

New York State Comments on Department of Health and Human Services' (HHS) Actuarial and Cost-Sharing Bulletin

1. New York supports allowing the Actuarial Value (AV) calculation to permit de-minimus variation. While +/- 2 percentage points seems reasonable, we encourage HHS to consider allowing a greater variation above the baseline actuarial value for a specific tier. For example, a bronze plan could be permitted to have an AV from 58% to 66%. Allowing a small variation below the baseline and a slightly larger variation above would ensure consumers got the benefit of promised value while avoiding the need for constant manipulation of desirable benefit packages to address utilization variations particularly as product experience is emerging.
2. New York strongly supports requiring similar AV levels for plans inside and outside the Exchange. Such consistency in AV standards will permit consumers to make informed choices between products sold inside and outside of the Exchange and is essential to protecting the Exchange from adverse selection.
3. New York supports using a single set of assumptions to determine the actuarial value of a qualified health plan while allowing variations at the state level. Letting each insurer use its own method to calculate AV would be problematic. Differences between insurers could allow for data manipulation to achieve specific results. Such an approach would be burdensome for health plans and regulators and would fail to provide consumers with a consistent standard for comparison. Using a standardized set of assumptions is the best course of action.
4. HHS has proposed using one standard population within their AV calculator. New York encourages HHS to allow a state to use more than one standard population to reflect significant discrepancies in costs within the state. In New York State, there are significant variations in costs by region. Mostly notably, there is significant cost differential between the New York City-Long Island-Westchester region and the rest of the State. Therefore, a member will reach a \$1000 deductible in New York City much more rapidly than in upstate New York. This means that it may be appropriate for a product in New York City and in Albany with the exact same cost sharing to be placed in different metal tiers. Use of a single standard population would distort the AV conveyed to consumers.
5. New York supports a federally developed AV calculator. Since the Exchange must verify the actuarial value of each qualified health plan, it would be most helpful if the AV calculator allowed users to produce a record of the cost sharing input values and the resultant AV value.
6. HHS' guidance memo indicates an intention to allow a health plan actuary to modify the AV calculator to handle a special cost sharing arrangement. This may result in a loss of the audit trail necessary to prove actuarial value. Instead, the company actuary should use the standard AV calculator and support any modifications with an attached memo.