



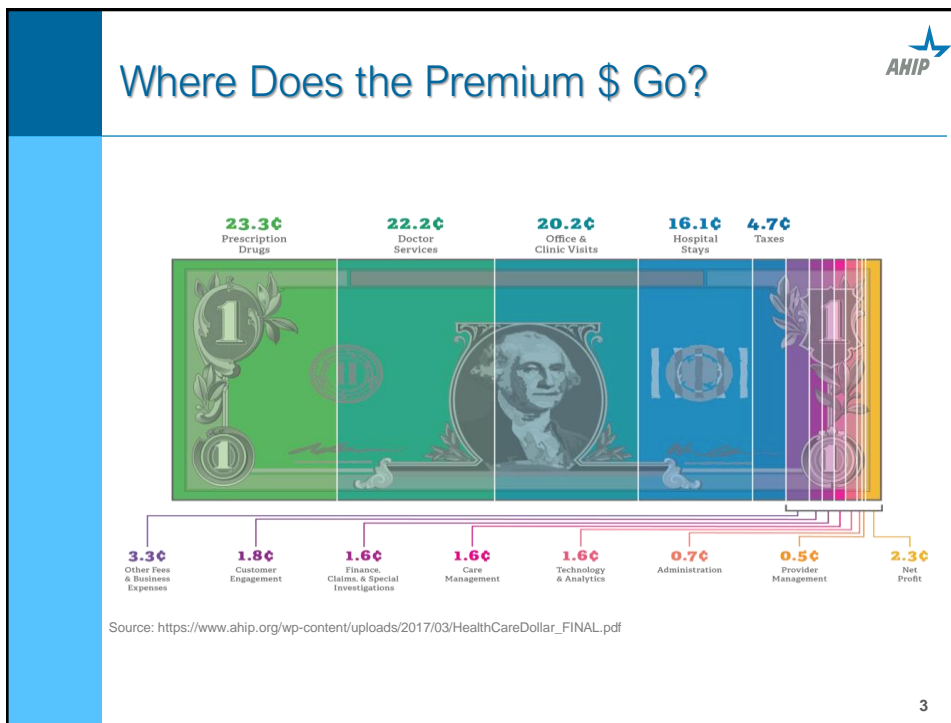
State Responses to the Evolving Individual Health Insurance Market

Jeanette Thornton
July 20, 2018

Three Takeaways



- Factors impacting health insurance premiums in the individual insurance market
- Recent Federal policy developments impacting the individual market & what they mean for consumers
- Challenges regarding market affordability and risk adjustment



Factors Affecting Health Insurance Premiums

- ### 1 Prescription Drug Prices

Drug prices, particularly for specialty medications and brand-name medicines, continue to soar. When the cost of medical care and treatment goes up, so does your premium.
- ### 2 Who Is Covered

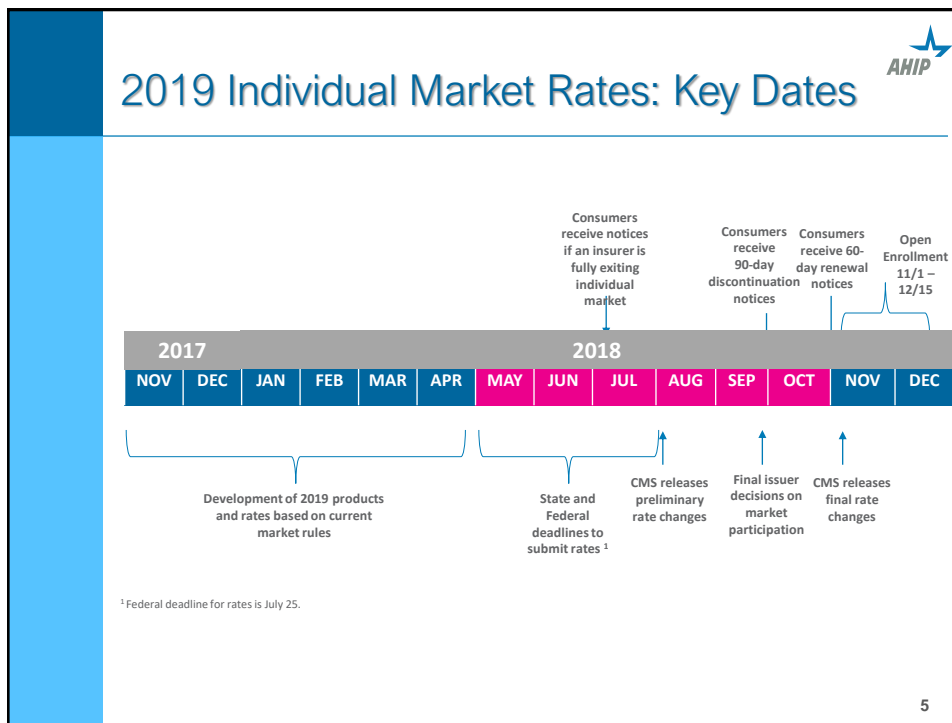
Who else is covered by your plan is critical to determining the cost of your coverage. To keep costs lower for everyone, there should be a balance between those who utilize medical care and those who have coverage in case they get sick or injured.
- ### 3 Which Care Providers Participate

A provider network is the group of doctors, nurses, hospitals, and other clinicians that treat patients with certain insurance plans. When they charge lower prices for their services, it can help lower your premium.
- ### 4 Value-based Models

The fee-for-service system pays for the number of services provided. Value-based systems reward quality and value – providers earn more by bringing better care to consumers while lowering costs.
- ### 5 Taxes and Fees

One way to control premiums is to get rid of taxes and fees that hit consumers' pocket books. Those include the health insurance tax and marketplace user fees.

Source: <https://www.ahip.org/5-factors-that-impact-your-health-insurance-premium/>



Policy Developments & Premiums

AHIP

Premium Policy Levers	Potential Impact on Individual Market Premiums ¹	Known	Unknown
Individual Mandate	3-10%	Repealed 2019	State mandate or federal continuous coverage alternatives
Cost-Sharing Reductions	20% on average 7-38% for silver plans	Not funded as of 10/17, "silver-loading" strategies in place in most states	CSR legal challenge outcome
Reinsurance	4-12%	In place in a limited number of states, no national reinsurance program	Limited number of states with 1332: Implemented: AK, OR, MN
Health Insurer Tax	3%	2019 Moratorium	Future relief for 2020 and beyond
Association Plans	Expected increase	Goal is to significantly expand availability of association plans	Full impact
Short Term Plans	Expected increase	Proposed rule content	full impact / timing / duration / renewals
Medical Trend	6.5%	2017 claims experience	2018 medical trend

¹ Estimated 2019 premium impacts: individual mandate—5% chosen for AHIP data work as a conservative estimate, based on recent analysis estimating an impact of between 3-10% (Wyman); CSRs (CBQ and KEF), reinsurance – 12% chosen for AHIP data work based on \$15 billion in reinsurance funding, based on recent analysis estimating an impact between 4-12% depending on program type and funding amount (Avalere); HIT (Wyman); and medical trend (EWG).

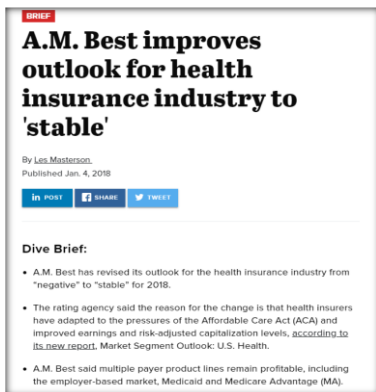
6

How Do Alternatives Plans Compare?

	Exchange	Short-Term	Association
Can you be charged a higher premium for pre-existing condition?	No	Varies by state	No
Can you be declined coverage for a pre-existing condition?	No	Varies by state	No
Is this type of plan available to every American?	Yes	No	No
Are prescription drugs covered?	Yes – required	Varies	Varies
Is mental health care covered?	Yes – required	Varies	Varies
Is care for pre-existing conditions covered?	Yes – required	Varies	Varies
Can the plan include a lifetime limit?	No	Varies by state	No
Is federal premium assistance available?	Yes	No	No

7

2019 Participation Outlook



A.M. Best improves outlook for health insurance industry to 'stable'

By Les Masterson
Published Jan. 4, 2018

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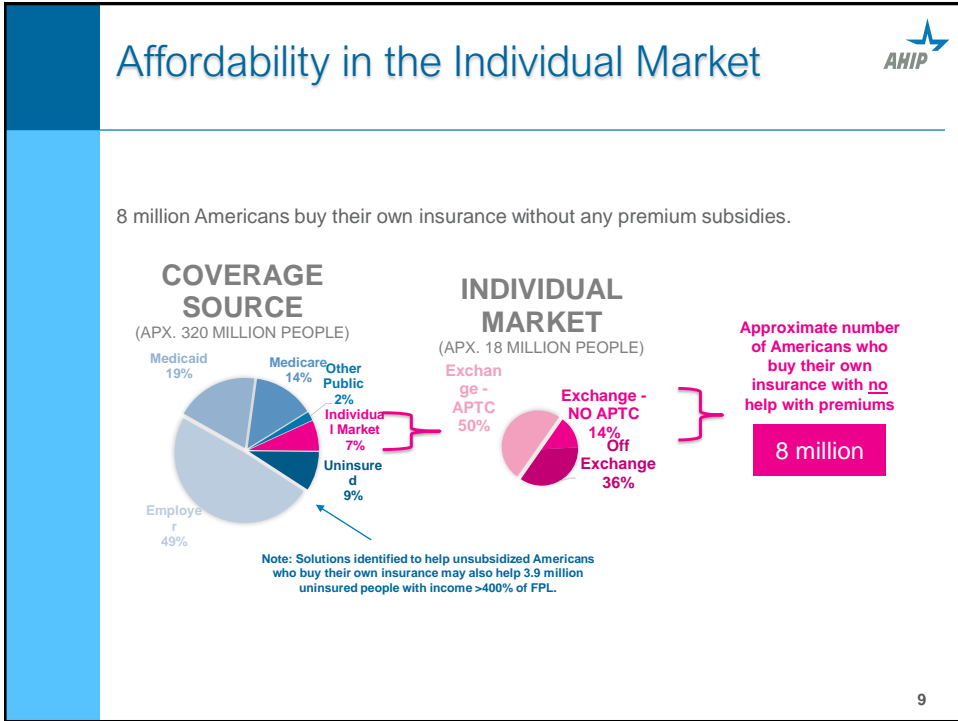
Dive Brief:

- A.M. Best has revised its outlook for the health insurance industry from "negative" to "stable" for 2018.
- The rating agency said the reason for the change is that health insurers have adapted to the pressures of the Affordable Care Act (ACA) and improved earnings and risk-adjusted capitalization levels, according to its [new report](#). Market Segment Outlook: U.S. Health.
- A.M. Best said multiple payer product lines remain profitable, including the employer-based market, Medicaid and Medicare Advantage (MA).


2019 Exchange Participation as of 7/16

- No counties without Exchange participation
- New exchange entrants
 - AZ, FL, MI – Oscar
 - IA – Wellmark (reentry)
 - ME – Anthem (pending)
 - NC – Centene
 - NM – Presbyterian
 - OK – Medica
 - TN – Bright
 - UT, WI – Molina
 - VA – Virginia Premier

8



Risk Adjustment



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United States District Court Ruling Puts Risk Adjustment On Hold

Date	2018-07-07
Title	United States District Court Ruling Puts Risk Adjustment On Hold
Contact	press@cms.hhs.gov

On February 28, 2018, the United States District Court for the District of New Mexico issued a decision invalidating use of the statewide average premium by the Center for Medicare & Medicaid Services (CMS) in the risk adjustment transfer formula established under section 1343 of the Patient Protection and Affordable Care Act for the 2014 – 2018 benefit years, pending further explanation of CMS’s reasons for operating the program in a budget neutral manner in those years. The ruling prevents CMS from making further collections or payments under the risk adjustment program, including amounts for the 2017 benefit year, until the litigation is resolved.

In light of a contrary decision by the United States District Court for the District of Massachusetts, the government moved the New Mexico district court to reconsider its decision, and CMS is currently awaiting the court’s ruling. CMS is seeking a quick resolution to the legal issues raised and will inform stakeholders of any update to the status of collections or payments at an appropriate future date. The calculated risk adjustment transfer amounts for the 2017 benefit year are \$10.4 billion, which includes transfers across catastrophic, small group, and individual non-catastrophic risk pools.

“We were disappointed by the court’s recent ruling. As a result of this litigation, billions of dollars in risk adjustment payments and collections are now on hold. CMS has asked the court to reconsider its ruling, and hopes for a prompt resolution that allows CMS to prevent more adverse impacts on Americans who receive their insurance in the individual and small group markets,” said CMS Administrator Seema Verma.

10

AHIP's Vision



We will shape and drive market-based solutions and public policy strategies to improve health, affordability and financial security by:



Promoting consumer choice and market competition



Simplifying the health care experience for individuals and families



Supporting constructive partnerships with all levels of government



Partnering with health care providers on the journey from volume to value



Addressing the burden of chronic disease and social factors that impact health




Pursuing the promise of clinical innovations while ensuring value




Harnessing data and technology to drive quality, efficiency and consumer satisfaction


AHIP Priorities/Vision 11

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