
Pivot to Gold Benchmark to mitigate Marketplace impact

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- 1. Removing BHP population from Marketplace is expected to have a modest overall impact on the remaining Marketplace:**
 - Overall enrollment remains relatively constant because the continuation of ARPA subsidies results in a majority of enrollees facing lower net premiums today than before ARPA subsidies were implemented in 2021.
 - Premiums for unsubsidized consumers decrease because of improved morbidity of the risk pool and because of decrease in Silver premiums.
 - Purchasing power for subsidized consumers decreases as Second Lowest Cost Silver (SLCS) Premium decreases 10-12% due to a loss of silver loading. Few enrollees leave the market because of this, but some move from Gold to Silver since Gold has become more expensive relative to Silver.
- 2. Case studies show that impacts vary significantly by age and income, and not as much by rating region.**
- 3. Higher morbidity in BHP population and decreased premiums in Marketplace impact BHP revenue and cost but much depends on rest of the forthcoming BHP analysis, which will incorporate:**
 - Morbidity of populations coming from Medicaid and uninsured
 - Cost of Medicaid-like benefits

Mitigation options in September report

- **A narrow amendment to the state's 1332 waiver for its reinsurance program.** The amendment would allow Oregon to recapture the federal savings generated by the creation of the BHP and elimination of most silver loading. These “pass through” savings would be reinvested in Oregon's Marketplace to offset premium increases.
- **A 1332 waiver to tie the value of APTC to a gold rather than silver tier benchmark plan in the Marketplace.** This approach would de-couple APTC from the value of the second lowest cost silver plan and create a new gold benchmark, which could give subsidized consumers roughly the same purchasing power as they had with silver loading depending on how gold plans are priced.

Bridge Program Carrier Table

Purpose: Meet with health benefit carriers who offer plans on the individual market to discuss the impact of creating a Bridge Program on the residual individual market and collaboratively develop viable solutions to potential impact.

	Date	Focus
1	9/20	Intro/Background
2	9/30	Deep dive on subsidy proposal and operational considerations
3	10/14	Bring info on actuarial analysis, check-in on subsidy design
4	11/18	Next steps

Subsidy program concept

- Making consumers as close to whole as possible for premium assistance losses incurred due to the BHP
- Providing subsidies that are as equitable as possible in addressing affordability challenges
- Minimizing complexity for consumer, insurers and the state
- Example: Additional payment per policy to carriers, with adjustments for younger adults, older adults and family composition.



Carrier survey: Can your systems...?

- Overwrite premiums?
- Assign a subsidy to consumers who receive APTC?
- Assign a subsidy to consumers based on family composition, age, geography?
- Assign less than a flat amount for consumers who owe less than the subsidy?
- Reconcile APTC with the FFM?
- Pull a report to bill the state?

Key takeaway: subsidy operationally challenging

- Survey responses and Carrier Table conversations provided detailed feedback
- **Implementing a carrier-administered state subsidy by 2025 would be a significant undertaking**
- Putting subsidy program on the backburner and pivoting to gold benchmark concept

Marketplace Mitigation: The “Gold Benchmark”

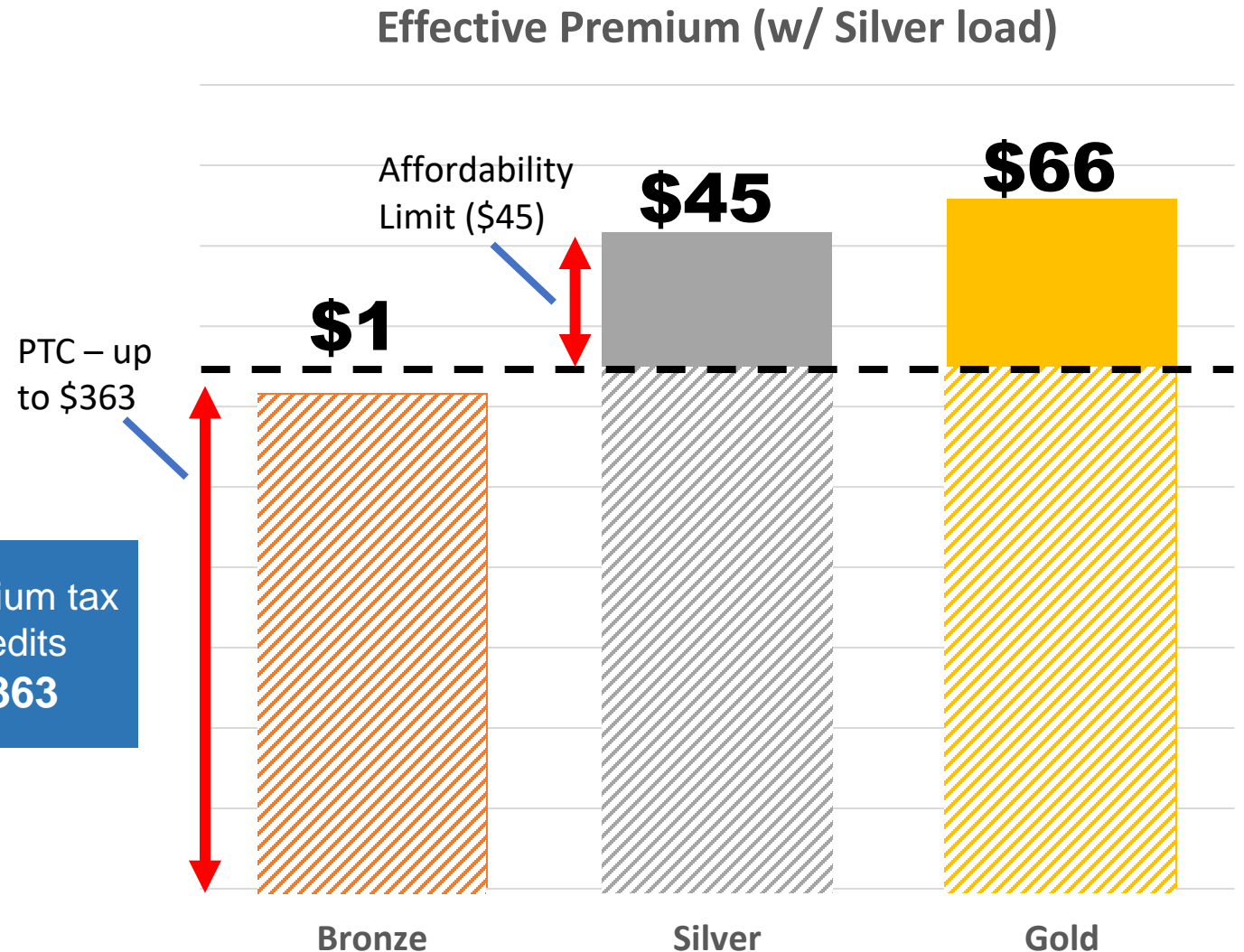
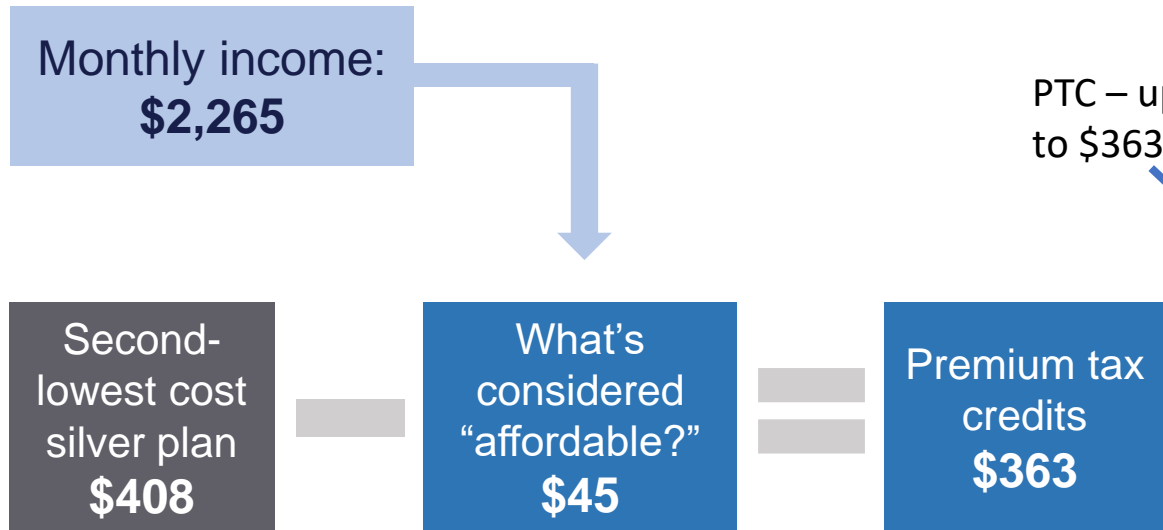
Presenter: Numi Rehfield-Griffith
Division of Financial Regulation



Department of Consumer
and Business Services

Review – Premium Tax Credits

Example: A single adult, 40, lives in Portland and earns \$27,180 per year (200% FPL).



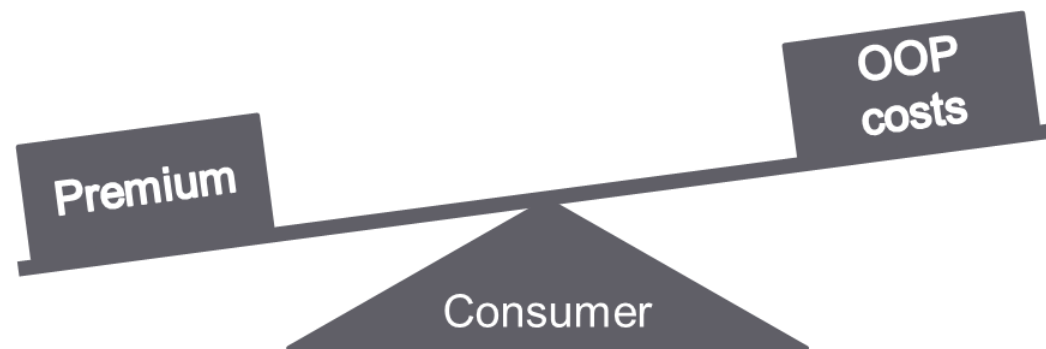
The numbers in these examples are presented for discussion purposes only, and were estimated based on premiums for plan year 2022.

Review – Metal Tiers & CSRs

Metal Tier	Bronze	Silver	Gold
Costs covered by insurance carrier (on average)	60%	70%	80%
Costs covered by consumer (on average)	40%	30%	20%

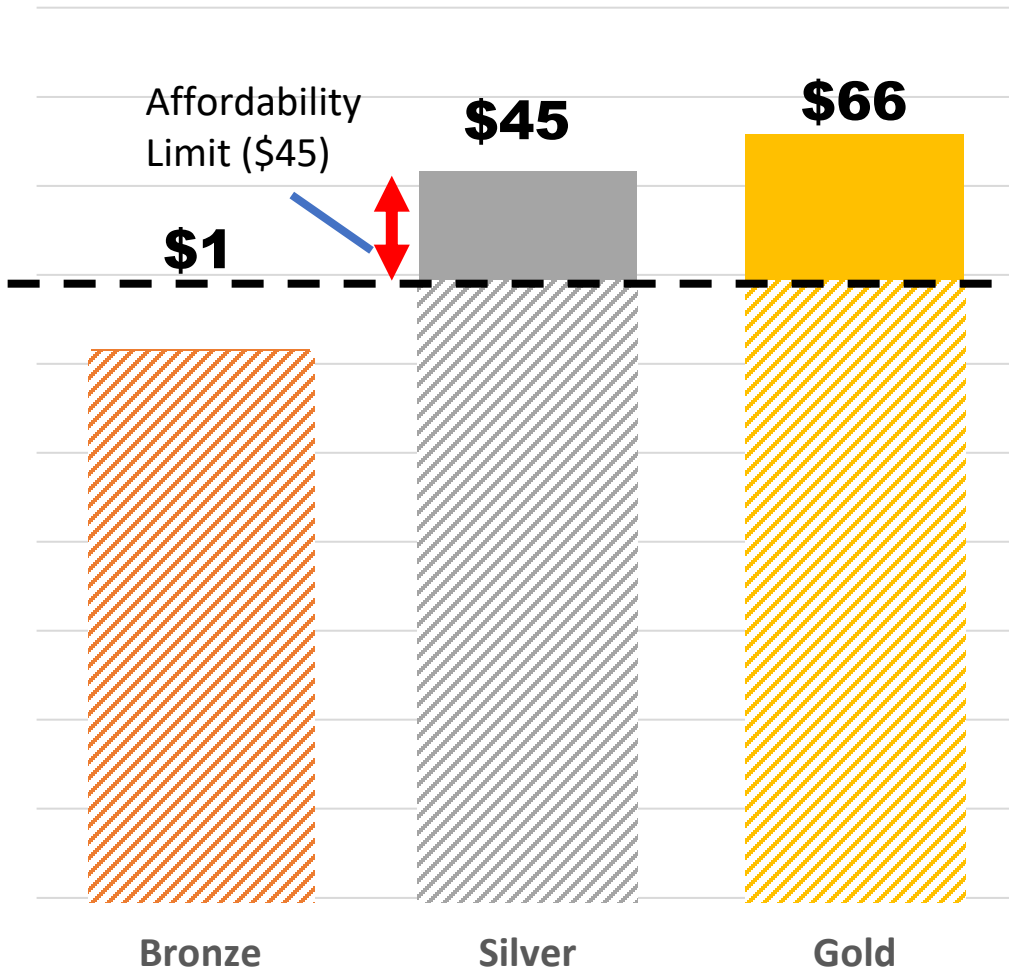
Carriers must provide more generous CSR coverage to income eligible individuals. Since 2018, the cost of these more generous benefits has been “silver loaded” into the base Silver premium, increasing PTC available to all consumers and replacing unfunded Federal payments.

CSR Population	138-150% FPL	150-200% FPL	200-250% FPL
Costs covered by carrier	94%	87%	73%
Costs covered by consumer	6%	13%	27%

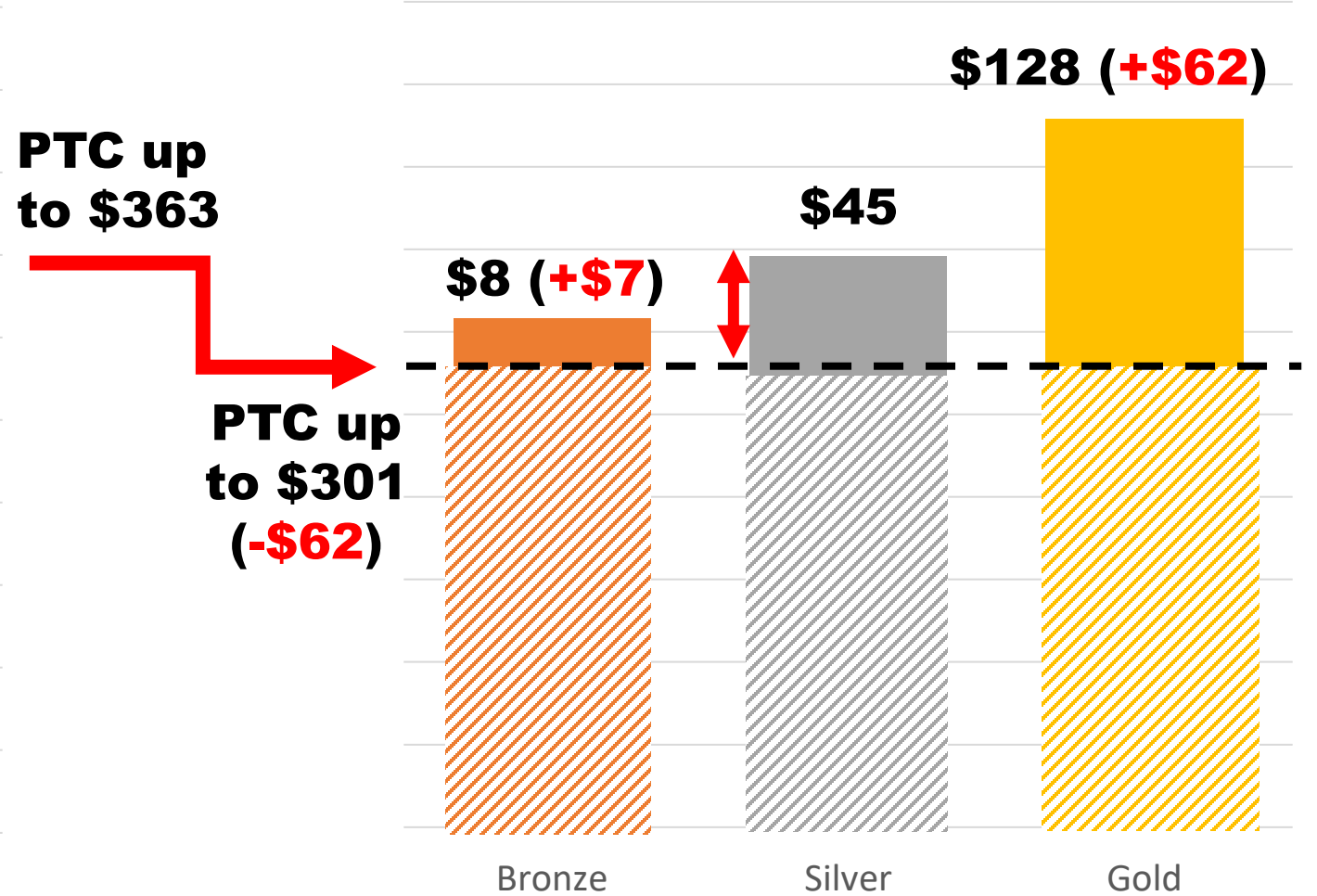


Review – the problem of Silver Loading

Premiums under status quo



Premiums post BHP (no Silver Load)



PTC up to \$363

PTC up to \$301 (-\$62)

Mitigation – ACA § 1332 State Innovation Waiver

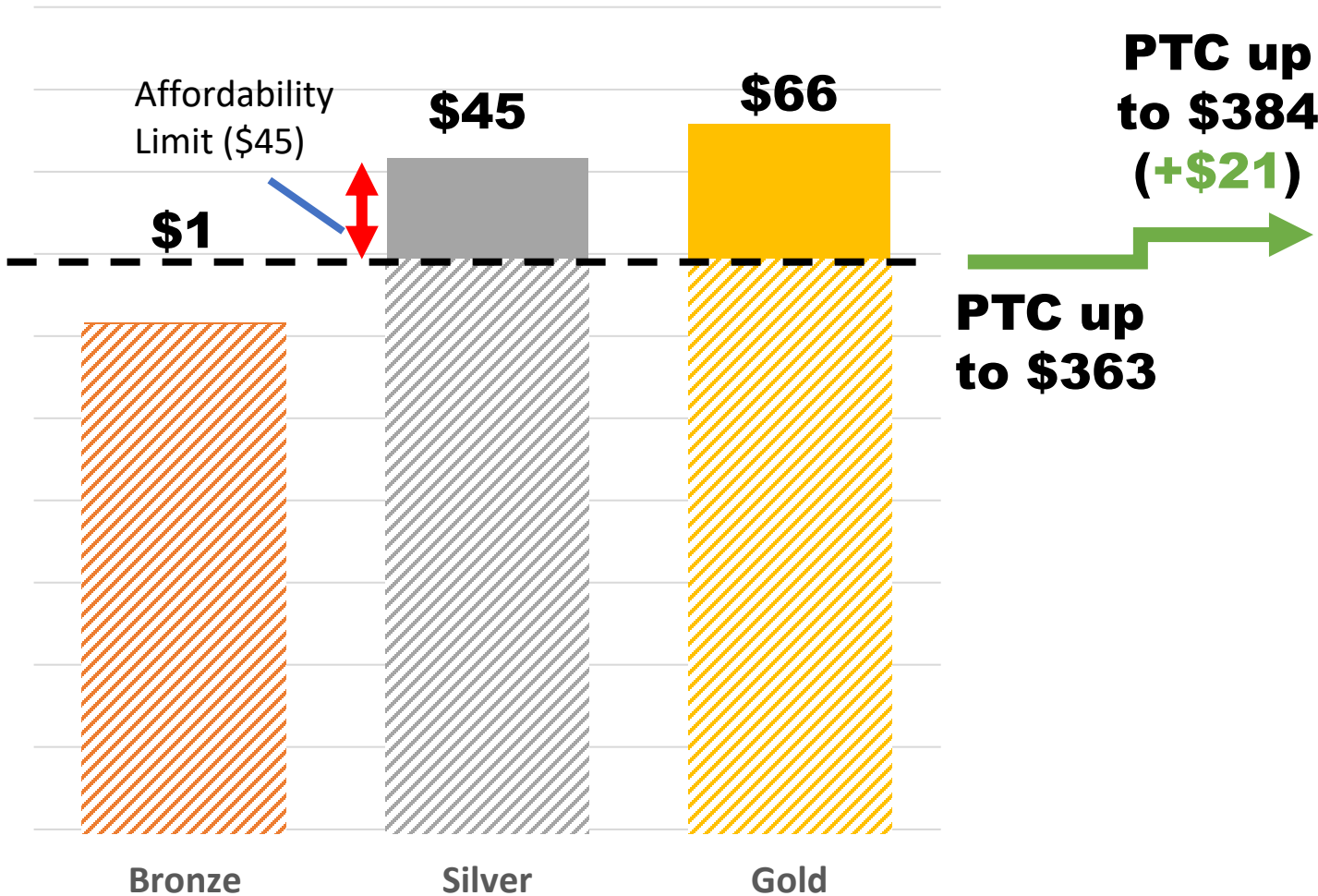
Section 1332 of the Affordable Care Act permits states to “waive” some provisions of federal law and receive “pass-through” funding if the waiver generates federal savings. Waiver approval is subject to four “guardrails”:

- (1) Comprehensiveness:** the proposal must provide coverage at least as comprehensive as that available through the exchanges.
- (2) Affordability:** the proposal must provide coverage that is at least as “affordable” as would be otherwise available.
- (3) Coverage:** the proposal must provide coverage to at least a “comparable” number of residents as would otherwise be covered.
- (4) Deficit Neutrality:** On net, the proposal must not increase the federal deficit.

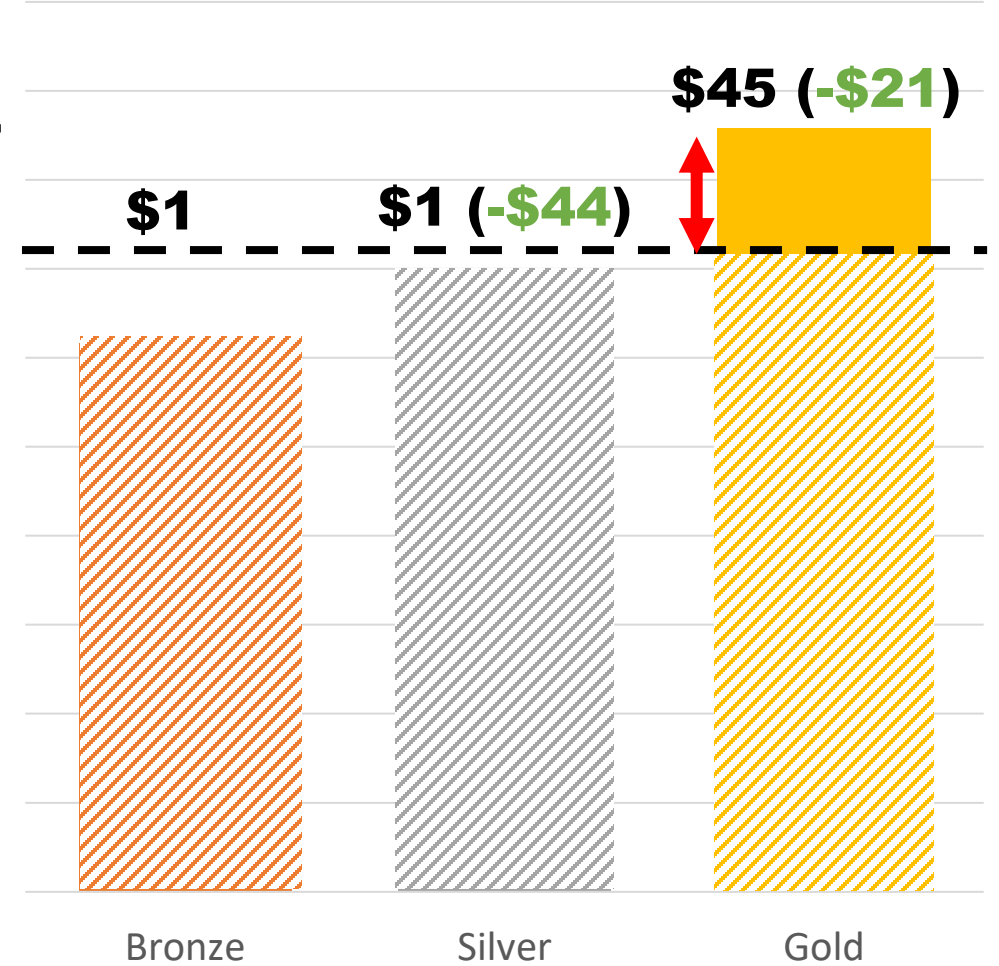
Our proposal *must* be framed as an amendment to Oregon’s existing 1332 waiver.

Mitigation – “Gold Benchmark”

Premiums under status quo

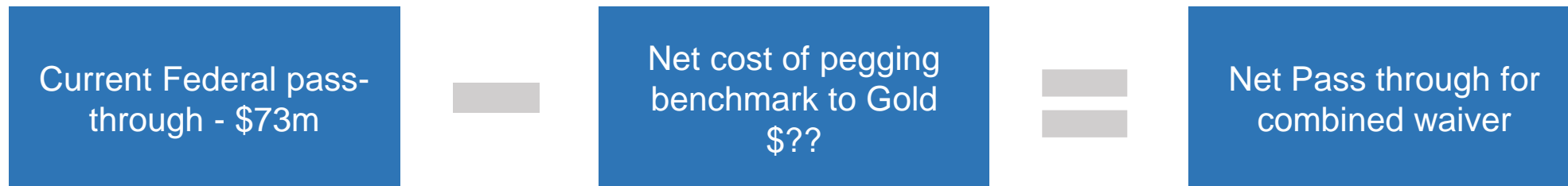


No Silver Load, PTC pegged to Gold

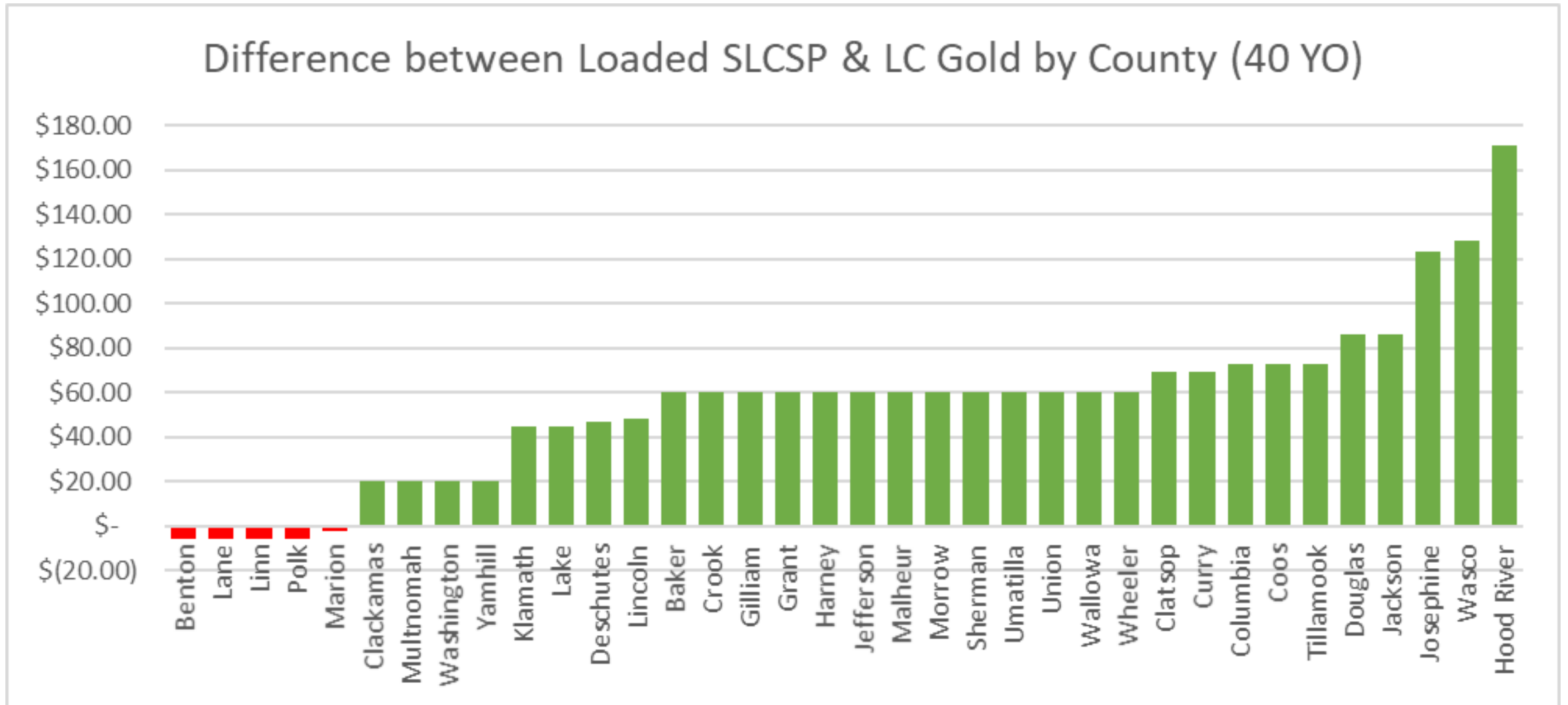


Gold Benchmark – Deficit Neutrality & Pass Through

The Gold benchmark, by itself, is *not deficit neutral*. However, deficit neutrality is calculated as the net effect of all aspects of the waiver. Currently, our reinsurance waiver generates more funding than is necessary to maintain the program at its current target. Pegging affordability to “gold” can be paid for by reducing the current pass-through award that supports reinsurance under the existing waiver.

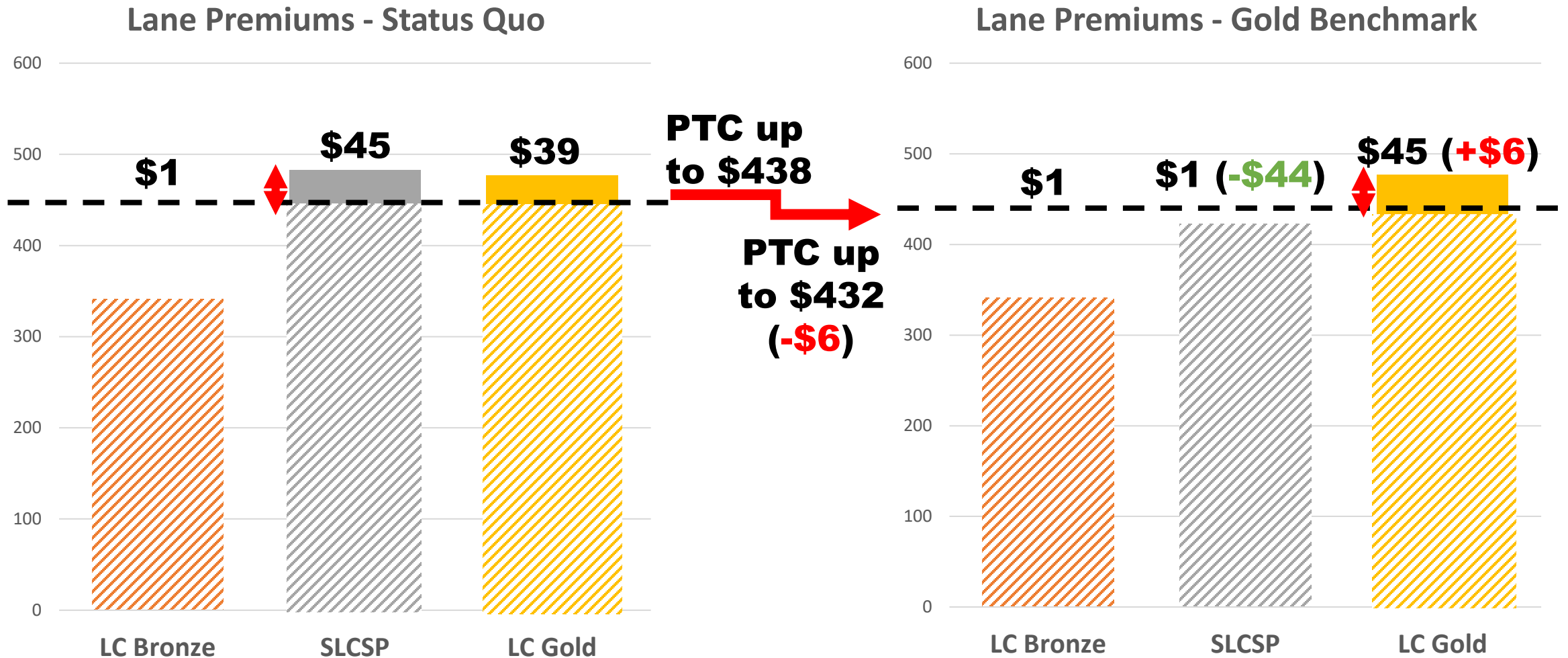


Gold Benchmark – Regional Variation



Typical premium difference by County for LC Gold and SLC Silver (CSR loaded) premium for 40 year old purchasing coverage for plan year 2023

Gold Benchmark – Regional Variation



Gold Benchmark – Outstanding Questions & Challenges

- **Operations:** can Healthcare.gov implement the Gold Benchmark?
- **Pass Through:** will CMS permit us to include reduced Silver Load in our calculation of pass through?
- **Funding:** is the total increase in PTC moving from SLCSP to LCG small enough to keep reinsurance stable without new state funds?
- **Affordability:** do regional variations in benefit create an affordability challenge for waiver approval?

Gold Benchmark – Outstanding Questions & Challenges

- **Operations:** can/will Healthcare.gov implement the Gold Benchmark?
 - *Pending input from CMS on Marketplace platform.*
- **Pass Through:** will CMS permit us to include reduced Silver Load in our calculation of pass through?
 - *Pending input from CMS on pass-through calculation.*
- **Funding:** is the total increase in PTC moving from SLCSP to LCG small enough to keep reinsurance stable without new state funds?
 - *Pending actuarial analysis from OW re: reinsurance, pass-through potential, and total gold-benchmark cost.*
- **Affordability:** do regional variations in benefit create an affordability challenge for waiver approval?
 - *Pending input from CMS on affordability guardrail.*

Questions?

Contact:

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Department of Consumer
and Business Services