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MEMO

December 6, 2021

To: Covered California
From: Barb Dewey, FSA, MAAA
Principal and Consulting Actuary, Milliman
Matt Schoonmaker, FSA, MAAA
Consulting Actuary, Milliman
Re: **AB 133 Health Care Affordability**

BACKGROUND

Covered California is developing options for providing cost sharing reduction (CSR) subsidies for the 2023 plan year to reduce cost sharing for low- and middle-income Californians as required by the 2021-2022 State Budget (AB 128) and Health Omnibus trailer bill (AB 133). Covered California retained Milliman to estimate the cost of offering various enhanced cost sharing benefits to low-income enrollees. This enhanced cost sharing would be in addition to the federal CSR program currently available through the Patient Protection and Affordable Care Act (ACA) to eligible enrollees with incomes up to 250% of the federal poverty level (FPL).

The results of this modeling are intended to provide a sense of the order of magnitude and relative cost of various options that Covered California requested. We have made some assumptions about how Covered California will administer the program for the purpose of this modeling exercise; these are described in the Methodology and Data Sources section below. We understand that Covered California is still working through the logistics of this program design, and that these assumptions are subject to change.

This memo presents the following information:

- Benefit plans modeled
- Marginal PMPM cost for enhanced benefits by income band
- Silver plan enrollment projections by income band
- Estimated total cost for various combinations of enhanced benefits by income

BENEFIT PLANS MODELED

We modeled plan costs for the four existing 2022 Silver plan designs (standard Silver and three federal CSR variants) and eight additional variants selected by Covered California. Where possible, the eight additional variants were developed by removing deductibles and reducing copays compared to the existing plan designs.

Each year, Covered California revises the standard Silver and three federal CSR variants based on input from stakeholder groups, while ensuring the actuarial value remains in the de minimis actuarial value range based on the federal Actuarial Value Calculator (AVC). The exercise described in this memo used the 2022 standard Silver and three CSR variants as the baseline plans. These numbers will change based on changes made for the 2023 standard Silver plan designs.

Key components of the benefit plans modeled are shown in Table 1 below.

Table 1: Key Components of Existing 2022 Covered California Plan Designs and Illustrative Plan Designs

Plan Description	Existing or Illustrative	Deductible				Copays				Federal Actuarial Value
		Inpatient ²	Outpatient	Drug	MOOP	PCP	X-Ray	Drugs ⁴		
Individual Silver	Existing	\$3,700	\$0	\$10	\$8,200	\$35	\$85	\$15/55/85/20%	71.5%	
Individual Silver with Deductibles Removed	Illustrative ¹	\$0	\$0	\$0	\$8,200	\$35	\$85	\$15/55/85/20%	74.3%	
73 Silver	Existing	\$3,700	\$0	\$10	\$6,300	\$35	\$85	\$15/55/85/20%	73.9%	
73 Silver with Deductibles Removed	Illustrative ¹	\$0	\$0	\$0	\$6,300	\$35	\$85	\$15/55/85/20%	76.3%	
80 Silver	Illustrative	\$0	\$0	\$0	\$8,200	\$35	\$75	\$15/55/85/20%	79.8%	
85 Silver	Illustrative	\$0	\$0	\$0	\$5,200	\$15	\$40	\$5/25/45/15%	85.0%	
87 Silver	Existing	\$800	\$0	\$0	\$2,850	\$15	\$40	\$5/25/45/15%	87.9%	
87 Silver with Deductibles Removed	Illustrative ¹	\$0	\$0	\$0	\$2,850	\$15	\$40	\$5/25/45/15%	88.3%	
90 Silver	Illustrative	\$0	\$0	\$0	\$4,500	\$15	\$30	\$5/15/25/10%	89.3%	
94 Silver	Existing	\$75	\$0	\$0	\$800	\$5	\$8	\$3/10/15/10%	94.7%	
94 Silver with Deductibles Removed ³	Illustrative ¹	\$0	\$0	\$0	\$800	\$5	\$8	\$3/10/15/10%	94.9%	
99 Silver	Illustrative	\$0	\$0	\$0	\$250	\$0	\$0	\$0/10/10/10	99.7%	

Notes:

¹ Illustrative plans titled 'with Deductibles Removed' are modified versions of existing plans (i.e., the deductibles are removed). For ease of reference, we used the parallel naming convention for these illustrative plans, however the AVs are different due to the changes made. For example, 73 Silver with Deductible Removed (Illustrative) has an AV that is higher than 73%.

² The inpatient deductible applies to both inpatient facility and skilled nursing facilities.

³ The plan 94 Silver with Deductibles Removed is also referred to as 95 Silver in this report.

⁴ Cost sharing for drugs is shown as Tier 1 / Tier 2 / Tier 3 / Tier 4. Tier 1 is most generic drugs and low-cost preferred brands. Tier 2 is non-preferred generics and preferred brand drugs. Tier 3 is non-preferred brand drugs. Tier 4 is specialty drugs and biologics.

MARGINAL PMPM COST FOR ENHANCED BENEFITS BY INCOME BAND

Table 2 shows the estimated marginal PMPM costs for enhanced benefits by income band. For example, individuals with incomes up to 150% FPL currently have access to the 94 Silver CSR variant. The second column of Table 2 shows the estimated PMPM cost to move from a 94 Silver to an enhanced plan, such as the 94 Silver without Deductible (\$0.20 PMPM) or the 99 Silver (\$47.60 PMPM). This estimate assumes that plans will be paid only for the increase in plan paid costs without any additional margin or non-benefit expenses. The estimates also include a factor for induced demand; that is, an expected increase in utilization resulting from a decrease in member cost sharing.

Table 2: Estimated 2023 Marginal PMPM Cost for Enhanced Benefits by Income Band, All California

Plan Design	Per Member Per Month (PMPM) Cost Differential with Baseline Plan				
	Incomes up to 150% FPL	150%-200% FPL	200%-250% FPL	250%-300% FPL	300%-400% FPL
Individual Silver				Baseline Plan	Baseline Plan
Individual Silver without Deductible				\$7.30	\$7.30
73 Silver			Baseline Plan	\$10.70	\$10.70
73 Silver without Deductible			\$3.10	\$13.90	\$13.90
80 Silver			\$28.60	\$39.60	\$39.60
85 Silver			\$54.00	\$64.90	\$64.90
87 Silver		Baseline Plan	\$62.50	\$73.50	\$73.50
87 Silver without Deductible		\$1.00	\$63.60	\$74.60	\$74.60
90 Silver		\$20.40	\$83.30	\$94.40	\$94.40
94 Silver	Baseline Plan	\$47.50	\$110.60	\$121.80	\$121.80
94 Silver without Deductible (aka 95)	\$0.20	\$47.70	\$110.80	\$122.00	\$122.00
99 Silver	\$47.60	\$96.20	\$159.80	\$171.20	\$171.20

Note that the marginal PMPM costs are broken out by income band. Each income band currently has access to a different Silver CSR variant as its baseline plan. For each column, the baseline plan is shown in the row that corresponds to the 'Baseline Plan' label. For example, in the 'Up to 150% FPL' column, the baseline plan is 94 Silver.

We note that the PMPM cost to move from a baseline plan with deductibles to an enhanced benefit without deductibles is small. In the Silver plans, the medical deductible is only applied to inpatient facilities and skilled nursing facilities, and many individuals with an inpatient admission will hit their out-of-pocket maximum for the existing standard Silver and CSR variants whether they are subject to a deductible on inpatient services or not. That is because inpatient services in Silver plans are subject to coinsurance, and the total cost is often high enough that patients' costs would be limited by the out-of-pocket maximum. This has the effect of limiting the marginal cost of this particular plan design change.

The 2023 marginal PMPM costs for Northern and Southern California can be found in Appendix A.

SILVER PLAN ENROLLMENT PROJECTIONS BY INCOME BAND

We created three scenarios of enrollment projections to provide a range of total program cost for various combinations of enhanced benefits by income band. These enrollment projections are based on estimates of change compared to the enrollment as of September 2021. Covered California intends to rely on total enrollment projections provided by their internal finance department for the final program budget.

The first scenario, 'Current', assumes no change from September 2021 enrollment. The second and third scenarios assume some shifting of enrollment by metal tier (tier). The second scenario, 'Some Tier Switching', assumes that a portion of Gold and Platinum membership will move to Silver CSR as the CSR plans get richer. The third scenario, 'More Tier Switching', assumes that a higher portion of Gold and Platinum membership will move to Silver CSR as the CSR plans get richer. The third scenario also assumes that a small portion of Bronze will move to Silver CSR for the enrollees who currently only have access to the baseline Silver or Silver 73, while still recognizing that Bronze members are premium price sensitive. None of the scenarios reflect any increased enrollment in Covered California as a result of this enhanced benefits program.

Table 3 shows the silver plan enrollment projections for 2023 by income band and scenario.

Table 3: Silver Plan Enrollment Projections for 2023 by Income Band and Scenario, All California

Scenario	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Total
Scenario 1: Current	205,050	324,850	123,800	56,850	113,650	25,650	849,850
Scenario 2: Some Tier Switching	209,400	336,200	143,400	70,500	140,950	34,550	935,000
Scenario 3: More Tier Switching	211,650	342,000	169,100	88,800	177,500	46,000	1,035,050

Table 4 shows the enrollment projections for 2023 by metal tiers and scenario.

Table 4: Enrollment Projections for 2023 by Metal Tier and Scenario, All California

Scenario	Bronze	Silver	CSR Silver	Gold	Platinum	Total
Scenario 1: Current	418,850	196,150	653,650	133,450	53,000	1,455,100
Scenario 2: Some Tier Switching	418,850	196,150	738,800	71,850	29,450	1,455,100
Scenario 3: More Tier Switching	361,650	196,150	838,800	40,900	17,600	1,455,100

ESTIMATED TOTAL COST FOR VARIOUS COMBINATIONS OF ENHANCED BENEFITS

Covered California requested modeling for eight cost sharing reduction combinations. Table 5 defines these eight options and shows the estimated costs of the option under each of the three enrollment scenarios.

Table 5: Summary of Estimated Total Cost for Various Combinations

	Plan Designs Modeled for Each FPL Range					Cost by Scenarios 1, 2, and 3 (millions)		
	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Current	Some Tier Switching	More Tier Switching
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	\$0.0	\$0.0	\$0.0
Option 1: ACA CSR Plans with No Deductibles	94 Silver, no deduct.	87 Silver, no deduct.	73 Silver, no deduct.	73 Silver, no deduct.	73 Silver, no deduct.	\$37.4	\$45.1	\$55.3
Option 2: ACA CSR Plans with No Deductibles, and Gold AV for 200-400%	94 Silver, no deduct.	87 Silver, no deduct.	80 Silver	80 Silver	80 Silver	\$127.9	\$154.2	\$189.2
Option 3: ACA CSR Plans, w/“Level Up” for 150-250% FPL	94 Silver	94 Silver	87 Silver	70 Silver	70 Silver	\$278.0	\$299.2	\$321.8
Option 4: ACA CSR Plan “Level Up”, with No Deductibles	94 Silver, no deduct.	94 Silver, no deduct.	87 Silver, no deduct.	80 Silver	80 Silver	\$361.9	\$402.9	\$451.9
Option 5: Vermont	94 Silver	87 Silver	80 Silver	73 Silver	70 Silver	\$49.8	\$58.3	\$69.4
Option 6: Colorado	94 Silver	94 Silver	73 Silver	70 Silver	70 Silver	\$185.2	\$191.6	\$194.9
Option 7: Massachusetts	95 Silver	95 Silver	94 Silver	94 Silver	70 Silver	\$433.8	\$486.3	\$550.4
Option 8: 95/90/85 with No Deductibles	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver	\$463.1	\$525.9	\$604.1

METHODOLOGY AND DATA SOURCES

We used the Milliman *Health Cost Guidelines*[™] (HCGs) and Covered California’s standard 2022 plan designs as a starting point for this modeling. We created two separate cost models, one for Northern California and one for Southern California, using Milliman’s research about the utilization and unit cost levels for each region. We trended both cost models to calendar year 2023 using standard HCG commercial trends by service category. We used actuarial judgement to calibrate our cost models to reflect the expected claims costs for various plan designs for Covered California’s current enrollee morbidity.

Using the plan designs shown in Table 1, we estimated the marginal cost of an individual moving from a Silver plan to a richer Silver plan. Since the health care costs are materially different between Northern California and Southern California, we broke the state into those two areas for our marginal cost estimates. We defined Northern California as rating regions 1 to 11, and Southern California as rating regions 12 to 19. The statewide PMPM costs shown in Table 2 are weighted averages of the Northern California and Southern California PMPM costs using September 2021 enrollment as weights.

We assumed that plans in Covered California have higher-than-average discounts in the individual commercial market as many are HMO-style plans with narrower networks.

The outputs of the cost models are estimated plan paid PMPM costs for each plan design. We used these amounts to calculate the difference between each proposed plan design and the corresponding baseline plan design for each income band.

We did not adjust the projected PMPM costs for differences in risk score by income band as the risk scores provided by Covered California appeared to be affected by material levels of “noise” (unexplained and unexpected variations in the data).

We understand that Covered California is still determining how it will administer the program, but for the purpose of modeling, we have assumed that:

- The marginal cost to the carrier to administer a richer plan design will be paid to the carrier in the form of a prospective PMPM that is based on each member’s income category. We have assumed that carriers will only be paid for increased claims costs, but not other non-benefit expenses that are typically built into premiums.
- The program cost will be based on statewide or Northern vs. Southern average costs, rather than carrier and region-specific costs.
- State cost sharing reductions will be delivered via plan design in the Silver tier similar to the federal cost sharing reduction program. Note that this only refers to the administration of the plan design, not the funding source.

For the purpose of this exercise, we have created three enrollment scenarios as follows:

- Scenario 1: Current. The first scenario assumes no change from current 2021 enrollment.
- Scenario 2: Some Tier Switching. The second scenario assumes that a portion of Gold and Platinum membership will move to Silver CSR as the CSR plans get richer.
- Scenario 3: More Tier Switching. The third scenario assumes that a higher portion of Gold and Platinum membership will move to CSR as the CSR plans get richer. It also assumes that a small portion of Bronze will move to Silver CSR for the enrollees who currently only have access to the baseline Silver or Silver 73, while still recognizing that Bronze members are premium price sensitive.

Table 6 shows the assumptions for the percentage of enrollment that switches to Silver CSR for each scenario.

Table 6: Percentage of Enrollment that Switches to Silver CSR by Scenario

Scenario	Up to 200% FPL	200-600% FPL
Scenario 1: Current	No change	No Change
Scenario 2: Some Tier Switching	33% of Gold and Platinum	50% of Gold and Platinum
Scenario 3: More Tier Switching	50% of Gold and Platinum	75% of Gold and Platinum and 25% of Bronze

The estimated total cost for each combination of enhanced benefits was calculated using PMPM costs for each income band from Table 2 and enrollment for each income band from Table 3. The component pieces were multiplied together to calculate a monthly cost for each income band and then multiplied by 12 to calculate an annual cost. Finally, we added the total costs for each income band to calculate a total cost for a given option.

Table 7 illustrates the calculation of the total costs for Option 8.

Table 7: Illustration of Build-Up of Total Costs for Option 8

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 8: 95/90/85 with No Deductibles	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$83.30	\$94.40	\$64.90		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$123.8	\$64.4	\$88.5	\$463.1	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$143.3	\$79.9	\$109.8	\$525.9	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$169.0	\$100.6	\$138.2	\$604.1	PMPM x Enrollment x 12

The build-up of options 1 through 8 can be found in Appendix B.

LIMITATIONS

The information contained in this report has been prepared for Covered California for the purpose of estimating the cost of offering various enhanced cost sharing benefits to low income enrollees. The information contained within the report may not be appropriate for other purposes.

It is our understanding that the information contained in this report will be released publicly. Any distribution of the information should be in its entirety. Summaries of this report, such as a standalone executive summary or section, must still cite the full report. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the information presented.

Milliman does not intend to benefit any third-party recipient of its work product, even if Milliman consents to the release of its work product to a third party. Milliman makes no representations or warranties regarding the contents of this report to third parties. Likewise, third parties are instructed that they are to place no reliance upon this report prepared for Covered California by Milliman would that result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

In performing this analysis, we relied on data and other information provided by Covered California. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

The services provided for this project were performed under the signed Agreement Number 17-C-024-4.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. Barb Dewey and Matt Schoonmaker are members of the American Academy of Actuaries, and meet the qualification standards for performing the analysis described in this memo.

Appendices

APPENDIX A: ESTIMATED PMPM COSTS FOR BENEFITS, SHOWN SEPARATELY FOR NORTH VS SOUTH

Appendix A1: Estimated 2023 Marginal PMPM Cost for Enhanced Benefits by Income Band, Northern California

Plan Design	Per Member Per Month (PMPM) Cost Differential with Baseline Plan				
	Incomes up to 150% FPL	150%-200% FPL	200%-250% FPL	250%-300% FPL	300%-400% FPL
Individual Silver				Baseline Plan	Baseline Plan
Individual Silver without Deductible				\$10.60	\$10.60
73 Silver			Baseline Plan	\$12.30	\$12.30
73 Silver without Deductible			\$5.80	\$18.10	\$18.10
80 Silver			\$38.50	\$50.80	\$50.80
85 Silver			\$61.80	\$74.10	\$74.10
87 Silver		Baseline Plan	\$70.90	\$83.20	\$83.20
87 Silver without Deductible		\$1.70	\$72.70	\$85.00	\$85.00
90 Silver		\$26.30	\$97.20	\$109.50	\$109.50
94 Silver	Baseline Plan	\$55.90	\$126.90	\$139.20	\$139.20
94 Silver without Deductible (aka 95)	\$0.20	\$56.10	\$127.10	\$139.40	\$139.40
99 Silver	\$56.60	\$112.50	\$183.40	\$195.70	\$195.70

Appendix A2: Estimated 2023 Marginal PMPM Cost for Enhanced Benefits by Income Band, Southern California

Plan Design	Per Member Per Month (PMPM) Cost Differential with Baseline Plan				
	Incomes up to 150% FPL	150%-200% FPL	200%-250% FPL	250%-300% FPL	300%-400% FPL
Individual Silver				Baseline Plan	Baseline Plan
Individual Silver without Deductible				\$4.80	\$4.80
73 Silver			Baseline Plan	\$9.50	\$9.50
73 Silver without Deductible			\$1.20	\$10.70	\$10.70
80 Silver			\$21.60	\$31.10	\$31.10
85 Silver			\$48.50	\$58.00	\$58.00
87 Silver		Baseline Plan	\$56.60	\$66.20	\$66.20
87 Silver without Deductible		\$0.60	\$57.20	\$66.70	\$66.70
90 Silver		\$16.80	\$73.40	\$83.00	\$83.00
94 Silver	Baseline Plan	\$42.40	\$99.10	\$108.60	\$108.60
94 Silver without Deductible (aka 95)	\$0.20	\$42.60	\$99.30	\$108.80	\$108.80
99 Silver	\$44.10	\$86.50	\$143.10	\$152.70	\$152.70

APPENDIX B: ILLUSTRATIONS OF BUILD-UP OF TOTAL COSTS FOR EACH OPTION

Appendix B1: Illustration of Build-Up of Total Costs for Option 1: ACA CSR Plans with No Deductibles

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 1: ACA CSR Plans with No Deductibles	94 Silver no ded	87 Silver No ded	73 Silver no Ded.	73 Silver no Ded.	73 Silver no Ded.		
PMPM Cost of Upgrade	\$0.20	\$1.00	\$3.10	\$13.90	\$13.90		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$3.9	\$4.6	\$9.5	\$19.0	\$37.4	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$4.0	\$5.3	\$11.8	\$23.5	\$45.1	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$4.1	\$6.3	\$14.8	\$29.6	\$55.3	PMPM x Enrollment x 12

Appendix B2: Illustration of Build-Up of Total Costs for Option 2: ACA CSR Plans with No Deductibles, and Gold AV for 200-400%

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 2: ACA CSR Plans with No Deductibles, and Gold AV for 200-400%	94 Silver no ded	87 Silver No ded	80 Silver	80 Silver	80 Silver		
PMPM Cost of Upgrade	\$0.20	\$1.00	\$28.60	\$39.60	\$39.60		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$3.9	\$42.5	\$27.0	\$54.0	\$127.9	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$4.0	\$49.2	\$33.5	\$67.0	\$154.2	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$4.1	\$58.0	\$42.2	\$84.3	\$189.2	PMPM x Enrollment x 12

Appendix B3: Illustration of Build-Up of Total Costs for Option 3: ACA CSR Plans, w/"Level Up" for 150-250% FPL

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 3: ACA CSR Plans, w/"Level Up" for 150-250% FPL	94 Silver	94 Silver	87 Silver	70 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.00	\$47.50	\$62.50	\$0.00	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.0	\$185.2	\$92.9	\$0.0	\$0.0	\$278.0	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.0	\$191.6	\$107.6	\$0.0	\$0.0	\$299.2	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.0	\$194.9	\$126.8	\$0.0	\$0.0	\$321.8	PMPM x Enrollment x 12

Appendix B4: Illustration of Build-Up of Total Costs for Option 4: ACA CSR Plan "Level Up", with No Deductibles

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 4: ACA CSR Plan "Level Up", with No Deductibles	94 Silver no ded	94 Silver no ded	87 Silver No ded	80 Silver	80 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$63.60	\$39.60	\$39.60		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$94.5	\$27.0	\$54.0	\$361.9	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$109.4	\$33.5	\$67.0	\$402.9	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$129.1	\$42.2	\$84.3	\$451.9	PMPM x Enrollment x 12

Appendix B5: Illustration of Build-Up of Total Costs for Option 5: Vermont

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 5: Vermont	94 Silver	87 Silver	80 Silver	73 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.00	\$0.00	\$28.60	\$10.70	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.0	\$0.0	\$42.5	\$7.3	\$0.0	\$49.8	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.0	\$0.0	\$49.2	\$9.1	\$0.0	\$58.3	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.0	\$0.0	\$58.0	\$11.4	\$0.0	\$69.4	PMPM x Enrollment x 12

Appendix B6: Illustration of Build-Up of Total Costs for Option 6: Colorado

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 6: Colorado	94 Silver	94 Silver	73 Silver	70 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.00	\$47.50	\$0.00	\$0.00	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.0	\$185.2	\$0.0	\$0.0	\$0.0	\$185.2	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.0	\$191.6	\$0.0	\$0.0	\$0.0	\$191.6	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.0	\$194.9	\$0.0	\$0.0	\$0.0	\$194.9	PMPM x Enrollment x 12

Appendix B7: Illustration of Build-Up of Total Costs for Option 7: Massachusetts

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 7: Massachusetts	95 Silver	95 Silver	94 Silver	94 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$110.60	\$121.80	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$164.3	\$83.1	\$0.0	\$433.8	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$190.3	\$103.0	\$0.0	\$486.3	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$224.4	\$129.8	\$0.0	\$550.5	PMPM x Enrollment x 12

Appendix B8: Illustration of Build-Up of Total Costs for Option 8: 95/90/85 with No Deductibles

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver		
Option 8: 95/90/85 with No Deductibles	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$83.30	\$94.40	\$64.90		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	824,200	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$123.8	\$64.4	\$88.5	\$463.1	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	900,450	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$143.3	\$79.9	\$109.8	\$525.9	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	989,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$169.0	\$100.6	\$138.2	\$604.1	PMPM x Enrollment x 12

APPENDIX C: ESTIMATED TOTAL COST FOR COMBINATIONS THAT CONSIDER POTENTIAL ADDITIONAL FUNDING FROM THE BUILD BACK BETTER ACT

Covered California asked Milliman to model a few additional combinations in consideration of potential additional funds from the Build Back Better Act, which the US House of Representatives passed on November 19, 2021.¹

The following tables detail these additional options. Note that one of the options (Option 9) considered in anticipation of the Build Back Better Act incorporates CSR enhancements up to 600% FPL.

Appendix C1: Summary of Estimated Total Cost for Build Back Better Act Combinations

	Plan Designs Modeled for Each FPL Range						Cost by Scenarios 1, 2, and 3 (millions)		
	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Current	Some Tier	More Tier Switching
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	70 Silver	\$0.0	\$0.0	\$0.0
Option 9: 95/90/85/80, no deductibles, inc. +400%	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver	80 Silver	\$475.3	\$542.3	\$626.0
Option 10: Massachusetts plus Gold 300-400%	95 Silver	95 Silver	94 Silver	94 Silver	80 Silver	70 Silver	\$487.8	\$553.3	\$634.8
Option 11: CSR "Level Up" w/o Deductibles and 250-300% Upgrade	94 Silver, no deduct.	94 Silver, no deduct.	87 Silver, no deduct.	87 Silver, no deduct.	80 Silver	70 Silver	\$385.8	\$432.5	\$489.2

Appendix C2: Illustration of Build-Up of Total Costs for Option 9: 95/90/85/80, no deductibles, inc. +400%

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	70 Silver		
Option 9: 95/90/85/80, no deductibles, inc. +400%	95 Silver	95 Silver	90 Silver	90 Silver	85 Silver	80 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$83.30	\$94.40	\$64.90	\$39.60		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	25,650	849,850	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$123.8	\$64.4	\$88.5	\$12.2	\$475.3	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	34,550	935,000	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$143.3	\$79.9	\$109.8	\$16.4	\$542.3	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	46,000	1,035,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$169.0	\$100.6	\$138.2	\$21.9	\$626.0	PMPM x Enrollment x 12

¹ The Build Back Better Act is not law as of the writing of this report and is still subject to change. The Act as it is currently written can be found at: <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR5376RH-RCP117-18.pdf>

Appendix C3: Illustration of Build-Up of Total Costs for Option 10: Massachusetts Plus Gold 300-400%

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	70 Silver		
Option 10: Massachusetts Plus Gold 300-400%	95 Silver	95 Silver	94 Silver	94 Silver	80 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$110.60	\$121.80	\$39.60	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	25,650	849,850	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$164.3	\$83.1	\$54.0	\$0.0	\$487.8	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	34,550	935,000	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$190.3	\$103.0	\$67.0	\$0.0	\$553.3	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	46,000	1,035,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$224.4	\$129.8	\$84.3	\$0.0	\$634.8	PMPM x Enrollment x 12

Appendix C4: Illustration of Build-Up of Total Costs for Option 11: CSR "Level Up" w/o Deductibles and 250-300% upgrade

	Up to 150% FPL	150-200% FPL	200-250% FPL	250-300% FPL	300-400% FPL	400-600% FPL	Total	Source
Current CSR Variant	94 Silver	87 Silver	73 Silver	70 Silver	70 Silver	70 Silver		
Option 11: CSR "Level Up" w/o Deductibles and 250-300% upgrade	94 Silver no ded	94 Silver no ded	87 Silver No ded	87 Silver No ded	80 Silver	70 Silver		
PMPM Cost of Upgrade	\$0.20	\$47.70	\$63.60	\$74.60	\$39.60	\$0.00		Table 2
Scenario 1 Enrollment	205,050	324,850	123,800	56,850	113,650	25,650	849,850	Table 3
Scenario 1 Total Cost (Millions)	\$0.5	\$185.9	\$94.5	\$50.9	\$54.0	\$0.0	\$385.8	PMPM x Enrollment x 12
Scenario 2 Enrollment	209,400	336,200	143,400	70,500	140,950	34,550	935,000	Table 3
Scenario 2 Total Cost (Millions)	\$0.5	\$192.4	\$109.4	\$63.1	\$67.0	\$0.0	\$432.5	PMPM x Enrollment x 12
Scenario 3 Enrollment	211,650	342,000	169,100	88,800	177,500	46,000	1,035,050	Table 3
Scenario 3 Total Cost (Millions)	\$0.5	\$195.8	\$129.1	\$79.5	\$84.3	\$0.0	\$489.2	PMPM x Enrollment x 12