

Minimum Value Calculator

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS for MEDICARE & MEDICAID SERVICES
Center for Consumer Information and Insurance Oversight



Purpose

- The purpose of this webinar is to demonstrate the minimum value (MV) calculator and provide users with an introduction to the calculator.
- We will begin with an overview of MV, followed by a brief demonstration of the calculator and end with a question and answer session.
- Discussion in this webinar will reflect HHS' finalized policy to implement section 1302(d)(2)(C) of the Affordable Care Act.
- We have developed the MV Calculator based on the parameters and standards HHS finalized in the EHB Final Rule.

Minimum Value Background

- Minimum Value (MV) is the percentage of the total allowed costs of benefits provided under a group health plan or health insurance coverage, so long as that percentage is no less than 60%.
- MV determines whether an individual, who is eligible for affordable employer-sponsored group health plan coverage, may receive a premium tax credit.
- MV is determined based on a standard population that is based on claims data from self-insured group health plans.
- On May 14, 2012 Treasury released an MV Notice outlining the main methodologies for determining that a given plan provides MV. Based on the MV Notice and section 1302(d)(2) of the ACA, HHS finalized the standards for determining MV.

Approach to MV Calculation

- On February 25, 2013, HHS published the EHB Final Rule that included the methods for determining MV.
- HHS finalized that a group health plan may determine MV using one of the following:
 - MV Calculator
 - Any safe harbor established by HHS and IRS
 - Certification by an actuary if neither option above is suitable

Basics of the MV Calculator

- The MV calculator is a publically available tool¹.
- The MV calculator includes a limited number of inputs (deductibles and co-pay/coinsurance on many major services).

¹ Including logic and continuance tables

Development of the MV Calculator

- The MV calculator was developed based on HHS's regulatory approach to actuarial value (AV); however, the MV Calculator uses a different standard population and continuance tables.
- Starting with the claims data, HHS developed continuance tables² which are the “drivers” of the MV calculator.
- Additional inputs specific to the determination of MV were added to the MV Calculator.

² Continuance tables are distributions of annual paid claims arranged to show the amount of claims paid at each increasing level of expenditure, adding up to the total expenditures of a covered group of enrollees.

MV Calculator Design

- **Objective:** Take major cost-sharing features of a plan benefit design and translate into actuarial value and metal tier
- **Major cost sharing features:** Deductibles, coinsurance, copayments, and maximum out-of-pocket (MOOP)
- **Standard population data:** Continuance tables representing distribution of annual paid claims for a covered group of enrollees
- **Methods:** Percentage of allowed charges covered by an issuer (In-network only)
 - Numerator: Plan-covered expenditures using cost-sharing features
 - Denominator: Average allowed costs for covered benefits

Standard Population Data

- HHS used a large collection of claims data from the self-insured employer plan markets across many states.
 - Starting point to be representative of 2014 Exchange market and 2014 claims
 - Adjustments made to more fully represent expected average employer population
- Continuance tables summarize distribution of annual claims experience for standard population
 - Show amount of claims at increasing levels of expenditures
- A more detailed methodology is available on the CCIIO website and the tables themselves are available with the calculator.

MV Calculator Methods

- **User specifies major cost-sharing features**
 - Deductibles (separate or combined medical/drug)
 - Maximum out-of-pocket (MOOP)
 - Default coinsurance
- **User may specify separate cost sharing features for a specific list of covered benefits** (e.g., Emergency Room Services, Primary Care Visits, Prescription Drugs)
 - Coinsurance rate
 - Copayments
 - Whether covered benefit is subject to deductible

Methods Continued

- **User may specify any benefits not covered by the plan by de-selecting that particular benefit**
- **Other user inputs**
 - Narrow network products
 - Employer contributions to a Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA)

Calculator Demonstration

- We will now demonstrate the calculator using a variety of entries.
- Please hold all questions until the webinar is complete.

Recommended Testing Strategy

- HHS recommends testing a wide variety of plan designs such as:
 - Try a simple preferred provider organization (PPO) design - \$4500 deductible/80% coinsurance/\$6400 MOOP, then test more complex versions of PPOs and co-pay designs
 - Try an health maintenance organization (HMO) with only co-pays
 - Test a point of service (POS) plan design
 - Try a plan that includes an HSA contribution
 - Try a plan with carved out benefits
 - Try a plan with separate drug co-pays

MV Calculation Process

- **Step 1: Download the MV Calculator** ³

To download the MV Calculator, click the “MV Calculator” link on the CCIIO website. Enable “macros” at the top of the screen.

- **Step 2: Save to your desktop**

- **Step 3: Enter the specific plan features in the appropriate fields**

Once all parameters are entered, double check to make sure all fields that are intended to be checked are actually checked.

- **Step 4: View the Results**

Click the “calculate” button in row 54. The calculator will produce the exact percentage value as well as an output message indicating whether or not the computed value meets the 60% MV threshold.

³ Please note that the MV Calculator operates on systems with Excel 2003 and higher.

Questions?