Complex Coverage Pools

Achieve strong, affordable and stable individual markets by better covering and caring for those with clinically complex conditions

Recent Federal guidance provides States with broad flexibilities to create Complex Coverage Pools (CCPs), including allowing States to create distinct risk pools, establish new subsidy levels, and create new types of coverage. This CCP proposal requires no additional Federal funding and produces meaningful savings for CCP members, reducing current premiums and cost sharing by up to 62%. Importantly, CCP members would pay less than the premiums they are currently paying in the Exchanges.

CCPs can be administered by State-enabled public-private partnerships with organizations that have expertise in managing patients with complex conditions, coordinating their care providers, and ensuring accountability for improving outcomes. Key components of a CCP should include:

- Predefined conditions designating individuals for automatic enrollment in coverage;
- Enrollment limited to those not eligible for Federal health programs or employer-sponsored insurance;
- Dedicated Federal funding for the CCPs;
- Rigorous participation requirements established to maintain eligibility;
- A reduction to premiums and out-of-pocket costs and other barriers to coverage and care;
- Custom referrals to high-performing providers most capable of coordinating care to address the specific needs of the individual; and
- Provider payment rates set at Medicare levels (approximately 60% of commercial rates) with incentives to practice high-quality, evidence-based medicine with effective use of health care resources.

Estimated Impact – An Illustration

Assuming that the individual market is approximately 15 million consumers, CCPs would:

- Cover approximately 1 million consumers, or 7.2% of the individual market;
- Have a gross cost of approximately $17.0 billion annually; and
- Reduce annual individual market premiums by 27%, from $7,000 to $5,100.

Percent of Population Covered by CCPs	Percent of Total Health Care Costs	CCP Enrollment	Annual Cost Per Capita at Commercial Payment[1]	Annual Market Premium with CCPs[2]	Reduction in Individual Market Premium	Total Reduction in Premium & Cost Sharing for a High-Cost CCP Member[3]
7.2%	37%	1,080,000	$29,900	$5,100	27%	62%

Annual CCP Funding Required at Medicare Payment[4,5]	Federal ACA Tax Credit Savings due to Premium Reductions[6]	Net Cost of CCP Funding at Medicare Payment Levels
$17.0 Billion	($17.0 Billion)	$0.0

Results: By implementing CCPs, the 93% of the individual market that is not enrolled in a CCP would experience premium reductions of 27%. For the 7% of the individual market in a CCP, members would receive the same 27% premium reduction and the additional benefit of resulting federal tax credit savings. This would total as much as 62% savings – in premium and cost sharing combined – for CCP members, depending on their income levels.

Predefined health conditions designating individuals for automatic enrollment in Complex Coverage Pools would be organized and ranked by intensity of care.

Caring for Those with Complex Conditions – Summary of Chronic Conditions

HCC	Hierarchical Condition Category (HCC) Description	HCC	Hierarchical Condition Category (HCC) Description
	CANCER		
8	Metastatic Cancer	11	Colorectal, Breast (Age < 50), Kidney, and Other Cancers
9	Lung, Brain, and Other Severe Cancers, Including Pediatric Acute Lymphoid Leukemia	12	Breast (Age 50+) and Prostate Cancer, Benign/Uncertain Brain Tumors, and Other Cancers and Tumors
10	Non-Hodgkin's Lymphomas and Other Cancers and Tumors	13	Thyroid Cancer, Melanoma, Neurofibromatosis, and Other Cancers and Tumors
	CIRCULATORY, HEART FAILURE, HEART DEVICES		
128	Heart Assistive Device/Artificial Heart	137	Hypoplastic Left Heart Syndrome and Other Severe Congenital Heart Disorders
130	Congestive Heart Failure	138	Major Congenital Heart/Circulatory Disorders
	DIABETES (WITH COMPLICATIONS)		
20	Diabetes with Chronic Complications		
	END STAGE RENAL DISEASE, LIVER, SEVERE KIDNEY DISEASE, CIRRHOSIS		
35	End-Stage Liver Disease	187	Chronic Kidney Disease, Stage 5
36	Cirrhosis of Liver	188	Chronic Kidney Disease, Severe (Stage 4)
184	End Stage Renal Disease		
	HEPATITIS		
37	Chronic Hepatitis		
	LUNG (CHRONIC OBSTRUCTIVE PULMONARY DISEASE, FIBROSIS, CYSTIC FIBROSIS)		
159	Cystic Fibrosis	162	Fibrosis of Lung and Other Lung Disorders
160	Chronic Obstructive Pulmonary Disease, Including Bronchiectasis		
	PARA/QUADRIPLEGIA, CEREBRAL PALSY, MUSCULAR DYSTROPHY, PARKINSON'S		
106	Traumatic Complete Lesion Cervical Spinal Cord	112	Quadriplegic Cerebral Palsy
107	Quadriplegia	113	Cerebral Palsy, Except Quadriplegic
108	Traumatic Complete Lesion Dorsal Spinal Cord	117	Muscular Dystrophy
109	Paraplegia	119	Parkinson's, Huntington's, and Spinocerebellar Disease, and Other Neurodegenerative Disorders
	SCHIZOPHRENIA, REACTIVE PSYCHOSIS, DELUSIONAL DISORDERS		
87	Schizophrenia	89	Reactive and Unspecified Psychosis, Delusional Disorders
	TRANSPLANTS		
18	Pancreas Transplant Status/Complications	158	Lung Transplant Status/Complications
34	Liver Transplant Status/Complications	183	Kidney Transplant Status
41	Intestine Transplant Status/Complications	251	Stem Cell, Including Bone Marrow, Transplant Status/Complications
129	Heart Transplant		
	OTHER (INCLUDING HIV/AIDS, HEMOPHILIA, ANEMIA, MULTIPLE SCLEROSIS)		
1	HIV/AIDS	70	Sickle Cell Anemia (Hb-SS)
23	Protein-Calorie Malnutrition	73	Combined and Other Severe Immunodeficiencies
46	Chronic Pancreatitis	96	Prader-Willi, Patau, Edwards, and Autosomal Deletion Syndromes
56	Rheumatoid Arthritis and Specified Autoimmune Disorders	111	Amyotrophic Lateral Sclerosis and Other Anterior Horn Cell Disease
57	Systemic Lupus Erythematosus and Other Autoimmune Disorders	118	Multiple Sclerosis
61	Osteogenesis Imperfecta and Other Osteodystrophies	125	Respirator Dependence/Tracheostomy Status
64	Major Congenital Anomalies of Diaphragm, Abdominal Wall, and Esophagus, Age < 2	226	Hip Fractures and Pathological Vertebral or Humerus Fractures (includes Osteoporosis)
66	Hemophilia	253	Artificial Openings for Feeding or Elimination
68	Aplastic Anemia	254	Amputation Status, Lower Limb/Amputation Complications

[1] Estimated cost in Year X for individuals with higher cost conditions in Year X-1 representing 36.5% of costs. The approach simulates an environment in which individuals would be prospectively placed in a Complex Coverage Pool (CCP) based on their known conditions at the time of application and renewal. Health care costs are drawn from a population with an assumed average annual per capita health care cost of $5,900.

[2] Market premium assumes average cost of non-CCP enrollees grossed up by assumed administrative expenses. The result is an 85% Medical Cost Ratio (calculated using baseline 2018 medical costs of $5,900 per capita and premiums of $7,000 per capita). Non-CCP premiums are applied to CCP enrollees, but are then adjusted to reduce both net premium and cost sharing amounts by 57%.

[3] Savings for a CCP member who is single, ineligible for the ACA tax credit, and has claims that exceed the highest allowable out-of-pocket max of $7,350.

[4] Required Funding for CCPs assumes per capita administrative costs that are equivalent to the per capita administrative costs for the non-CCP enrollees (15% of premium).

[5] CCP Funding at Medicare rates assumes that the per capita medical cost would be reduced by 40% from Commercial levels to reflect Medicare fees. Medical management savings assumes that the per capita medical cost would be reduced by an additional 3.7%.
Funding = (Per Capita Cost x 0.60 x 0.963 + Admin Costs - Premium) x Enrollment

[6] The potential reduction to the Government cost for tax credits was modeled as if the premium reductions occurred within the ACA's premium-dependent tax credit structure for the same sample population and risk profile.