the full extent of their cost-sharing obligations. A copay structure would make cost-sharing more transparent to consumers – while they may be shocked by the high

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<sup>1</sup>See, e.g., National Association of Insurance Commissioners survey of consumers (Oct. 6, 2020), available at: [https://content.naic.org/article/news\\_release\\_nearly\\_half\\_consumers\\_dont\\_understand\\_how\\_their\\_health\\_insurance\\_would\\_pay\\_coronavirus\\_testing\\_and.htm](https://content.naic.org/article/news_release_nearly_half_consumers_dont_understand_how_their_health_insurance_would_pay_coronavirus_testing_and.htm)

<sup>2</sup> <https://www.uhc.com/broker-consultant/news-strategies/resources/what-your-clients-employees-dont-know-about-their-health-plans-hurts-everyone>, see also [www.policygenius.com/health-insurance/health-insurance-literacy-survey/](http://www.policygenius.com/health-insurance/health-insurance-literacy-survey/)

dollar amount of copays, they will better understand the reality of selecting a bronze plan.<sup>3</sup> As a result, we recommend that WAHBE model some bronze designs for PY 2023 which feature a copay structure rather than a coinsurance structure. We recommend modeling more than one design to account for the likelihood that the shift to copays will lead to a jump in actuarial value which may then require trade-offs elsewhere in the cost-sharing design, depending on the actuarial value calculator for PY 2023. We suggest that if a copay structure requires a shift in other kinds of cost-sharing, it would be important to prioritize access to services before the deductible and a lower deductible.

Note that we do not support standardizing additional bronze plans at this time, given concerns we have previously raised that bronze plans do not offer the best overall value for most consumers. If HBE were to modify its bronze plan design for PY 2023 to address the concerns we have raised, we would suggest modifying the existing plan rather than adding more standard bronze plans. In general, we continue to support a limited number of standard plan designs until we have more information about how the market is reacting to current plan offerings and newly-available enhanced subsidies.

**Q: Does low customer utilization impact how HBE should contemplate standard plan cost-sharing types or amounts?**

We appreciate the claims information HBE shared at the last stakeholder meeting, which raised a number of interesting considerations. However, we don't yet have enough information to respond to this question at this time, because we do not have information about *why* customer utilization is relatively low. There are a number of reasons why a consumer might choose not to utilize their plan's benefits, including:

- Low health care needs
- Concern about out-of-pocket costs
- Inability to find an in-network provider that meets their needs
- Lack of understanding that certain services are available at zero cost-sharing or before the deductible

As we suggested at the meeting, it would be helpful to review the claims analysis HBE shared in conjunction with enrollee survey data which can help stakeholders understand the consumer behavior behind the claims data. We understand that HBE may have some of this data available from past survey work and would welcome the opportunity to review.

**Q: Should HBE consider standardizing additional benefits? If so, which benefits should the focus of standardization and why?**

Yes, we support the notion that HBE should continue to standardize additional benefits over time. Standard plans are designed to help consumers easily understand the out-of-pocket costs they will face – both during the initial shopping experience and later when they access care. Given this goal, there is no reason why HBE would not want to continue to standardize additional benefits over time to facilitate apples-to-apples comparisons on all the benefits consumers might need to use.

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<sup>3</sup> See as one example of a copay structure bronze design, Massachusetts' bronze design on p. 17 of this presentation: [https://www.mahealthconnector.org/wp-content/uploads/board\\_meetings/2021/03-11-21/2022-Health-and-Dental-Plan-Proposed-Seal-of-Approval-031121.pdf](https://www.mahealthconnector.org/wp-content/uploads/board_meetings/2021/03-11-21/2022-Health-and-Dental-Plan-Proposed-Seal-of-Approval-031121.pdf)

Wakely's analysis identified 24 benefit categories which are not yet standardized, some of which are standardized by Exchanges in other states. We suggest that HBE should make steady year-over-year progress in assigning standardized cost-sharing to these outstanding benefits. This is particularly important because the current standard plan designs assign coinsurance for "other benefits" which are not specified to an existing standardized category – so consumers who believe they are selecting a plan with a copay design are in for a rude awakening when they begin to use important benefits (such as chemotherapy or dialysis) and find that they may pay coinsurance rather than the copays they anticipated, depending on how their particular carrier categorizes these benefits.

As a starting point, we suggest that Wakely continue its analysis by determining the level of variability in how carriers are assigning cost-sharing in the Plan and Benefits Template *and* adjudicating claims for the remaining 24 benefit categories. We suggest that HBE then begin to propose additional standardization by looking for benefit categories that are either:

- Ripe for standardization – for example, if most carriers handle cost-sharing in a consistent fashion for this benefit, but there are one or two outlier carriers which need to be brought in line with the rest of the market;
- Likely to cause consumer confusion if left unstandardized– for example, maternity care that consumers may believe will be covered as part of the outpatient or inpatient categories, but may in reality be handled as a bundle;<sup>4</sup> or
- Likely to have a discriminatory impact under WAC 284-43-5940 if left unstandardized– for example, hearing aids, durable medical equipment, or therapies related a person's disability status.

We understand that there may be actuarial value impacts of standardizing additional benefits. We would argue that if this is the case, it is a sign that there may be a greater need for standardization, because it suggests a highly-utilized benefit which is currently not part of the standard benefit framework, which is a recipe for consumer confusion.

**Q: Are there additional research questions or datapoints that would help inform your feedback around changes to standard plans?**

We would appreciate more information about:

- How carriers are currently assigning drugs to particular tiers within the existing four-tier formulary structure.
- How carriers are currently handling out-of-pocket "accumulators" when consumers use prescription drug coupons .

Thank you again for the opportunity to provide preliminary feedback. We look forward to continued discussion of these topics.

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<sup>4</sup> As an aside, it confused us that Wakely's analysis suggests that habilitative benefits are not standardized. Our understanding is that habilitative benefits must be at parity with rehabilitative benefits under Washington's EHB regulations. As a result, we would anticipate that carriers should be adjudicating habilitative benefits with the same cost-sharing as rehabilitative therapies. If this is not the case, we would recommend that HBE discuss this issue with OIC.



Sincerely,

Emily Brice, Senior Attorney & Policy Advisor, Northwest Health Law Advocates (on behalf of Cascade Care Workgroup member Janet Varon)

Sam Hatzenbeler, Health Policy Associate, Economic Opportunity Institute

Erin Dzedzic , Dzedzic Public Affairs

July 6, 2021

Washington State Health Benefit Exchange  
810 Jefferson Street SE  
Olympia, WA 98501

RE: 2023 Standard Plan Design Feedback

Thank you for the opportunity to provide feedback regarding Standard Plan design changes that the Washington Health Benefit Exchange (WAHBE) is considering for Plan Year 2023. In the June 22<sup>nd</sup> Cascade Care Workgroup meeting, feedback was requested on the below questions.

**1) *Have ARPA subsidies impacted how you think HBE should balance standard plan deductibles vs. premiums?***

We believe the enhanced advanced premium tax credits (APTC) funded through the American Rescue Plan Act (ARPA) should be made permanent to help address affordability. We will continue to advocate for long-term funding to make these subsidies permanent at the federal level. Until such time that they are made permanent, however, any analysis should include both options and any final design should evaluate the total cost of care which includes both premium and cost-sharing amounts. See answer numbers two and four below.

**2) *How should HBE balance standardized Bronze plan designs? Do current standard Bronze plan deductibles and cost-shares strike the right balance and offer a valuable coverage option for consumers?***

We think HBE should consider developing a catastrophic standard plan design for those consumers who want very basic, limited coverage just in case the unthinkable happens. We believe the population that still remains uninsured likely fall into this category of not wanting to purchase other QHPs on the Exchange, but would like a cheaper plan offered.

We continue to support having more than standard plan design at each metal tier would be good to increase consumer choice and allow for carriers to develop a diverse set of plans to attract a variety of different consumers with different healthcare needs. Given nonstandard plans will be limited to only one silver (and capped at two gold and two bronze each) warrants the need for HBE to develop more than just one standard plan. This is especially needed at the silver level because the current standard silver plan design has an actuarial value (AV) that is at the high end of the range and we strongly believe the second standard plan design should be intentionally designed at a lower AV level to offer consumers more variety in plan design and, potentially, a lower premium price.

**3) *Does low customer utilization of QHP coverage impact how HBE should contemplate standard plan cost-sharing types or amounts? Does this vary by metal level?***

We are not entirely sure what you are asking and/or trying to get it with this question. At this time, we have no feedback. We would be curious to understand what you are trying to understand.

**4) How should HBE balance lower cost-sharing post-deductible vs. potentially higher copays with no deductible?**

We know that many consumers select their plan based on the monthly premium cost first, and deductible and cost-sharing considerations are secondary when evaluating the “cost” of a health plan. With this in mind, we continue to be concerned about Healthplanfinder’s display tools and the logic/algorithm used to display QHPs to shoppers. We do not support HBE’s decision to display Cascade and Cascade Select Qualified Health Plans (QHPs) *before* any less expensive non-Cascade QHPs (nonstandard plans). This default setting results in displaying more expensive Cascade plans before less-expensive non-Cascade plans. This is not consumer-friendly, particularly at a time when we know consumers are very price-sensitive and cost continues to be the top factor driving consumer choice when selecting a plan. Further, we believe it is extremely misleading and indicates that HBE is intentionally trying to steer consumers into Cascade plans, regardless of cost, provider network, or other considerations.

We also remain concerned that the algorithm used to calculate the “cost” is not entirely accurate. Does it include the total cost of care in an equitable way? Meaning, we are unsure the weight given to monthly premium costs, deductible, cost-sharing, and other out-of-pocket expenses.

**5) Are there additional research questions or data points that would help inform your feedback around changes to standard plans?**

None that we can think of at this time.

**6) How should HBE weigh the tradeoffs of further standardization against the initial goals? Does increased standardization benefit consumers? In what ways?**

We would just reiterate our support having more than standard plan design at each metal tier. Since nonstandard plans will be capped beginning in 2023, we think HBE should develop at least one more silver standard plan to allow carriers to offer more choices to consumers with a variety of different needs and circumstances.

Thank you again for the opportunity to provide feedback as you begin this work to develop the 2023 Standard Plan designs. We look forward to more dialogue on this topic, and are happy to answer any questions and provide any additional information given our experience in Washington’s Marketplace, as well as Centene’s experience in other state-based exchanges that have standardized benefits/standard plans.

Sincerely,

/sent electronically/

Andrea Tull Davis  
Vice President, Government Relations & Communications  
Marketplace (Exchange) Product Lead  
Coordinated Care

## Kaiser Permanente Cascade Standard Plan Comments

Good afternoon Evan:

On behalf of Kaiser Foundation Health Plan of Washington and Kaiser Foundation Health Plan of the Northwest (collectively “Kaiser Permanente”), we offer the following comments regarding the Washington Health Benefit Exchange (“WAHBE”) newly proposed 2023 Cascade Care plan design considerations:

1. Kaiser Permanente believes that a consistent shopping experience is best for Washington consumers. We recommend that WAHBE continue with the current standard plan designs and limit modifications.
2. Kaiser Permanente does not recommend “bundling benefits” in a standard plan design. This can impinge on a provider’s treatment recommendations based on an individual’s personal situation. For example, “diabetes care” was recently suggested as a bundled benefit. Treatment of diabetes could involve daily interventions including insulin shots, frequent office visits or outpatient facility testing, or quarterly monitoring and lifestyle changes.
3. We would be happy to provide utilization data specific to Cascade Care plans at a later date; it’s too early in the product cycle to have useful and actionable data of this type available.
4. Finally, Kaiser Permanente commends the Exchange on being pro-active and transparent during this next phase of the Cascade Care implementation. The longer both the Exchange and carriers have to prepare, test and implement this important work, the better experience for consumers who look to WAHBE for enrollment information. We support open lines of communication and continuing to engage stakeholders and look forward to a successful partnership in the coming years.

Thank you again for the opportunity to provide feedback and comments for the 2023 Cascade Care plans.

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**Jill A. McMahon**  
QHP Program Manager

**Kaiser Permanente**  
Health Plan Regulatory Exchange Operations  
500 NE Multnomah St.  
Portland, Oregon 97232