Out-of-Pocket Cost Calculator

(VOTE)

Scott Devonshire
Chief Information Officer

David Lemoine
Senior Manager,
IT Strategy & Partnerships

Board of Directors Meeting
April 11, 2013
Agenda

- Background
- Current-State Decision Support Tools
  - Provider Search
  - Annual Deductible
  - Co-insurance
- Future-State Decision Support Tools for HIX/IES
- Out-of-Pocket Cost Calculator Procurement
  - RFP Approach & Timeline
  - Scoring Results
  - Cost Results
  - Recommendation & Rationale
  - Next Steps
  - Vote
The Health Connector launched the Plan Helper Tools last year to enhance our consumer shopping experience

- We wanted to offer more tools to provide education about plans and benefits to enable shoppers to narrow the number of products displayed to those most likely to meet their needs

- We presented a proposed design during the September 2012 Board meeting which included pre-filtering and educational content for Provider Search, Annual Deductible and Co-insurance

  - These tools, which include descriptions, tips, and educational videos, went “live” on the Health Connector website in October 2012

  - Non-Group, YAP and VP shoppers are able to learn about plan benefits, and apply filters that narrow the list of plans displayed

  - While not built into the small group shopping experience, small employers and brokers also have access to the educational videos

  - Since the tools have been live, approximately 38% of shoppers have chosen to use them

At that time, we also decided to pursue an out-of-pocket cost calculator, for later release, to further support consumer shopping
Current-State
Decision Support Tools
Current-State Decision Support Tools

**Provider Search**

- Existing provider search functionality was made more prominent
- Shoppers learn about provider networks, including “narrower” or “limited” networks
- Shoppers can set filters to hide plans whose network does not include their provider
- ~49% of the shoppers used the tool by searching for and selecting at least one provider to add to their filter set
Annual Deductible

- Shoppers learn about annual deductibles and how high or low deductibles can affect premium
- Shoppers can set filters to hide plans that fall outside their desired range of deductibles
- ~77% of the shoppers used the tool by actively moving the sliders to their desired range of deductibles
Co-insurance

- Shoppers learn about co-insurance and how it can affect premium
- Shoppers can set filters to show or hide plans that include co-insurance in their cost-sharing design
- Annual-Out-of-Pocket Maximums are also explained, describing their relation to co-insurance
- ~66% of the shoppers chose to actively use the filter
Future-State Decision Support Tools for HIX/IES
Decision Support Tools for the HIX/IES will be augmented to include additional educational materials for shoppers

- Advance Premium Tax Credits (APTC), State Wrap, Cost Sharing Reductions
  - If the shopper is eligible for any combination of APTC, State Wrap or Cost Sharing Reductions, educational content will be provided that helps them understand the subsidies and how they can be applied
  - This information is available in addition to the details that will be provided as part of their real-time eligibility determination

- Dental Insurance
  - Educational content will be provided to help shoppers understand their options for purchasing dental insurance
  - Shoppers can learn the differences between dental coverage that is embedded in or bundled with medical plans
  - Pediatric dental plans will also be explained

Wireframes are currently being designed; text, layout and colors are subject to change
In addition to educational materials, we are integrating an Out-of-Pocket Cost Calculator with the HIX/IES

- An Out-of-Pocket Cost Calculator can provide information to shoppers that encourages an “apples-to-apples” comparison of QHPs
- Shoppers can anonymously provide information that allows the tool to calculate the potential out-of-pocket costs for each QHP the shopper is eligible to purchase
- The results of the calculation can be displayed on the Health Connector’s website in an easy-to-understand format
- The tool will accommodate both standardized and non-standardized QHPs
Out-of-Pocket Cost Calculator Overview – Demographics

- The shopper will provide basic demographic and usage information (e.g., age, zip code and anticipated healthcare usage/current health status)
- The tool will not require information to be re-entered if it is available from the screening tool or eligibility determination
- A shopper can use the tool anonymously as real names are not required
The shopper can provide additional information about expected services (e.g., pregnancy, knee surgery) to provide more precise calculations.

Information is de-identified and will never be used for any reason outside of providing out-of-pocket cost estimates to shoppers.
Out-of-Pocket Cost Calculator Overview – Results

- Information is sent to the vendor via a web-service call, and an estimate for each QHP the shopper is eligible for is returned in real time.
- The results will be displayed on the website in an easy-to-understand format.
Out-of-Pocket Cost Calculator Procurement
RFP Approach & Timeline

We issued an RFP to solicit proposals to provide Out-of-Pocket Cost Calculator services to the Health Connector

- The RFP was posted on March 13, 2013; proposals were due on March 27, 2013
  - Other key dates in the procurement process are outlined in the table below
- Responses were received from three bidders and evaluated against a pre-defined scoring framework
  - Each bidder is well established in the marketplace and provides similar services for other state-based Exchanges or large employer groups

<table>
<thead>
<tr>
<th>Key Activity</th>
<th>Deadline Date</th>
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<tbody>
<tr>
<td>RFP Issued</td>
<td>03/13/13</td>
</tr>
<tr>
<td>Bidder’s Questions Due</td>
<td>03/20/13</td>
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<tr>
<td>CCA Responses Due</td>
<td>03/22/13</td>
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<tr>
<td>Proposal Due</td>
<td>03/27/13</td>
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<tr>
<td>Best-and-Final Offer Due</td>
<td>04/03/13</td>
</tr>
<tr>
<td>Select Bidder for Recommendation to Board</td>
<td>Week of 04/01/13</td>
</tr>
<tr>
<td>Board Vote to Award Contract</td>
<td>04/11/13</td>
</tr>
</tbody>
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Scoring Results

Bidder’s scores ranged from 275–410 points out of 500 possible; Consumers’ CHECKBOOK scored highest overall

- Proposals were scored against a framework broken out into three high-level categories: Functional, Technical and Cost
- Consumers’ CHECKBOOK scored highest overall, and also scored highest in Functional and Technical Capabilities
- Bidder #2 received the highest score in the Cost category
  - Bidder #2’s solution, however, will not be available for a significant portion of integration testing, posing major risks for an on-time go-live on 10/1/13
- Bidder #3 scored lowest in all three categories

<table>
<thead>
<tr>
<th></th>
<th>Consumers’ CHECKBOOK</th>
<th>Bidder #2</th>
<th>Bidder #3</th>
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</thead>
<tbody>
<tr>
<td>Functional Capabilities</td>
<td>250 points</td>
<td>210</td>
<td>195</td>
</tr>
<tr>
<td>Technical Capabilities</td>
<td>100 points</td>
<td>95</td>
<td>85</td>
</tr>
<tr>
<td>Cost</td>
<td>150 points</td>
<td>105</td>
<td>118</td>
</tr>
<tr>
<td><strong>Total Score</strong></td>
<td><strong>500 points</strong></td>
<td><strong>410</strong></td>
<td><strong>398</strong></td>
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Cost Results

Consumers’ CHECKBOOK’s price response is in between Bidder #2 and Bidder #3

- Compared with Bidder #2, Consumers’ CHECKBOOK’s pricing structure is more scalable, with lower incremental cost associated with increase in service call volume and the number of QHPs
- Bidder #3’s solution is priced significantly higher in all projected usage scenarios

<table>
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<tr>
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<th>Consumers’ CHECKBOOK</th>
<th>Bidder # 2</th>
<th>Bidder # 3</th>
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</thead>
<tbody>
<tr>
<td>Customization &amp; Configuration</td>
<td>$295,260</td>
<td>$50,000</td>
<td>$430,000</td>
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<td>(Apr 2013 – Sept 2013)</td>
<td></td>
<td></td>
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<tr>
<td>Ongoing Operations</td>
<td>$75,913</td>
<td>$120,000</td>
<td>$340,000</td>
</tr>
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<td>(Oct 2013 – Jun 2014)</td>
<td></td>
<td></td>
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<tr>
<td>Ongoing Operations Option Years</td>
<td>$297,189 (+ ~4% annual increase)</td>
<td>$200,000</td>
<td>$340,000</td>
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<tr>
<td>(July 2014 – June 2015+, per year)</td>
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Costs based on an estimate of 500,001 - 1,000,000 service calls & 150 QHPs
Consumers’ CHECKBOOK utilizes the Medical Expenditure Panel Survey (MEPS) as its data source for analytics, which is a comprehensive source of medical cost information collected by the U.S. Department of Health & Human Services.

- The tool is also able to accept data from the state’s All Payer Claims Database (APCD), when it becomes available, to further enhance its analytical strength.

QHP benefits are analyzed in detail and stored within the tool:

- Basic plan benefits are modeled (e.g., deductible, office visit, Rx).
- Additional plan benefits (e.g., specialist visits, imaging) and detailed exclusions (e.g., dental care, long-term care) are also modeled as part of the calculation.

The tool returns the actuarially-estimated average annual Out-of-Pocket Cost for individuals or families with characteristics like the shopper.

The tool can also supply estimates for a low-cost or high-cost year, including the probabilities of having such a year.

Consumers’ CHECKBOOK is working with several other state-based exchanges to provide Out-of-Pocket Cost Calculator services.
Next Steps

- Obtain Board approval to finalize contract with Consumers’ CHECKBOOK
- Complete HIX/IES shopping screen design and interfaces with the tool
- Engage stakeholders and carriers during implementation to help facilitate understanding of how the tool works and how to use the tool
- Periodically evaluate available data sources and landscape of decision support tools to assess opportunities for enhancement of this and other consumer support functionality
The PMT recommends that the Board authorize the Health Connector to enter into contract, subject to agreement on terms, with Consumers’ CHECKBOOK for Out-of-Pocket Cost Calculator Services through June 30, 2014, with three optional one-year extensions.