



October 25, 2019

Sharon Becker  
Washington State Health Insurance Pool  
PO Box 1088  
Stanwood, WA 98292

Re: 2020 Medicare Advantage Actuarial Equivalence Test Results

Dear Sharon:

Leif Associates has completed an analysis of the 2020 Medicare Advantage products available in Washington and their equivalence to traditional Medicare combined with a Medicare Supplement Plan F. The purpose of this letter is to document our findings.

### **Background**

The Washington State Health Insurance Pool (WSHIP) eligibility requirements state that Medicare-eligible individuals who do not have access to a reasonable choice of comprehensive Medicare Part C (Medicare Advantage) plans are eligible for coverage through WSHIP.

“Reasonable choice” is defined in RCW 48.41.100 (1)(c) as having a choice of health maintenance organization (HMO) or preferred provider organization (PPO) Medicare Part C plans offered by at least three different carriers that have had provider networks in the person’s county of residence for at least five years. In addition, the plan options must include coverage at least as comprehensive as a Plan F Medicare Supplement Plan combined with Medicare Parts A and B. The plan options must also provide access to adequate and stable provider networks that make up-to-date provider directories easily accessible on the carrier’s web site and in hard copy, if requested. Finally, if no HMO or PPO includes the health care provider with whom the individual has an established relationship and from whom the individual has received treatment within the past 12 months, the individual does not have reasonable choice.

### **2020 Medicare Advantage Carriers**

The CMS website [Medicare.gov](http://Medicare.gov) provides information about all Medicare Advantage plans available in each zip code. We accessed this website and identified the carriers offering 2020 Medicare Advantage plans in each of the counties in Washington. There were some significant changes in the carrier service areas.

- Six Medicare Advantage carriers added new counties to their service areas. Ten counties will have one additional Medicare Advantage carrier. One county (Island) will have two additional carriers.
- One county which had two carriers in 2019 (Douglas) will have none in 2020. Both Community Health Plan and Health Alliance dropped Douglas County from their service areas.
- A new carrier, WellCare, entered the market with both HMO and PPO plans in three counties: King, Pierce, and Spokane.

Nineteen carriers are offering HMO or PPO Medicare Advantage plans in Washington for 2020, one more than in 2019. Each carrier offers plans in a limited number of counties, and 28 counties have at least one carrier. Only 8 counties have 3 or more carriers that have been in the market for at least five years. This is one more than in 2019. The new county added is Yakima County.

The table below lists the 16 counties with at least three Medicare Advantage carriers for 2020, along with the number of qualifying carriers (meaning they have been offering coverage in that county for at least five years) and an indication if reasonable choice is available in the county.

County	Total Carriers	Qualifying Carriers	Reasonable Choice
Clark	11	9	Yes
Cowlitz	5	4	Yes
King	13	8	Yes
Pierce	14	5	Yes
Snohomish	14	7	Yes
Spokane	11	6	Yes
Thurston	10	4	Yes
Yakima	4	3	Yes
<b>Counties with fewer than three carriers</b>			
Chelan	3	1	No
Island	5	2	No
Kitsap	10	2	No
Lewis	5	1	No
Mason	4	0	No
Skagit	7	0	No
Walla Walla	4	2	No
Whatcom	7	1	No

The count of Medicare Advantage carriers in the remaining 23 counties is as follows:

- Four have two carriers
- Eight have one carrier
- Eleven have no carriers

### **Actuarial Equivalence Testing**

For each of the counties identified as having reasonable choice, we tested the available plans to make sure there were at least three that offered coverage at least as comprehensive as a Plan F Medicare Supplement plan combined with Medicare parts A and B, as is required by RCW 48.41.100. To limit the number of plans evaluated, we first reviewed the plans with the lowest out-of-pocket maximums, as we assumed these would be the most generous plans. We summarized each of the selected plan designs for each carrier, using a consistent format that provided the key benefit information needed to conduct an actuarial equivalence test of benefits.

Actuarial equivalence is a general term used for applying a measurement of value to two benefit plans to see how the resulting plan values compare to each other. Using a consistent set of utilization, cost, and demographic assumptions, the cost to the insurer is calculated under the different plan designs, taking into consideration the amount of cost sharing required of the enrollee. The cost to the insurer is used as an estimate of plan value for each plan design.

For this actuarial equivalence exercise, we first created a standard set of utilization and unit cost assumptions for all components of health care cost for a Medicare-eligible population. We used a proprietary Leif Associates database of claims for Medicare-eligible individuals. Claims were projected to calendar year 2020 using a 10% annual trend assumption. We used the database to first calculate the value of traditional Medicare combined with a Medicare Supplement Plan F. We then calculated the value of each of the Medicare Advantage plans and compared that value to the Medicare plus Plan F value to determine which plans were at least as generous. In counties where the initial testing demonstrated that there were three qualifying plans, we did not test all plans.

The actuarial equivalence test demonstrates that all 8 counties with at least 3 qualifying carriers offer coverage at least as comprehensive as Plan F combined with Medicare Parts A and B. The table below shows the counties that qualify as having reasonable choice, along with information about the carriers and plans that meet the actuarial equivalence benchmark.

<b>County</b>		<b>Plan #1</b>	<b>Plan #2</b>	<b>Plan #3</b>
Clark	Carrier Plan Value	Providence HMO Medicare Extra + Rx 108% of benchmark	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Kaiser Permanente Senior Advantage 108% of benchmark
Cowlitz	Carrier Plan Value	Kaiser Permanente Senior Advantage HMO 108% of benchmark	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Regence Blue Shield PPO MedAdvantage + Rx Enhanced 106% of benchmark
King	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Humana HMO H5619-097 106% of benchmark
Pierce	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Shield PPO MedAdvantage + Rx Enhanced 106% of benchmark
Snohomish	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Shield PPO MedAdvantage + Rx Enhanced 106% of benchmark
Spokane	Carrier Plan Value	AARP HMO Medicare Advantage Plan 2 107% of benchmark	Humana HMO Humana Choice H5619-102 106% of benchmark	Premera HMO Medicare Advantage Total Health 106% of benchmark
Thurston	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 107% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Shield PPO MedAdvantage + Rx Enhanced 106% of benchmark
Yakima	Carrier Plan Value	Health Alliance SignalAdvantage HMO Rx 106% of benchmark	Regence Blue Shield PPO MedAdvantage + Rx Enhanced 106% of benchmark	Community Health Plan Extra Plan 010 106% of benchmark

If you have any questions about this analysis or require additional information, please do not hesitate to contact us.

Sincerely,  
Leif Associates, Inc.



Elizabeth Leif, FSA  
Consulting Actuary