

# Response to Questions

## Regarding Public Comments on Proposed Standardized Health Plans on beWellnm's Individual and Family Marketplace during the 2024 Benefits Year

Submitted November 18, 2022



Following the beWellnm Health Benefits Committee's meeting in October of 2022, the Committee requested public comments on proposed standardized health plans for the 2024 Benefits Year. The Committee addressed specific recommendations during its meeting in November of 2022. Some public comments contained general questions about the proposed plan designs and other general topics related to the Committee's work. The New Mexico Office of Superintendent of Insurance (OSI) has responded to those questions below. Information about the Committee's work can be found at <https://www.bewellnm.com/about-us/board-committees/health-benefits-committee/>.

### **Molina: Molina would like to learn the supporting rationale for subjecting Non-preferred Brand drugs to a higher copayment than Specialty?**

The original plan designs that were considered by the committee organized co-pays in a typical manner, with co-pays for specialty medications set at a higher level than other prescription medication categories. The Committee had a lengthy discussion about the affordability challenges that many patients with high health needs face when they need to access specialty medications because of how existing cost sharing arrangements are designed. Because there are not typically alternatives to specialty medications and patients with high health needs must be able to access these medications to maintain their health, the Committee requested that the co-pays for specialty medications be reduced and not be subject to the deductible. Since non-preferred brand medications have an alternative preferred brand option, the co-pays for this category have a relatively higher cost than other medication categories. The Committee welcomes feedback on this approach, including alternate plan design options that achieve the Committee's goal of making specialty medications easier to afford for patients with high health care needs.

**Western Sky Community Care: What will be the requirements for qualified health plans to offer standard plans in PY-24?**

All health insurance issuers offering non-group Qualified Health Plans on beWellnm's will be required to offer standardized health plans that are adopted by the beWellnm Board of Directors.

**Western Sky Community Care: Has the Committee verified, based upon actuarial modeling, that the proposed Actuarial Values can reasonably be achieved by issuers given essential benefit, premium, cost-sharing, and utilization (prior and projected) levels? Will the Proposed Designs remain attractive to New Mexico consumers if issuers are unable to price the plans appropriately given the low-mid-high co-payments levels under targeted Actuarial Values?**

The actuarial values (AVs) used in the Committee's proposed standardized plan designs are based on levels established under the regulations and guidance issued by the New Mexico Office of Superintendent of Insurance under the Health Insurance Marketplace Affordability Program. Actuarial modeling was conducted in 2021 and 2022 to assess market impacts and develop budget requests for the Health Insurance Marketplace Affordability Program. Issuers are currently offering health plans with AVs matching those being used by the Committee. Those plans were subject to the rate review process and were certified to be sold on the Marketplace during the 2023 Benefits Year.

The plan designs considered in 2021 met actuarial value targets using CMS's 2022 actuarial value (AV) calculator. Plans will be updated using the 2023 AV calculator. However, in order to be certified, the plans must ultimately meet AV targets using the 2024 CMS AV calculator. For the 2023 Benefit Year, the AV calculator was not released until April of 2022. OSI recommends including a provision in the final board adoption of standardized plans that allows for minor modifications of the plan design to be made with Committee approval if any standardized health plan or variant does not meet the AV requirements.

**Western Sky Community Care: Does the Committee's research and analysis assure that the Proposed Designs will sufficiently lower costs to achieve target increases in enrollment? For instance, the \$1,500 MOOP for a New Mexican above 150% of the FPL (~\$27,280) remains significant. The MOOP is an important tool for affordability that works in tandem with monthly premium levels.**

The Committee did not establish "target increases in enrollment." However, one of the Committee's priorities is to minimize MOOP and deductible amounts. A \$1,500 MOOP for an individual making 150-200% FPL (\$20,385-\$27,180 in 2023) would equal 5.4-7.3% of household income if the MOOP is reached. Plans that exclusively use co-pays require significant service utilization to reach the MOOP limit because the cost of any given service is limited to the co-pay amount for services that are not subject to the deductible. The MOOP level must strike a balance with the rest of the out-of-pocket design. If the MOOP is decreased for the Turquoise Plan 2 standardized plan, other out-of-pocket costs would have to increase, such as co-pay amounts, the deductible, or the number/type of services subject to the deductible.

Decreasing the MOOP limit is a laudable goal and if the Committee is interested in exploring plan designs with a lower MOOP for the Turquoise 2 standardized plan, OSI will work with Wakely Consulting to provide additional options for the Committee to evaluate. It should be noted that health insurance issuers are permitted to offer plans that have a lower MOOP limit.

**Western Sky Community Care: Has the Committee considered how anti-selection risk will be managed to assure coverage affordability as most covered services are subject restricted co-pays and deductible waivers? For instance, Specialty Drugs for Turquoise subsidized standard plans only apply \$10, \$25, and \$50 co-pays with a waived deductible. The framework may encourage higher, unnecessary utilization in certain cases that diminish overall coverage affordability. This may also dissuade providers from considering cost-effective alternatives, while encouraging drug manufacturers to raise costs given enhanced utilization/prescriptions.**

An underdiscussed aspect of standardized plans is that they level the playing field by requiring all health insurance issuers to offer the same plan design. This minimizes the potential for risks to fall to any one issuer. In addition, anti-selection risk is mitigated by risk adjustment, which transfers funds from health plans with lower-risk enrollees to health plans with higher-risk enrollees.

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**Western Sky Community Care: Did the Committee consider a separate prescription drug deductible as adopted in other States that could be lower than the medical deductible?**

This was discussed by the Committee in 2021. It was determined that a combined deductible helped maintain a simple plan design.

**Western Sky Community Care: Will the filing restrictions mandate co-payments for existing qualified health plans?**

Standardized plan requirements only apply to standardized plans.

**Western Sky Community Care: Will the introduction of the Proposed Designs be mapped for the renewal process for PY-2024? Will mapping occur in the same fashion as open enrollment?**

Because individuals are not currently enrolled in standardized plans, they will not be mapped into new plans during the renewal process. Consumers will need to actively shop and select a standardized plan if they wish to be enrolled in these new plans.

**Western Sky Community Care: Is the Committee considering a standardized plan design for the Bronze level of coverage? This may provide additional affordable coverage options for certain New Mexico consumers. For instance, this may be an appealing option for high income consumers who are price conscious.**

The Committee has not discussed the introduction of a Bronze-level standardized plan, which is allowed under the statute. Only one health insurance issuer is offering Bronze plans on beWellnm in 2023. Under the state statute, the Board of Directors may only require issuers to offer a standardized Bronze plan “if a health insurance issuer offers a bronze health plan through the exchange” (see 59A-23F-9F). Wakely Consulting has indicated that the co-pay amounts would need to be very high to meet the actuarial value requirements. During the November 14<sup>th</sup> meeting, the Committee agreed to explore this idea in the future but believed that the first year of standardized plans should focus on Silver and Gold plans along with their Turquoise variants.

**Western Sky Community Care: Are there any limitations on whether the Proposed Designs can provide dental and/or vision coverage? Would the Committee consider offering New Mexico consumers with dental or vision buy-up benefits?**

Dental and vision benefits are important health benefits that contribute to overall health. These benefits are required to be covered for children under the age of 19. Standalone dental plans are available for purchase on beWellnm. However, adult dental and vision benefits are *not* classified as Essential Health Benefits under the Affordable Care Act, meaning that Advance Premium Tax Credits could not apply to the plan premium. Mandating coverage of dental and vision benefits will make the relative premium of standardized health plans meaningfully higher than non-standardized plans. OSI encourages the Committee to explore ideas that make dental and vision benefits more accessible to New Mexicans, but believes that this should be considered on a market-wide basis rather than through the standardized plan design process.

**Western Sky Community Care: How will New Mexico consumers see the Proposed Designs on the beWellnm website? What would a New Mexico consumer see on the beWellnm website? Will consumers see labels, ribbons, and/or icons?**

The Committee has discussed creating specific branding for standardized health plans and the incorporation of identifiers during the shopping experience that indicate that a plan has out-of-pocket costs. OSI also recommends a way to filter out non-standardized plans if consumers want to be able to easily compare standardized options.

**Western Sky Community Care: Does the OSI and/or beWellnm anticipate any regulatory action that would impact the ability to create and introduce non-standardized plans on the New Mexico Health Insurance Exchange? Will non-standardized plans be permitted to be offered along-side standardized plans?**

Non-standardized plans will continue to be permitted to be offered on beWellnm. OSI is not aware of regulatory actions that would change any issuer's ability to offer non-standardized options.

**Western Sky Community Care: The Proposed Designs do not address the root causes of non-affordability which are rising medical and pharmaceutical costs and inflation, inadequate healthcare providers in-state, and the need to improve wellness and preventative care. Did the Committee consider how the Proposed Designs align with solutions to address these root causes of non-affordability?**

There are many tools that could be used to address underlying drivers of health care costs. While it can have clear positive benefits for patients, standardizing the out-of-pocket design of health plans alone cannot address systemic issues raised by the commenter. In some instances, improved access to regular health care services can prevent more serious health problems from emerging, as former State Representative Deborah Armstrong noted in the October Committee Meeting when she said, "If people get the right care at the right time at the right place, the overall cost of health care will go down because they are healthier. The point is keeping them healthy and not making it a burden to access [services]... I don't want to lose sight of the fact that we need people to access the care they need and not defer it."

**Western Sky Community Care: Has or will the Committee consider standardized plan designs for key New Mexico populations or demographic groups outside of income levels? For instance, are there opportunities for Standardized Designs targeted at older or younger adults? Individuals with certain chronic health conditions? Individuals with no significant health conditions? Rural/Frontier vs. Urban?**

The Committee prioritized improving the predictability of out-of-pocket costs, which can be beneficial for all of the subgroups described in this question. When discussing whether to offer a variety of standardized plans, some members of the Committee raised concerns about undercutting the overarching goal of making it easier for people to find and compare plans by introducing too many options. For these reasons, the Committee chose a targeted and balanced approach to standardization. As the Committee continues its work in future years, this may be a topic worth revisiting.

**Western Sky Community Care: The OSI and beWellnm is encouraged to utilize and leverage the administrative rule making process. This will ensure that consideration and design of these complex policies afford adequate notice, time, and opportunity for the OSI and beWellnm to gather substantial evidence through written and public comment from regulatory staff, experts, and the broadest range of New Mexico stakeholders. Such a process can generate provide timely, innovative, and New Mexico-specific solutions through integration and collaboration.**

The Committee and OSI agree that public input is vital to the success of beWellnm. The sessions currently underway as well as the multiple opportunities for public comment that are scheduled over the coming months, including the comments being responded to in this document, are

intended to give the Committee feedback on proposals. However, it should be noted that the New Mexico Health Insurance Exchange does not have rulemaking authority. The enabling statute gives the Board of Directors the authority to establish and update standardized plans on an annual basis. The Board must provide for notice and public comment before finalizing each year's standardized health plans. OSI must certify the standardized health plans to ensure compliance with all laws and regulations.