Recommendations to the MNsure Board's Market Development Subcommittee

John Freeman

- **Proration of Deductible and Out-of-Pocket Maximum**

  Currently, if a family enrolls in a QHP that does not start at the beginning of a year, they are nonetheless subject to the entire plan deductible and out-of-pocket maximum. This is true even when the family is switching from another QHP through a special enrollment period, triggered by an event such as a move, marriage or birth. They could have to pay two deductibles, even though the insurance carrier's risk is limited to the number of months remaining in the year.

  This is especially concerning for a consumer who, due to a change in income, moves out of eligibility for MinnesotaCare and purchases a QHP through a special enrollment period. Even if she only has a few months left in the year, she will be required to meet the full deductible before benefits are fully realized. The deductible can be as high as $6,600 for an individual or $13,200 for a family. In addition, full coverage (no cost to the family other than premiums) won't start until the out-of-pocket limit is met, which is likewise not prorated.

  Prorating deductibles and out-of-pocket limits would help ensure that consumers moving from MinnesotaCare eligibility to QHPs during the year would realistically be able to use their insurance and continue to get their health needs addressed. In addition, it would provide fairness for families who have a child during the year, move to another part of the state, or get married, since the resulting change in their QHP won't require starting over on their deductibles.

- **Cost of Using Health Insurance**

  Minnesotans have uncommonly low premiums, which make purchasing QHPs more affordable. Unfortunately, many MNsure QHPs (including those that are the most within reach for low-income families in terms of monthly premiums) have deductibles and other out-of-pocket costs that are high enough to act as deterrent to making full use of the insurance.

  The ACA envisions that many lower-income consumers will require higher metal level plans that have comparably low deductibles and other out-of-pocket expenses. Although these come with higher premiums, the ACA has a mechanism to address that – tax credits that lower the premiums to allow consumers to "buy up" to low-deductible plans, which can be taken in advance.

  Unfortunately, in its first two years of operation, much of Minnesota has been near the bottom of the nation in terms of eligibility for tax credits. This is caused by an unusually low benchmark plan (second lowest-cost silver plan), which determines who gets tax credits and at what level. MNsure should study the impact of the benchmark plan on eligibility for tax credits and the frequency with which consumers' buy plans for which they cannot afford out-of-pocket costs. In addition, MNsure should consider all available options for having a benchmark plan that works in favor of families and that results in maximizing Minnesotans' access to federal funds to reduce their premiums.