



October 28, 2020

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

Re: 2021 Medicare Advantage Reasonable Choice Analysis

Dear Sharon:

Leif Associates has completed an analysis of the 2021 Medicare Advantage products available in Washington and their equivalence to traditional Medicare combined with a Medicare Supplement Plan F in order to determine which counties have reasonable choice. The purpose of this letter is to document our findings.

General Eligibility Requirements for WSHIP's Medicare Plans

The Washington State Health Insurance Pool (WSHIP) eligibility requirements for Medicare-eligible individuals are as follows:

- You are a resident of Washington state;
- You are enrolled in Medicare Part A and Part B;
- You were rejected for coverage by a health carrier, offered substantially reduced coverage on a Medicare supplemental insurance policy, or you do not have comprehensive Medicare supplemental coverage available to you; and
- You do not have access to a reasonable choice of Medicare Advantage Plans (Part C).

"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.

2021 Medicare Advantage Carriers

The CMS website Medicare.gov provides information about all Medicare Advantage plans available in each zip code. We accessed this website and identified the carriers offering 2021 Medicare Advantage plans in each of the counties in Washington. There were some significant changes in the carrier service areas.

- Nine Medicare Advantage carriers added new counties to their service areas. One carrier (AARP) added a PPO line of business in thirteen counties. One county (Cowlitz) will have four additional carriers. Three counties (Benton, Douglas, and Franklin) will have two or three additional carriers. Six other counties will have one additional carrier.
- No counties will have fewer carriers than they had in 2020.

- Three counties (Douglas, Franklin, and Jefferson) that did not have any Medicare Advantage carrier in 2020 will have one or more carriers in 2021.

Nineteen carriers are offering HMO or PPO Medicare Advantage plans in Washington for 2021. Each carrier offers plans in a limited number of counties, and 31 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 the same as in 2020.

The table below lists the 18 counties with at least three Medicare Advantage carriers for 2021, 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	12	9	Yes
Cowlitz	10	4	Yes
King	14	9	Yes
Pierce	15	6	Yes
Snohomish	15	8	Yes
Spokane	12	6	Yes
Thurston	11	4	Yes
Yakima	5	3	Yes
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Benton	3	0	No
Chelan	3	1	No
Franklin	3	0	No
Island	7	2	No
Kitsap	12	2	No
Lewis	6	2	No
Mason	4	0	No
Skagit	9	0	No
Walla Walla	5	2	No
Whatcom	8	1	No

The count of Medicare Advantage carriers in the remaining 21 counties is as follows:

- Six have two carriers
- Seven have one carrier
- Eight 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 2021 using an 8% 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.

County		Plan #1	Plan #2	Plan #3
Clark	Carrier Plan Value	Providence HMO Medicare Extra + Rx 108% of benchmark	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Kaiser Permanente Senior Advantage Enhanced 108% of benchmark
Cowlitz	Carrier Plan Value	Kaiser Permanente Senior Advantage Enhanced 108% of benchmark	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Regence MedAdvantage + Rx Enhanced 106% of benchmark
King	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Advantage HMO Plus 106% of benchmark
Pierce	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Advantage HMO Plus 106% of benchmark
Snohomish	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence Blue Advantage HMO Plus 106% of benchmark
Spokane	Carrier Plan Value	AARP HMO Medicare Advantage Plan 2 106% of benchmark	Humana Gold Plus HMO 105% of benchmark	Premera HMO Medicare Advantage Total Health 106% of benchmark
Thurston	Carrier Plan Value	AARP HMO Medicare Advantage Plan 1 106% of benchmark	Premera HMO Charter + Rx 106% of benchmark	Regence MedAdvantage + Rx Enhanced 106% of benchmark
Yakima	Carrier Plan Value	Health Alliance SignalAdvantage HMO Rx 106% of benchmark	Regence MedAdvantage + Rx Enhanced 106% of benchmark	Community Health Plan HMO Plan 4 106% 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