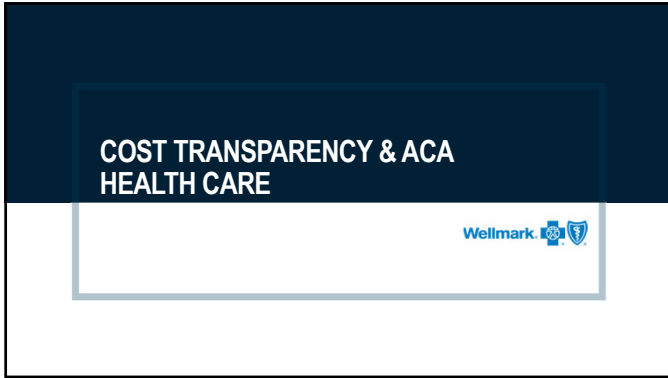




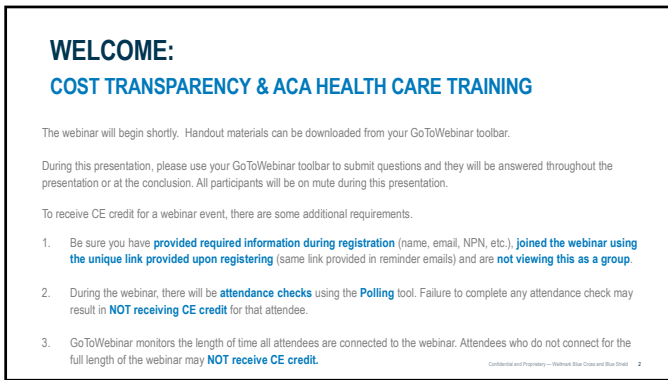
COST TRANSPARENCY AND ACA HEALTH CARE

Participant Guide

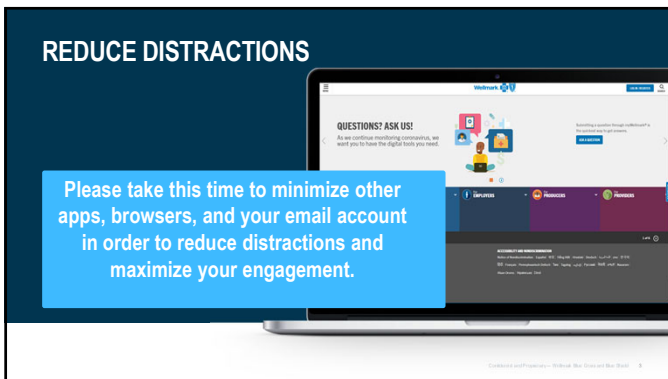
Updated: 06/22/23



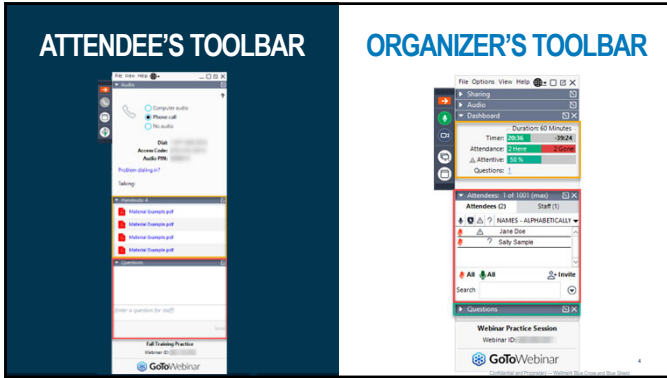
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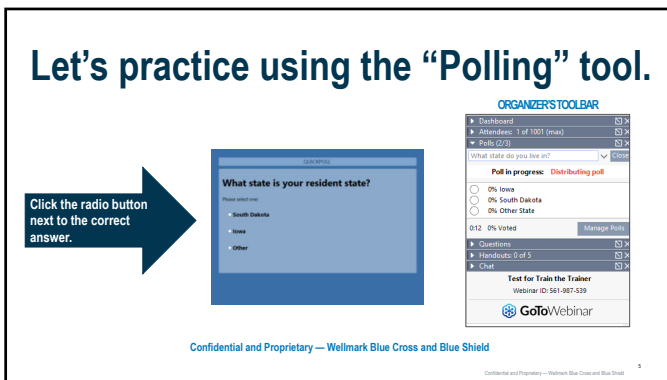
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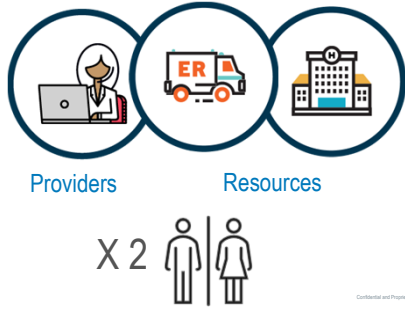


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COST TRANSPARENCY AND ACA HEALTH CARE

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TRENDS AND DRIVERS



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TRENDS AND DRIVERS

Drivers that impact trend include:

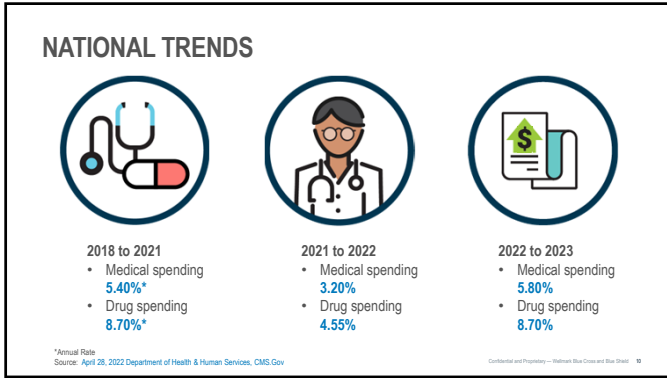
- specialty drugs
- diagnosis
- benefit design
- utilization
- inflation of medical cost

Trend: The change in medical and pharmacy cost year-over-year based on paid claims data and projected claims.

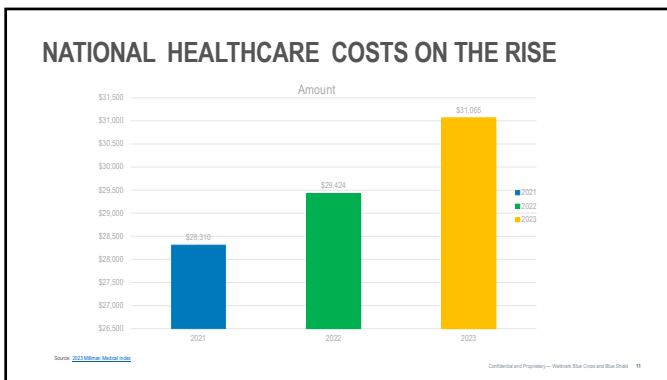
Source: [Medical Trend Definition | Lexipol](#)

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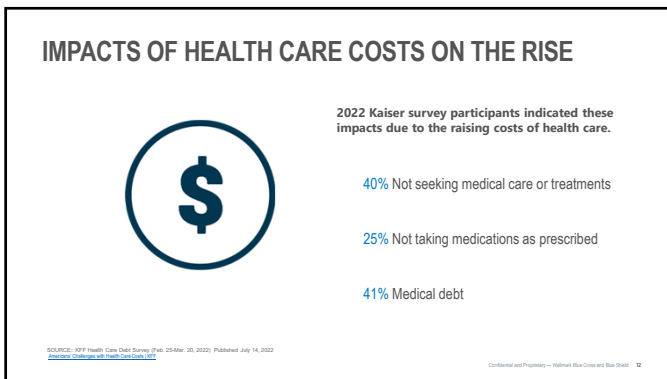
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HEALTH CARE COST TRANSPARENCY

- Helps customers know the cost of a covered item or service before receiving care.
- Allows beneficiaries and members access to information to make informed decisions to manage their healthcare.
- Pricing information enhances customers' ability to shop for care.

Source: Health Plan Price Transparency / CMS

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HOW ACA CHANGED THE UNDERWRITING WORLD

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ELIMINATED UNDERWRITING & SHIFTED TO COMMUNITY RATING

ACA Community Rating
 A method of setting health insurance premiums that spreads costs evenly across the entire community.

All enrollees in all health plans (except for grandfathered health plans) are considered a member of a single risk pool for plans offered in the individual and small group markets.

Source: section 2701 of the PHS Act and section 1312(c) of the Affordable Care Act.


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ACA MARKET – ISSUANCE AND RATING

Guaranteed Issue
ACA non-grandfathered plans all have guaranteed issue regardless of health status. Health coverage cannot be denied due to pre-existing health conditions.


Allowable rating factors include:



3:1
Age Calculations



Premiums Vary by Region



Tobacco Use

Source: CMS.gov Confidential and Proprietary – Wellmark Blue Cross and Blue Shield

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RATING FACTORS – DIFFERENCES IN SMALL GROUP AND IFP

Rating Factor	Pre-ACA	ACA
Age	<ul style="list-style-type: none"> Insurers set own age rating factors Age bands often used (ex. Ages 30-34) 	<ul style="list-style-type: none"> CMS prescribes rating factors allowed
Gender	<ul style="list-style-type: none"> Allowed Insurers set own rating factors 	<ul style="list-style-type: none"> Not Allowed
Health Status	<ul style="list-style-type: none"> Allowed 	<ul style="list-style-type: none"> Not Allowed
Tobacco Use	<ul style="list-style-type: none"> Allowed 	<ul style="list-style-type: none"> Allowed Insurers set factor, but it is limited to 1.5
Family Composition	<ul style="list-style-type: none"> Insurers decided how to reflect Contract Type often used (Single, 2-Person, Family, etc.) 	<ul style="list-style-type: none"> Member-Level Rated Dependents under age 21 are capped
Geographic Region	<ul style="list-style-type: none"> Insurers determine boundary line 	<ul style="list-style-type: none"> CMS prescribes areas, but insurers set own factors (subject to regulator review)

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RATING FACTORS – DIFFERENCES IN SMALL GROUP

Rating Factor	Pre-ACA	ACA
Industry	<ul style="list-style-type: none"> Allowed Insurers set own rating factors 	<ul style="list-style-type: none"> Not Allowed (or Not Applicable)
Network	<ul style="list-style-type: none"> Allowed 	<ul style="list-style-type: none"> Allowed
Group Size	<ul style="list-style-type: none"> Allowed 2-50 Only 	<ul style="list-style-type: none"> Not Allowed (or Not Applicable)

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ACA MARKET STANDARDIZED PLAN DESIGNS

Actuarial Value: The portion of the covered or allowable claims paid by the insurer.

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ESSENTIAL HEALTH BENEFITS

A Bundle of Basic Medical Services
 Cost-sharing Out-of-Pocket Maximum (OPM) Limits Apply
 Required for Non-grandfathered Individual and Small Group (1-50) Plans

- Ambulatory Patient Services
- Lab Services
- Prescriptions
- Chronic Disease Management
- Maternity and Newborn Care
- Preventive Care
- Emergency Services
- Mental Health and Substance Abuse Treatment
- Rehabilitative and Habilitative Services/Devices
- Hospitalization
- Pediatric Services, including oral and vision care

Source: CMS.gov Confidential and Proprietary - Wellmark Blue Cross and Blue Shield 23

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COST SHARE LIMITS AND WHY DEDUCTIBLES AND OUT OF POCKET MAXIMUMS CHANGE YEAR-TO-YEAR

Small group plan deductible limits

- \$9,100 for individuals
- \$18,200 for families

Source: IRS.gov Confidential and Proprietary - Wellmark Blue Cross and Blue Shield 24

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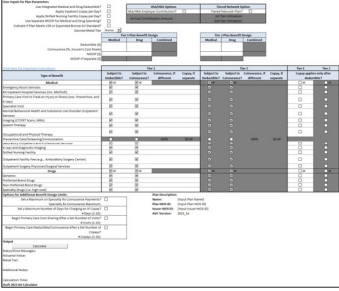
AV CALCULATOR

Expected costs covered by the plan

Allowed plan costs

=

Actuarial value of the plan



Source: IRS.gov Confidential and Proprietary - Wellmark Blue Cross and Blue Shield 25

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COMPARISON OF STANDARD SILVER PLAN 2023 - 2024

Values used are from the 2023 & 2024 Final Notice of Benefit and Payment Parameters

Key Benefit Design Features	2023	2024
Deductible	\$5,800	\$5,900
Out-of-Pocket Maximum	\$8,900	\$9,100
Coinsurance	40%	40%
PCP Visit	\$40	\$40
Specialist Visit	\$80	\$80
Generic Drugs	\$20	\$20
Brand Drugs	\$40	\$40

2023 AV Calculator Result 70.06%

2024 AV Calculator Result 70.56%

2023 AV Calculator Result 70.01%

All values were taken from 2023 & 2024 NBPP with the exception of 2024 AV calculator result for the 2023 design, calculated internally. Confidential and Proprietary - Wellmark Blue Cross and Blue Shield 26

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UNDERSTANDING DEDUCTIBLE LEVERAGING

An example of fixed cost shares and how a plan increases in value (i.e. actuarial value)

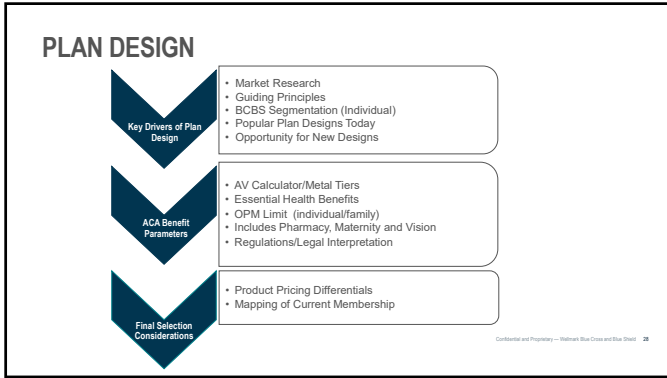
	Service	Allowed Cost	Member Liability	Health Insurer Liability	Paid Claims to Allowed Claims	Paid Claims Trend
Year 1	PCP Visit	\$100	\$30	\$70	70.00%	7.1%
Year 2	PCP Visit	\$105	\$30	\$75	71.40%	
Year 1	ER Visit	\$1,000	\$500	\$500	50.00%	10%
Year 2	ER Visit	\$1,050	\$500	\$550	52.40%	

While the cost of medical services increases, a fixed cost share is beneficial for members in the short term because the member liability remains constant as the health plan's liability increases.

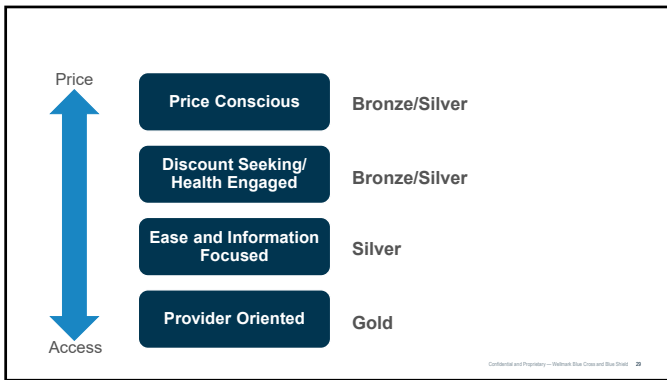
This increase in paid to allowed demonstrates how the plan increases in value (i.e. actuarial value) as costs increase from year one to year two.

Allowed costs increase by 5%, but paid claims increase by over 7%. Confidential and Proprietary - Wellmark Blue Cross and Blue Shield 27

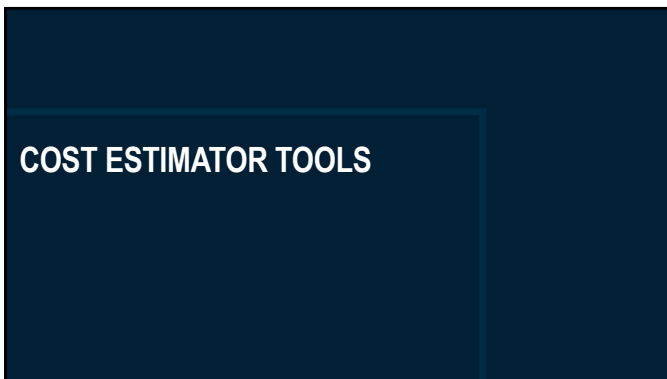
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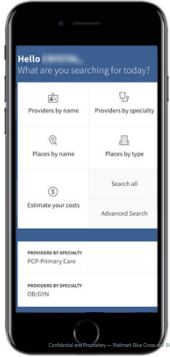


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COST ESTIMATION

Get estimated costs for hundreds of common medical conditions and services ahead of time with the cost estimator tool.

- Hospital cost
- Physician costs
- Prescription drug costs





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RESOURCES


Websites

- Healthcare.gov
- CMS.gov
- HHS.gov
- Wellmark.com



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THANK YOU!



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