



PLAN MANAGEMENT ADVISORY WORKGROUP

December 6, 2023

STANDARD BENEFIT DESIGN WORKGROUP CALENDAR AND TOPICS FOR PY2025

WORKGROUP MEETING CALENDAR

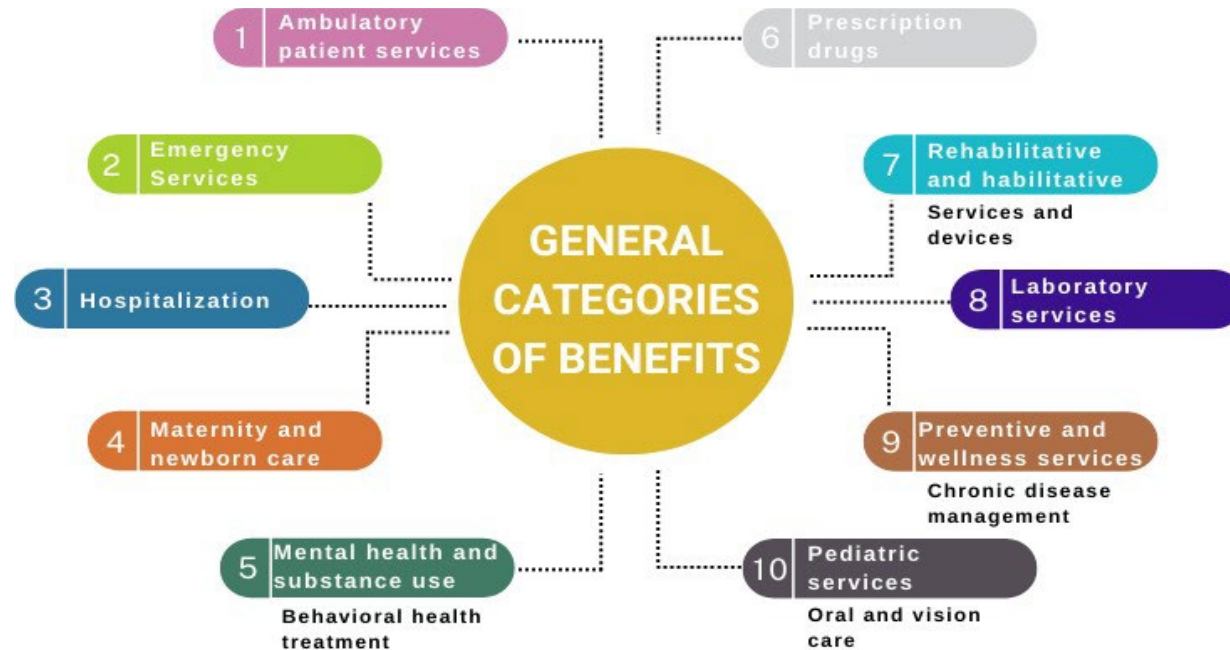
Meeting No.	Date	Meeting topics
1	November 29	2025 Health Benefit Design Principles and Strategy for 2025
2	December 13	AV Modeling for ACA Compliant 2025 Designs
3	December 27	Tentative Meeting (if needed, AV Modeling)
4	January 10	California Enhanced Affordability Strategies and Design
5	January 24	Tentative Meeting (topics TBD)
7	February 7	Tentative Meeting (topics TBD)

Agendas subject to change

HEALTH BENEFIT DESIGN PRINCIPLES

OVERVIEW OF ESSENTIAL HEALTH BENEFITS

The Patient Protection and Affordable Care Act (PPACA, or ACA) requires that all health insurance plans offered in the individual and small-group markets must provide a comprehensive package of items and services, known as essential health benefits (EHBs). These benefits fit into the following 10 categories:



Covered California's covered benefits are based on those identified in our benchmark plan, which was adopted by legislation in 2012. Plans offered on the Exchange must include all the benefits in this plan, and cannot include benefits not included in this plan unless required by Federal legislation, or are otherwise defrayed (i.e. cannot be paid for by premiums). Details of the plan can be found here:

<https://www.cms.gov/cciio/resources/data-resources/downloads/updated-california-benchmark-summary.pdf>

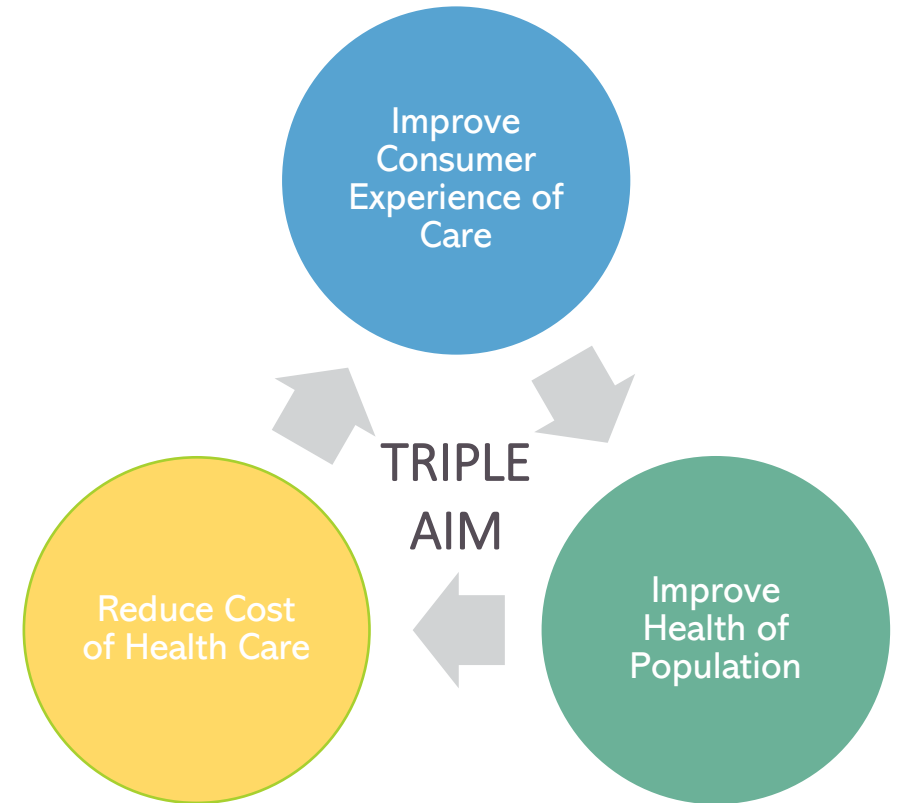
STRATEGY FOR PATIENT-CENTERED BENEFIT PLAN DESIGNS

Organizational Goal

Covered California should have benefit designs that are standardized, promote access to care, and are easy for consumers to understand, i.e., **PATIENT-CENTERED**

Principles

- Multi-year progressive strategy with consideration for market dynamics: changes in benefits should be considered annually based on consumer experience related to access and cost
- Adhere to principles of value-based insurance design by considering value and cost of clinical services
- Set fixed copays as much as possible and utilize coinsurance for services with wide price variation to encourage members to shop for services
- Apply a stair-step approach for setting member cost shares for a service across each metal level, e.g., for PY 2024, a primary care visit is \$50 in the Silver tier, \$35 in Gold, and \$15 in Platinum



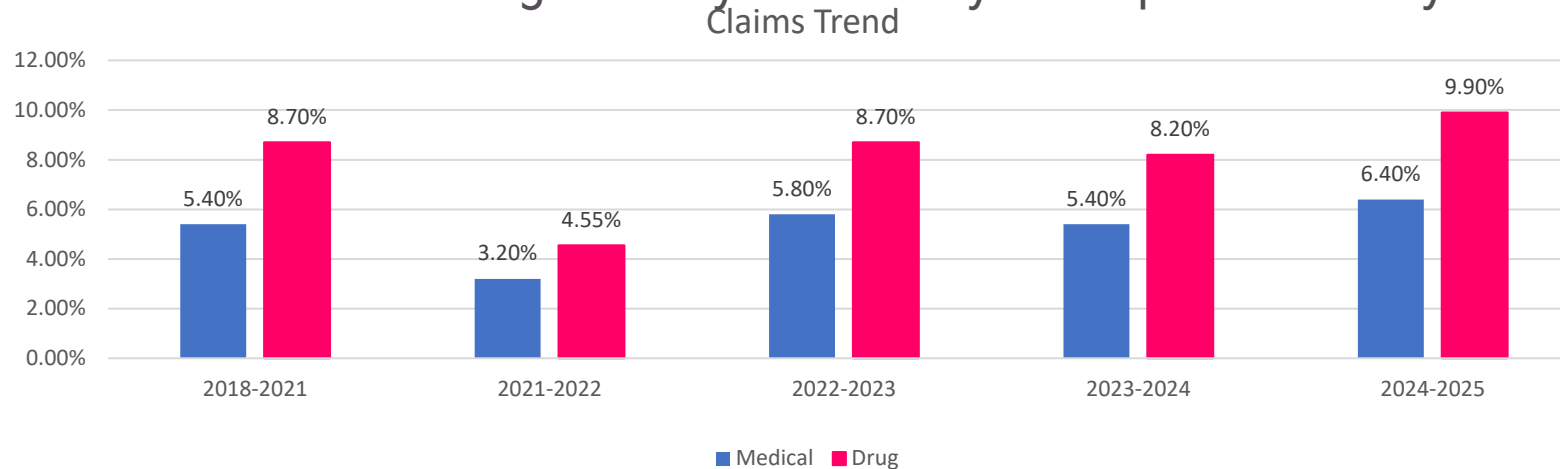
BENEFIT DESIGN REQUIREMENTS

- The Affordable Care Act (ACA) requires individual and small group plans to meet actuarial value (AV) requirements for four levels of coverage:
 - Platinum: 90% AV
 - Gold: 80% AV
 - Silver: 70% AV
 - Bronze: 60% AV
- Additional plan designs with a richer benefit package, known as “Cost Sharing Reduction Plans”, are available to individuals meeting income eligibility requirements
 - Silver 94: 94% AV, 100% - 150% Federal Poverty Level (FPL)
 - Silver 87: 87% AV, 150% - 200% FPL
 - Silver 73: 73% AV, 200% - 250% FPL
- California law authorizes the Covered California Board to standardize products offered through the Exchange. Contracted issuers are required to offer products using Covered California’s Board-approved standard benefit plan designs
- The standard benefit plan design is adjusted annually to meet AV requirements, clarify benefit administration, and incorporate benefit design innovations

PY2025 UPDATES FROM CMS

- AV calculator

- Underlying claims data source shifted from a commercial dataset to the EDGE server, so benefit relativities are behaving differently in our modeling
 - For example, the buffer we built in for MHPAEA test failure in Bronze comprised less than half a percent in the PY2024 calculator, though is well over a full percentage point in the PY2025 calculator
- More outlier claims data is excluded, which should benefit enrollees because we don't have to account for these very high claims
- Claims trend was calculated to be higher this year than any of the previous four years:



- NBPP

- Proposal to allow states to include adult dental benefits as EHB and thus eligible for APTC- this is under review by Covered California
- Potential changes to determination of network adequacy- under review by Covered California

2025 ANNUAL LIMITATION ON COST SHARING

	2020	2021	2022	2023	2024	2025
Maximum annual limitation on cost-sharing (Federal)	\$8,150 / \$16,300	\$8,550 / \$17,100	\$8,700 / \$17,400	\$9,100 / \$18,200	\$9,450 / \$18,900	\$9,200 / \$18,400
Less CA MOOP (\$350) for dental	\$7,800 / \$15,600	\$8,200 / \$16,400	\$8,350 / \$16,700	\$8,750 / \$17,500	\$9,100 / \$18,200	\$8,850 / \$17,700
CSR 73 Maximum annual limitation	\$6,500 / \$13,000	\$6,800 / \$13,600	\$6,950 / \$13,900	\$7,250 / \$14,500	\$7,550 / \$15,100	\$7,350 / \$14,700
CSR 87 Maximum annual limitation	\$2,700 / \$5,400	\$2,850 / \$5,700	\$2,900 / \$5,800	\$3,000 / \$6,000	\$3,150 / \$6,300	\$3,050 / \$6,100
CSR 94 Maximum annual limitation	\$2,700 / \$5,400	\$2,850 / \$5,700	\$2,900 / \$5,800	\$3,000 / \$6,000	\$3,150 / \$6,300	\$3,050 / \$6,100

AV CHANGES FROM 2024 TO 2025 & DE MINIMIS RANGES

	Bronze		Silver				Gold		Platinum	
	HDHP	Standard	Silver	Silver 73	Silver 87	Silver 94	Copay	Coins	Copay	Coins
AV Target	60	60	70	73	87	94	80	80	90	90
Deviation Allowance	+5/-2%	+5/-2%	+2/0%	+1/0%	+1/0%	+1/0%	+/-2%	+/-2%	+/-2%	+/-2%
2024 AV	64.94	64.29	71.68	73.81	87.82	94.93	81.54	81.92	90.74	91.88
2024 Additive Adjustments		0.10	0.15	0.14	0.04					
2024 Final AV	64.94	64.39	71.83	73.95	87.86	94.93	81.54	81.92	90.74	91.88
2025 AV	63.97	62.95*	70.79*	72.77*	88.27*	95.33*	82.17	81.44	91.58	91.90

CCSB ONLY	Silver			Gold		Platinum	
	Copay	Coins	HDHP	Copay	Coins	Copay	Coins
AV Target	70	70	70	80	80	90	90
Deviation Allowance	+/-2%	+/-2%	+/-2%	+/-2%	+/-2%	+/-2%	+/-2%
2024 AV	69.44	69.77	71.73	80.67	78.84	89.42	91.17
2024 Additive Adjustments	0.27	0.25					
2024 Final AV	69.71	70.02	71.73	80.67	78.93	89.42	91.17
2025 AV	68.84*	69.24*	71.21*	80.52	79.09*	90.47	91.27

*Draft AV does not include 2024 copay accumulation additive adjustment or custom inputs- these are pending and subject to change

Red text: AV is outside de minimis range

Green text: AV is within de minimis range

Blue text: MOOP for PY2024 designs exceeds PY2025 limit

For illustrative purpose only.

CONSIDERATIONS FOR PY2025

- Continuing to model designs that are compatible with all MHPAEA calculation outcomes
 - In PY2023, MHPAEA calculation outcomes by individual Carriers required setting cost sharing for MHSUD to \$0, pushing the AV for the Bronze plan out of the de minimis range and requiring acceptance of alternate benefit designs
 - For PY2024, we lessened the impact of this type of outcome and left a small buffer to accommodate this issue
 - In the draft PY2025 calculator, this approach may require a larger buffer or smaller baseline MHSUD cost to insulate the designs against allowing alternative benefit designs
- Coordination of Baseline, ACA-compliant Standard Benefit Designs with the program design of the California Enhanced Affordability Project
 - \$82.5 million from HCARF (Health Care Affordability Relief Fund) was allocated to Covered California to support a program of financial assistance for coverage year 2024
 - Additionally, there was an agreement to appropriate \$165 million for this purpose for coverage year 2025 and ongoing
- For PY2024, we implemented enhanced benefits in the Silver CSR Plans
 - Eliminated deductibles in all Silver CSR plans
 - Reverted planned cost-sharing increases for generic drugs and MOOPs in Silver 87 CSR plan
 - Increased the richness of the Silver 73 CSR plan to approximate the Gold level of coverage by reducing copays for primary and emergency care to Gold levels, reducing the copay for specialist visits and lowering the MOOP, among other enhancements.

PY2025 CALIFORNIA ENHANCED COST SHARING REDUCTION PROGRAM

- We are working with an actuarial firm to calculate how far the increased funding will go in PY2025
 - This is dependent on establishing our baseline, ACA compliant designs
- We anticipate that funding for cost sharing enhancements will continue to be used to improve affordability in the Silver CSR plans and potentially be used in additional ways- this is TBD and Katie Ravel will lead this effort

ANNUAL CYCLE OF STANDARD BENEFITS



PMD Advisory Committee



Benefits Workgroup



Federal Rules



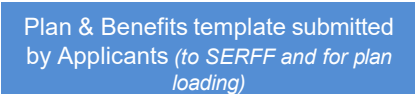
Covered California Board



Certification



Plan & Benefits template



Regulator Review

