November 7, 2022

Via email to Colin.Baillio@osi.nm.gov
Colin Baillio
Director of Coverage Affordability and Expansion
Office of the Superintendent of Insurance

RE: Comments on Standardized Health Plans (Round 1)

Dear Mr. Baillio,

Please accept the following comments on the Office of Superintendent of Insurance's (OSI) proposed standardized health plans, on behalf of the New Mexico Center on Law and Poverty. We are very grateful for OSI's persistent commitment to making coverage and care more affordable for all New Mexicans. OSI's work to provide standardized health plans is certainly a significant step in that direction.

Every New Mexican deserves access to quality, affordable healthcare coverage. Unfortunately, too many New Mexicans forgo purchasing coverage and accessing needed healthcare due to out-of-pocket costs.

As you know, although premium costs are often a barrier to accessing healthcare coverage, out-of-pocket costs are often a barrier to **using** healthcare coverage. A recent survey of New Mexicans by a national, non-partisan research firm found that 56% of New Mexicans "have sacrificed medical services in the past two years because of cost."[1] 65% of New Mexicans said they "feel like prices of medical services or procedures are not transparent."[2] Indeed, when our organization and our partners in the New Mexico Together for Healthcare campaign survey our communities in central and rural New Mexico, we often hear that out-of-pocket costs are the most significant barrier to receiving needed healthcare. These costs can also have a "chilling effect" on individuals and families when they shop for coverage. After all, why have coverage for healthcare services when you are nevertheless unable to afford those services?

In 2020, the Legislature authorized the Exchange to design standardized health plans.[3] As part of this legislative authorization, the Exchange was empowered with designing plans that made "more services available before a deductible amount is

[1] Robert Wood Johnson Foundation, *How New Mexicans Feel about Affordability and Healthcare Reform* 9 (Mar. 2022), *available at* https://rwjf.ws/3wCe5t1.
[2] *Supra* note 1 at 8.
[3] NMSA 1978, § 59A-23F-9.

applied to a benefit;" provided "predictable cost sharing;" and reduced "barriers to maintaining and improving health[.]"[4]

OSI's proposed plans will certainly provide New Mexicans with quality, affordable coverage options meeting the Legislature's goals. Not only do these plans require many high-value, necessary services—such as preventive and primary care—to have the lowest out-of-pocket costs, they also provide lower, more affordable deductibles and out-of-pocket maximums. This is a terrific opportunity for our state, as individuals and families who may ordinarily forgo purchasing coverage on the Exchange due to real or perceived cost may now be incentivized to purchase coverage and access the care they need when they need it.

We also applaud OSI's proposal to shift Exchange plans from using coinsurance to using copays. Coinsurance is frequently too unpredictable for individuals and families—even when they can reasonably plan out the care they expect to receive in a given year. Copays provide individuals and families with much more transparency and predictability when they shop for coverage and plan for their healthcare.

The Affordable Care Act intended to create a system in which customers would be able to shop around for coverage and make informed decisions about which plan to pick based on their healthcare needs and financial situation. Rolling out standardized health plans prioritizing cost-sharing based on copays rather than coinsurance moves the needle decidedly in the direction of providing consumers with more transparency and predictability. Our hope is that OSI will finalize and implement these plans, as doing so will ensure more New Mexicans can meaningfully shop for affordable, quality healthcare coverage.

Thank you again for your work in proposing these standardized health plans. New Mexico is well-positioned and eager to benefit from health plans with lower and more predictable out-of-pocket costs. We look forward to seeing these plans provide New Mexicans with access to healthcare coverage they can afford to use.

Sincerely,

Nicolas Cordova
Healthcare Attorney
New Mexico Center on Law and Poverty

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[4] *Id.*

western sky community care

Standardized Plan Designs for PY-24: Comments

Western Sky supports innovative strategies to maintain a fair and competitive market for individual marketplace coverage that provides a range of choices for New Mexico consumers of all income levels to meet their health and financial needs. The following feedback and considerations have been prepared in response to the "Income-Based Standardized Plan Designs" ("Proposed Designs") issued by the OSI and beWellnm Health Benefits Committee ("Proposal") in December 2021 and November 2022.

- Over-Arching Goal and Intent of Proposed Designs
  Confirmation that the over-arching public policy goal and intent of the Proposed Designs are to maintain a fair and competitive Marketplace that provides an adequate range of easy-to understand choices for New Mexicans of all income levels to obtain individual health insurance coverage given their specific health and financial needs.

  To these ends, the New Mexico Insurance Code has authorized the beWellnm Board to establish no more than three standardized health plans for each of the three levels of coverage with increasing benefits, designated as Bronze, Silver, and Gold plans.

  Based upon research, the Committee has prepared income-based standardized Silver and Gold plans for which certain consumers may be eligible for additional Turquoise state cost sharing reduction assistance. The underlying aim is to permit New Mexico consumers with more flexibility in choosing individual health coverage with the optimal actuarial value while maintaining lower out-of-pocket responsibilities. Overall, the Proposed Designs are intended to maximize the number of insured New Mexicans eligible for Marketplace coverage.[1]

  What will be the requirements for qualified health plans to offer standard plans in PY-24?

- Actuarial Viability of Proposed Actuarial Values for Proposed Designs
  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?

  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.

- Anti-Selection Risk
  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

[1] Total number of New Mexicans eligible for Marketplace coverage is estimated at ~55,000 in 2021.

providers from considering cost-effective alternatives, while encouraging drug manufacturers to raise costs given enhanced utilization/prescriptions.

Did the Committee consider a separate prescription drug deductible as adopted in other States that could be lower that the medical deductible?

- Co-Payment Mandates
  Will the filing restrictions mandate co-payments for existing qualified health plans?

- Mapping of Proposed Designs
  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?

- Bronze Level of Coverage
  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.

- Dental and Vision Coverage
  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?

- Presentations
  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?

- Non-Standardized Plans
  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?

- Root Causes of Non-Affordability
  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?

  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?

- Process
  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.[2]

Thank you for the opportunity to provide comment and feedback on the Standardized Plan Designs.

Feel free to contact us if you have any questions or require any further information or assistance.

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[2] Refer to issue brief sent on September 28, 2021 pertaining to authorized uses of the state's HIT under SB 317 and potential opportunities for engagement on cost containment policy levers moving forward.

Blue Cross Blue Shield

Contact: Brenna Gaytan Brenna_J_Gaytan@bcbsnm.com

Blue Cross and Blue Shield of New Mexico (BCBSNM) has the following recommendations for the Office of Superintendent of Insurance (OSI) on Health Plan Standardization:

1. We urge the OSI to permit issuers to offer a six-tier drug formulary for standardized plans rather than limiting it to four tiers. The use of tiered formularies is a well-established and effective manner of reducing the direct and indirect costs to consumers of prescription drugs. Issuers should have flexibility to develop formulary drug tiers in the manner that they determine is most effective in promoting prescription drug affordability. (Slide 14)
2. We want to ensure that physical rehabilitation services (PT/OT/ST) cost-sharing is aligned with state law under HB 81.
3. We request that we be allowed to continue to offer two non-standard Silver-tiered plans in addition to the standardized Silver-tiered plan. This will promote choice and offering for those that do not receive subsidies.

Barbara McAneny

Contact: Barbara McAneny mcaneny@nmohc.com

2 years ago I eliminated copays entirely for physician visits and for drugs in my self funded health plan for my 250 employees. I figured, why would I want to put a barrier in front of what I want my employees to do, ie see their doctors, take their drugs, and stay healthy enough to come to work? My costs have not gone up, their premiums have not gone up.

Molina

Contact: Trey LaFleur Trey.LaFleur@MolinaHealthCare.Com

1. Molina would like to learn the supporting rationale for subjecting Non-preferred Brand drugs to a higher copayment than Specialty?
2. Molina suggests the addition of a deductible for non-preferred drugs, where specialty drugs do not have a deductible as we would usually see Specialty and Non-Preferred in the same copay or Specialty higher and both subject to deductible to drive folks to the generic or preferred brand when possible.
3. Although an ER visit being subject to deductible is something seen in the market, Molina would like to point out that members at a low-income level would find it difficult in an emergency situation to add in a high deductible charge.

Debbie Righter (Righter Insurance, LLC)

Contact: Debbie Righter debbie@righterinsurance.com

I reviewed the chart and the narrative. It looks fine. Wish it had applied to 2023 as well as we are dying in the field trying to explain to the lower income folks why they have lost all their copays and why they have to pay $500ish before they have benefits on T3/T4 plans .... Why they cannot have their old Standard Gold plans and have to have the Gold T3 and Gold T4

plans without any copays for BCBSNM and Molina and why very few, if any providers, are showing up for Ambetter and Presbyterian is just so out of price range for folks outside ABQ/SF. The Silver T1 and Silver T2 people still get the standard Gold plan options for those that want that alternative - it is a 50/50 toss up when they see the T1 OPX.

Sorry, I am booked early am to late pm daily during OEP and on the next meeting date. The narrative you presented summed the issues up. Still do not understand how the plans were able to drop all copays on Turquoise plans in 2023 with THNM leaving.

I greatly appreciate you sharing the information with me. It is providing a glimmer of hope to folks impacted by this. They are all planning to avoid care for 2023 or until they go on Medicare in 2023 if they are so lucky....