



# **VAHP Briefing to the Joint Commission on Health Care – Individual Market Affordability Post ARP**

Mr. Doug Gray, Executive Director

# VAHP Member Plans & Staff



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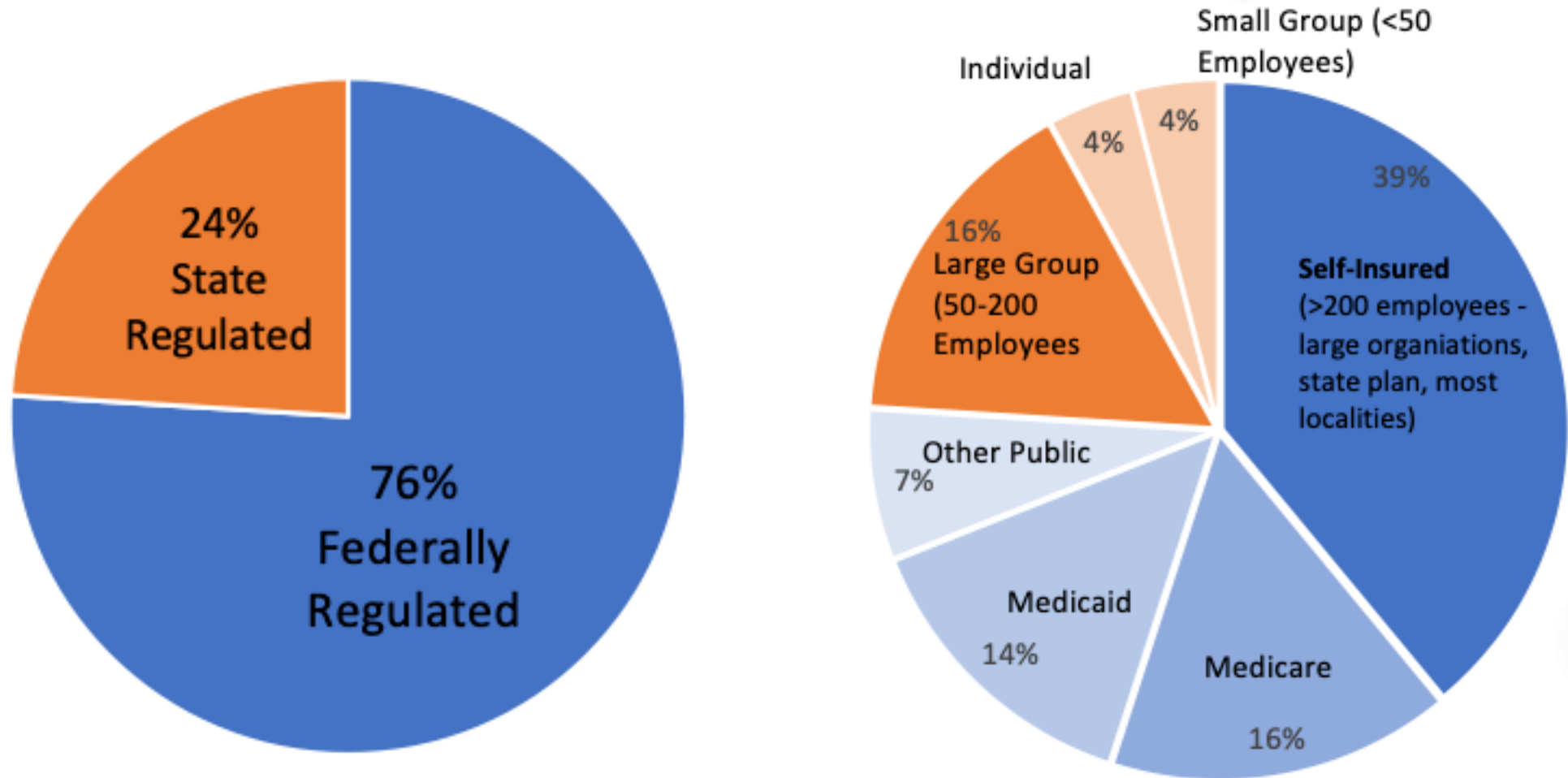
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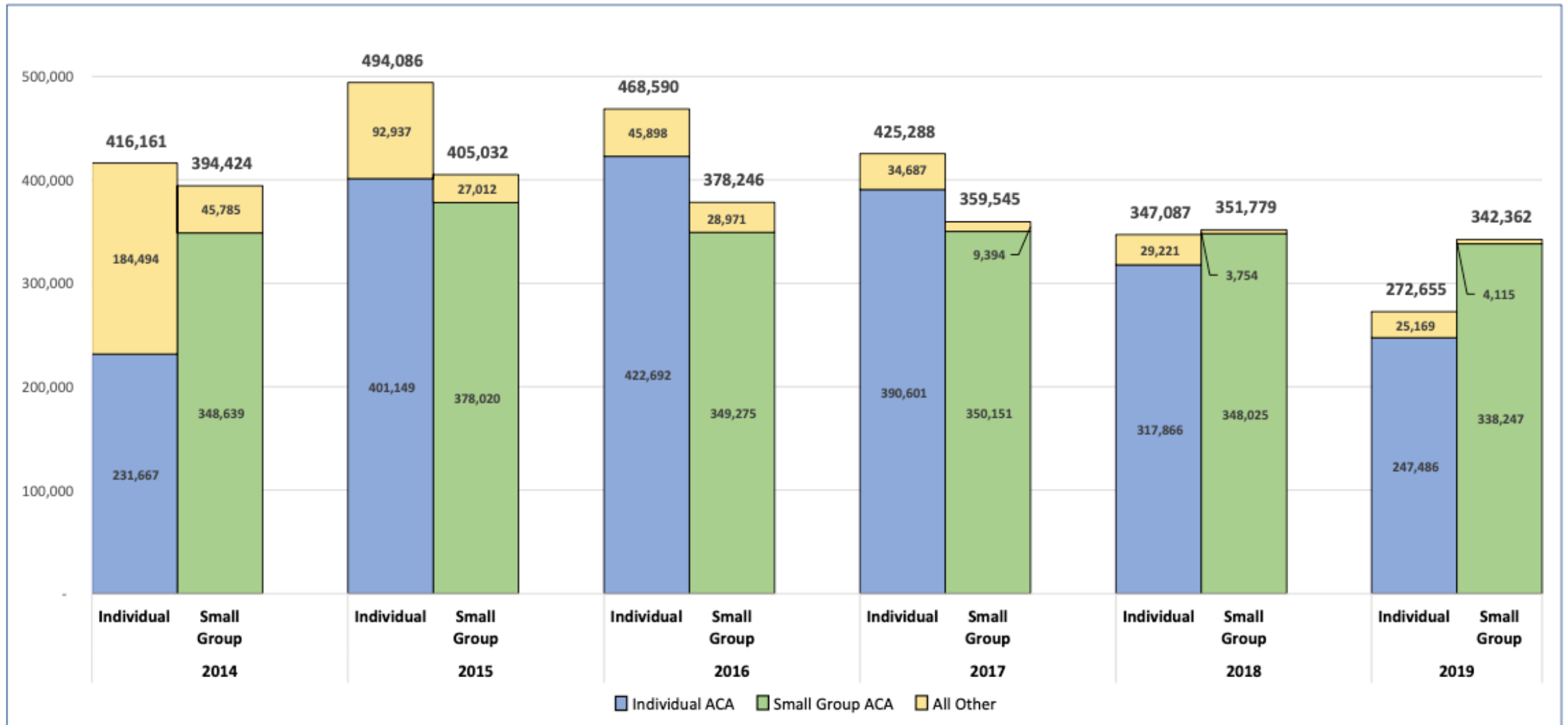
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# How are Virginians Covered?



State law affects Virginians with **individual**, **small group**, and **large group** coverage. **Self-insured coverage**, **Medicare**, **Medicaid**, and other public plans like **Tricare** are regulated at the federal level.

# Individual and Small Group Enrollment 2014-2020



Source: iSite Supplemental Health Care Exhibit – Number of covered lives by market for 2014-2019. 2020 data derived from the 2020 rate filings

Source: BOI Presentation to the Marketplace and Stability Workgroup, August, 2020

# Affordability in the Individual Market

Total VA Effectuated 2020 Enrollment

239,856

2020 Marketplace Enrollees Receiving Premium Subsidies

209,844 (87%)

Average Monthly Premium Subsidy in Virginia

\$555

Percent of Subsidy-Eligible Population Enrolled in Marketplaces

46%

2021 Total VA Applied and Selected

261,943

Source: <https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/Effectuated-Enrollment-First-Half-2020.pdf>

Source: [https://www.ahip.org/wp-content/uploads/AHIP-State-Data-Book.pdf?\\_zs=pXiql&\\_zl=nt6u1](https://www.ahip.org/wp-content/uploads/AHIP-State-Data-Book.pdf?_zs=pXiql&_zl=nt6u1)

Source: <https://www.cms.gov/newsroom/fact-sheets/2021-federal-health-insurance-exchange-weekly-enrollment-snapshot-final-snapshot>

# Premium Tax Credit Comparison

**Table 1. Premium Tax Credit Applicable Percentages under the ARP and Prior Law**

Income Range (% of FPL)	Range of Applicable Percentages for 2021 under Prior Law	Range of Applicable Percentages for 2021 and 2022 under the ARP
100% – 133%	2.07%	0%
133% – 150%	3.10% – 4.14%	0%
150% – 200%	4.14% – 6.52%	0% – 2%
200% – 250%	6.53% – 8.33%	2.0% – 4.0%
250% – 300%	8.33% – 9.83%	4.0% – 6.0%
300% – 400%	9.83%	6% – 8.5%
400% and higher	N/A	8.5%

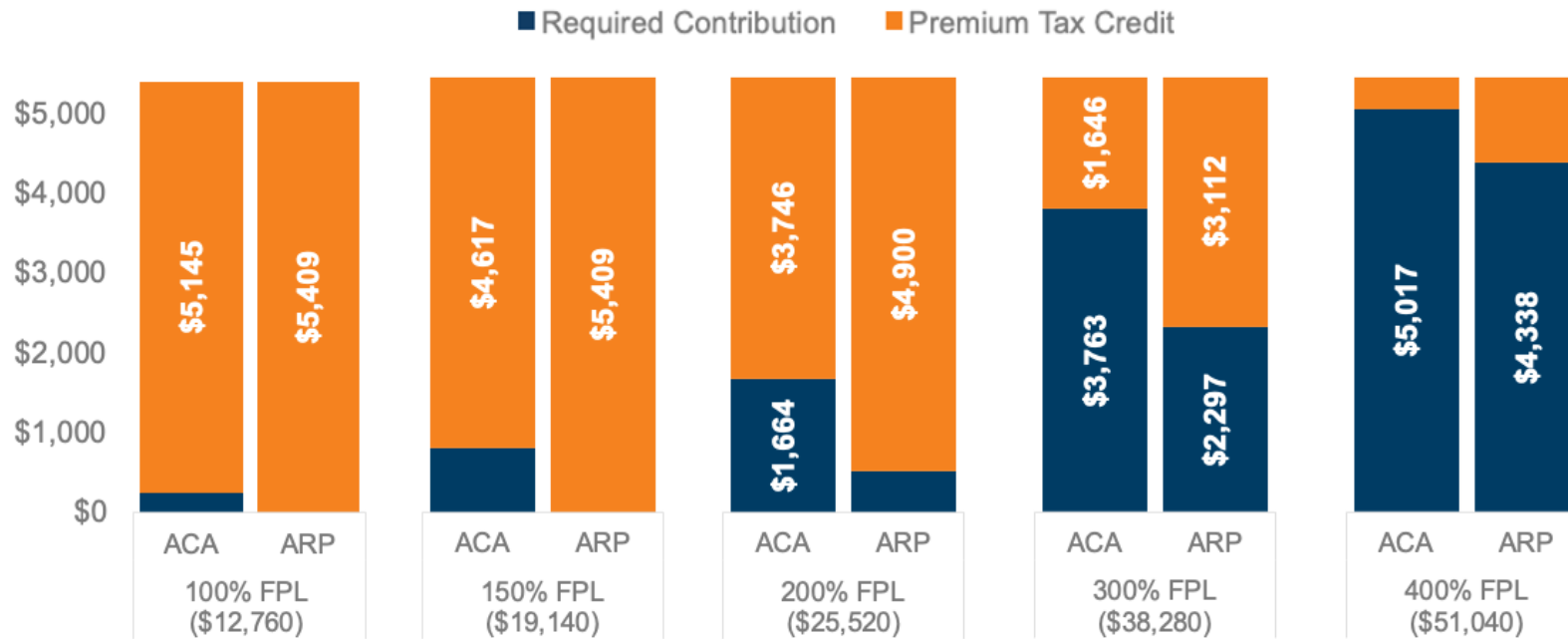
The applicable percentage is the share of a consumer’s income they must generally pay towards a benchmark (second-lowest-cost silver) plan with the PTC. Within the ranges shown the applicable percentage increases linearly.

- “State response to the new tax credit structure are complicated by uncertainty about their duration and prospect of additional changes.” – *Brookings Schaeffer on Health Policy*
- The columns in the chart show the maximum percentage of an individual’s income that an individual will spend to purchase a health plan through the federal exchange.

# Premium Tax Credits Increased

Figure 1

Average Annual Benchmark Premium (\$5,409) Contribution and Tax Credit for a 40-year-old in 2021 Under ACA and ARP



Source: KFF, "Health Insurance Marketplace Calculator." Mar 10, 2021.



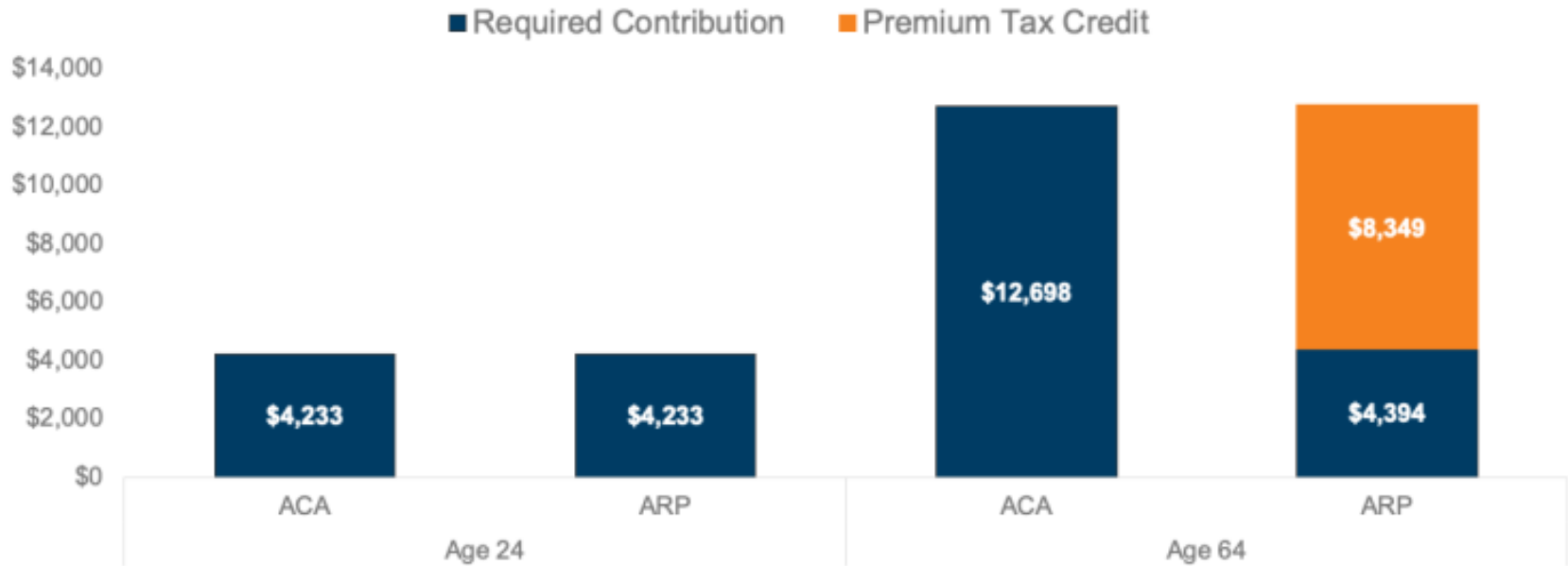
- People with income above 400% FPL will be newly eligible for subsidies, eliminating the subsidy cliff. They will be required to contribute no more than 8.5% of household (down from 9.8%)

Source: <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-will-improve-affordability-of-private-health-coverage/>

# Premium Tax Credits Increase, cont.

Figure 2

Average Annual Benchmark Premium in 2021 for a 24-year-old and 64-year-old at 401% of Poverty Under ACA and ARP



Source: KFF, "Health Insurance Marketplace Calculator." Mar 10, 2021.

KFF

Source: <https://www.hhs.gov/about/news/2021/03/12/fact-sheet-american-rescue-plan-reduces-health-care-costs-expands-access-insurance-coverage.html>

Source: <https://www.kff.org/health-reform/issue-brief/how-the-american-rescue-plan-will-improve-affordability-of-private-health-coverage/>

- Many premiums will decrease, on average, by \$50 per person per month and \$85 per policy per month.
- Four out of five enrollees (up from 69% pre-ARP) will be able find a plan for \$10 or less per month after tax credits, and over 50% (up from 14% pre-ARP) will be able to find a Silver plan for \$10 or less per month.
- 77,400 uninsured Virginians newly eligible for tax credits.
- 13,400 uninsured Virginians now eligible for \$0 benchmark marketplace coverage. (<150% FPL)



# Actual Cost in VA to Purchase Exchange Silver Plan

- **A 24 year old individual with an annual income of \$19,140 (100% FPL) would have one silver plan option with \$0 premium contribution, \$0 deductible, and \$2,200 out of pocket maximum, 20% co-insurance for ER visits, \$2 generic drugs, \$5 primary care visit, 10% specialist visit.**
  - Of the 14 silver plans available, there are 5 with premiums of less than \$2/month.
  - 6 plans have \$0 deductible - maximum deductible of the 14 plans is \$200
- **A 40 year old individual with an annual income of \$19,140 (100% FPL) would have one silver plan option with \$0 premium contribution, \$0 deductible, and \$2,200 out of pocket maximum, 20% co-insurance for ER visits, \$2 generic drugs, \$5 primary care visit, 10% specialist visit.**
  - Of the 14 silver plans available, there are 5 with premiums of less than \$3/month
  - 6 plans have \$0 deductible – maximum deductible of 14 plans is \$200
- **A 40 year old individual with an annual income of \$25,520 would have 14 silver plan options on the exchange.**
  - Lowest premium of \$38.67/month with \$0 deductible, \$2,850 out of pocket maximum, 50% co-insurance for ER visit, \$4 generic drugs, \$10 primary care visit, and 40% specialist visit.
  - 4 silver plan options have \$0 deductible
- **A 64 year old with an annual income of \$38,280 would have 14 silver plan options on the exchange.**
  - Lowest premium of \$182.36/month with \$6,500 deductible, \$8,500 out of pocket maximum, 50% co-insurance after deductible for ER visit, \$4 generic drugs, \$20 primary care visit, 40% coinsurance after deductible for specialist visit.

# 24 year old - \$19,140 (100% FPL)

Estimated monthly premium

**\$0.00**

Including a \$348.43 tax credit  
Was \$345.42

Extra Savings

Plan Details

Like This Plan

Cigna Health and Life Insurance Company

[Cigna Connect 0-4A](#)

Silver | EPO | Plan ID: 41921VA0020029



Compare

**Deductible** ⓘ

**\$0**

Individual total

**Out-of-pocket maximum** ⓘ

**\$2,200**

Individual total

**Estimated total yearly costs** ⓘ

Add yearly cost

**Copayments / Coinsurance** ⓘ

**Emergency room care**  
20%

**Generic drugs**  
\$2

**Primary doctor**  
\$5

**Specialist doctor**  
10%

**Plan features**

- ✗ Adult Dental
- ✗ Child Dental

Add medical providers

Add your medical providers and we'll show you which plans cover them

Add prescription drugs

Add your prescription drugs and we'll show you which plans cover them.

# 64 year old - \$19,140 (100% FPL)

Estimated monthly premium

**\$5.33**

Including a \$1,045.30 tax credit  
*Was \$1,050.63*

Extra Savings

Plan Details

Like This Plan

**Anthem HealthKeepers**

[Anthem HealthKeepers Silver X 6250 S06](#)

Silver | HMO | Plan ID: **88380VA0720036**



Compare

**Deductible** ⓘ

**\$50**

Individual total

**Out-of-pocket maximum** ⓘ

**\$1,400**

Individual total

**Estimated total yearly costs** ⓘ

Add yearly cost

**Copayments / Coinsurance** ⓘ

**Emergency room care**

50% Coinsurance after deductible

**Generic drugs**

\$5

**Primary doctor**

\$5

**Specialist doctor**

5% Coinsurance after deductible

**Plan features**

- ✗ Adult Dental
- ✓ Child Dental

Add medical providers

Add your medical providers and we'll show you which plans cover them

Add prescription drugs

Add your prescription drugs and we'll show you which plans cover them.

# Special Enrollment Period (SEP)

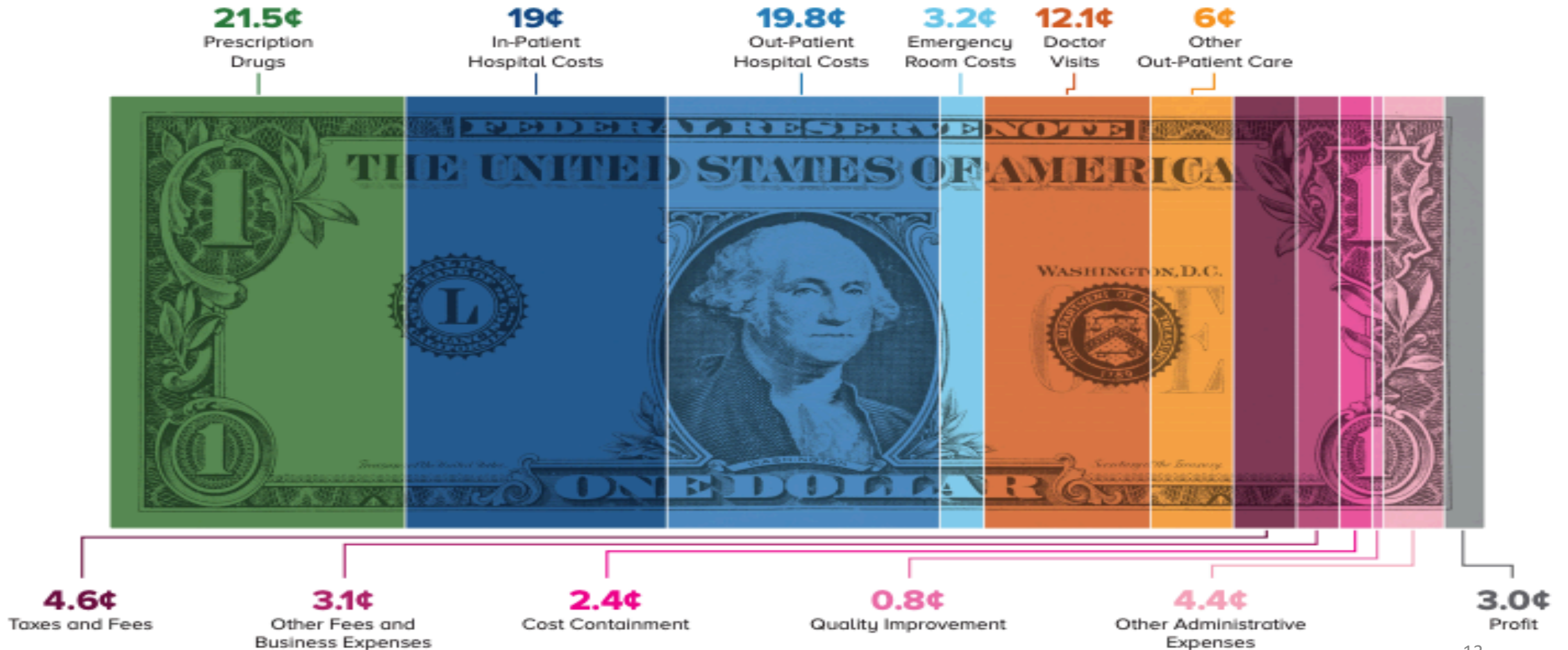
- SEP began on Feb. 15 and lasts until August 15, 2021
- Over 1 million individuals have enrolled in a plan during the extended SEP nationwide.
- Between Feb. 15 – April 30, 2021 – 24,634 individuals selected new plans.
- ACA consumers' maximum out of pocket costs will be \$400 lower than previous caps.
- “Since HealthCare.gov implemented the ARP’s expanded advance payments of premium tax credits amounts on April 1, nearly 2 million current enrollees have returned to the Marketplace and reduced their monthly premiums by over 40 percent, from \$100 to \$57, on average after premium tax credits.”
- “For new consumers selecting plans during the SEP, after increased tax credits the average monthly premium fell over 25 percent, from \$117 for those enrolling from February 15 through March 31 to \$86 for those enrolling in April.”

Source: <https://www.cms.gov/newsroom/fact-sheets/2021-marketplace-special-enrollment-period-report-1>

Source: [https://www.hhs.gov/about/news/2021/05/06/hhs-secretary-becerra-announces-nearly-940000-americans-have-signed-up-for-health-coverage.html?utm\\_source=salesforce&utm\\_medium=referral](https://www.hhs.gov/about/news/2021/05/06/hhs-secretary-becerra-announces-nearly-940000-americans-have-signed-up-for-health-coverage.html?utm_source=salesforce&utm_medium=referral)

Source: <https://thehill.com/policy/healthcare/552109-special-enrollment-sees-almost-940000-americans-sign-up-for-affordable-care>

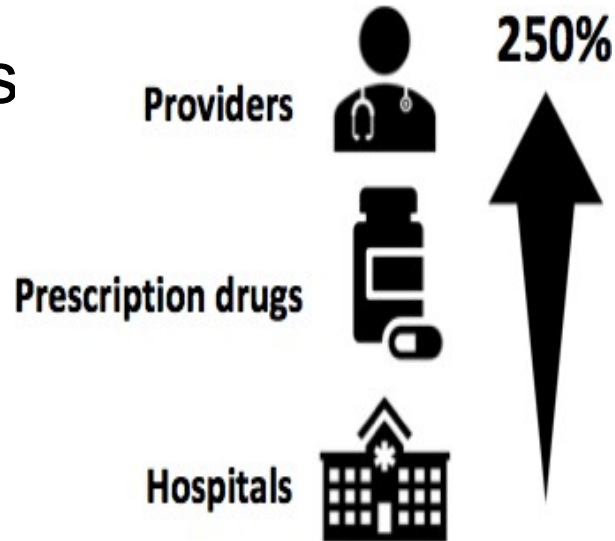
# Health Care Affordability – AHIP Health Care Dollar



# What drives health care costs?

## Factors that INCREASE cost

- Rx Drug Prices
- Mandates
- Balance Bills
- COPN/COPA
- Consolidation
- Inappropriate Care



## Factors that DECREASE cost

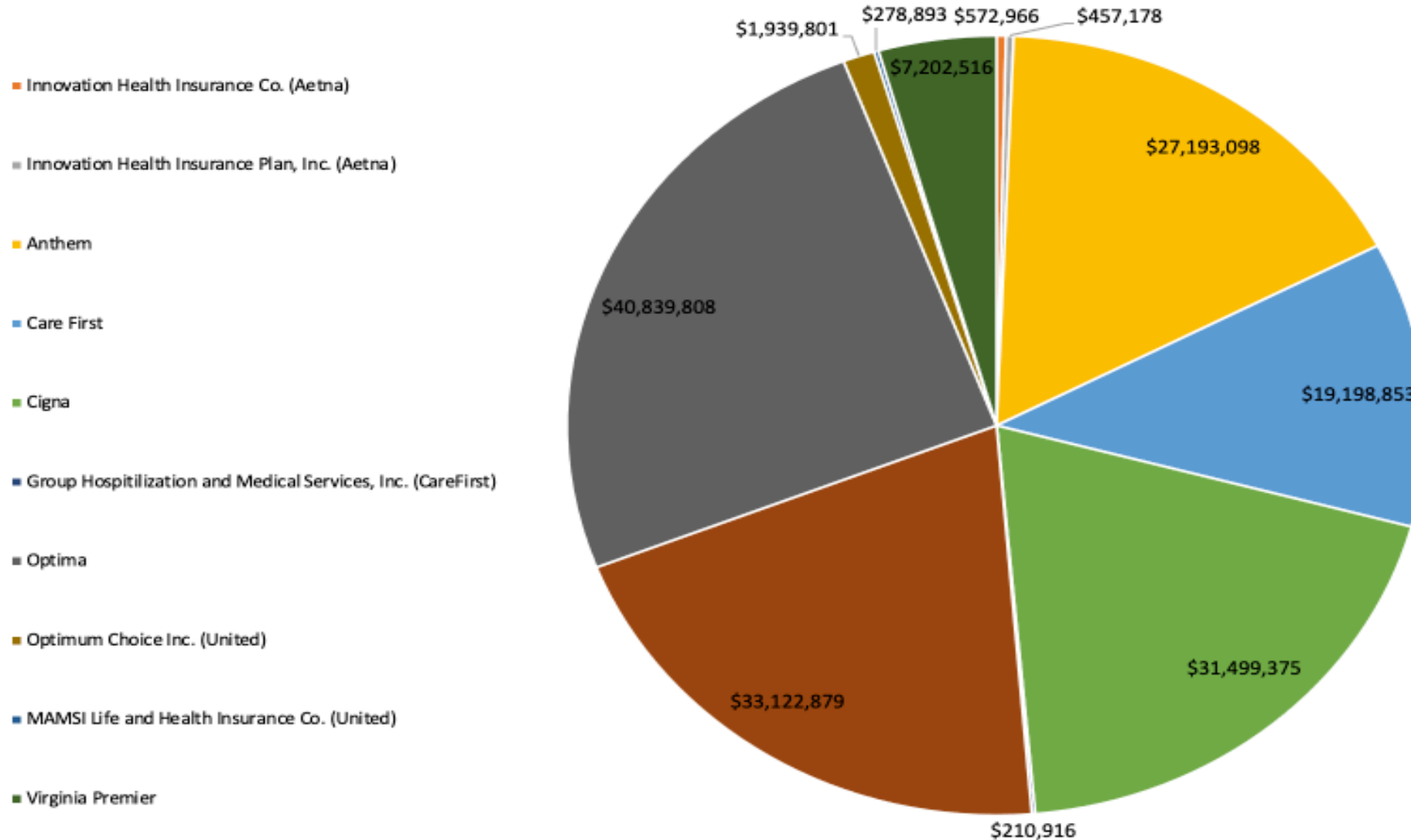
- Competition
- Insurance Tools (prior auth, step therapy)
- Preventative Care
- Flexibility
- Innovation

# Medical Loss Ratio (MLR)

- Health insurance company profits are capped by federal and state law and are the only health care entity with a **profit cap or Medical Loss Ratio (MLR)**
- 80-85% of all premium revenue **MUST** be spent on **medical claims**
- Care coordination, disease management, taxes and fees, administrative expenses, and company profit must come from the remaining 15-20%

# Medical Loss Ratio Rebates (MLR)

2019 Medical Loss Ratio (MLR) Rebates to Virginians



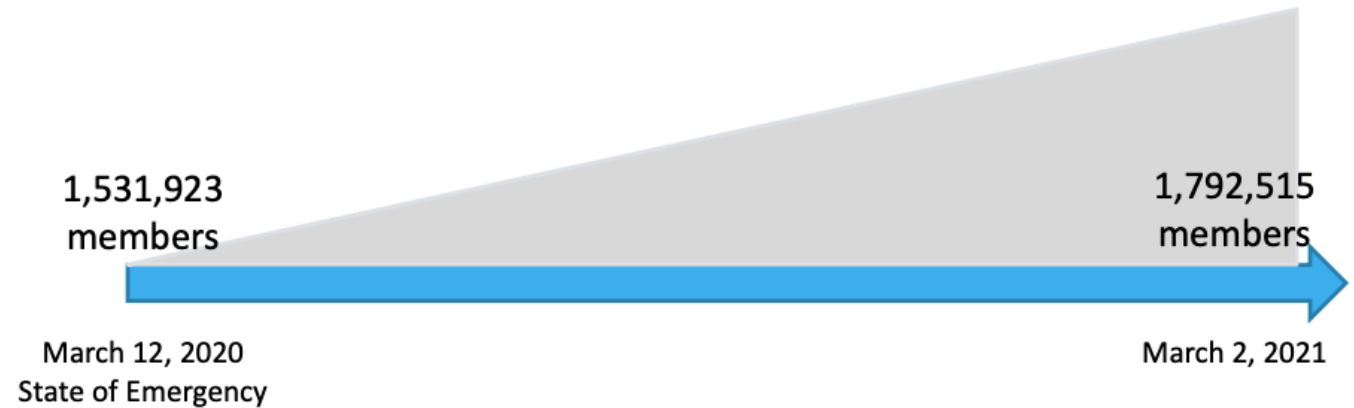
A total of **\$162,516,283** in rebates from 2019 will be returned to Virginians because of the Medical Loss Ratio (MLR). Under the ACA, the MLR requires that health insurance companies **MUST** rebate (pay excess back) to their insureds.



# Considerations for the Future

- Implementation of Reinsurance Program by 2023
- Implementation of State Based Exchange by 2024
- [White House aims to permanently extend ACA subsidy boost as part of the American Families Plan](#)
- Churn in Medicaid to Exchange. Exchange population should increase with extended subsidies.

## Medicaid Enrollment



- Since the State of Emergency was declared, Medicaid has gained **259,496 new members**
  - 136,526 are in Medicaid Expansion
  - 79,574 are children
- Medicaid gained **2,000 new members in the last week**



# Questions?

