

# Coverage & Affordability in the Private Insurance Market

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## Cost Comparison: Individual vs. Small Group

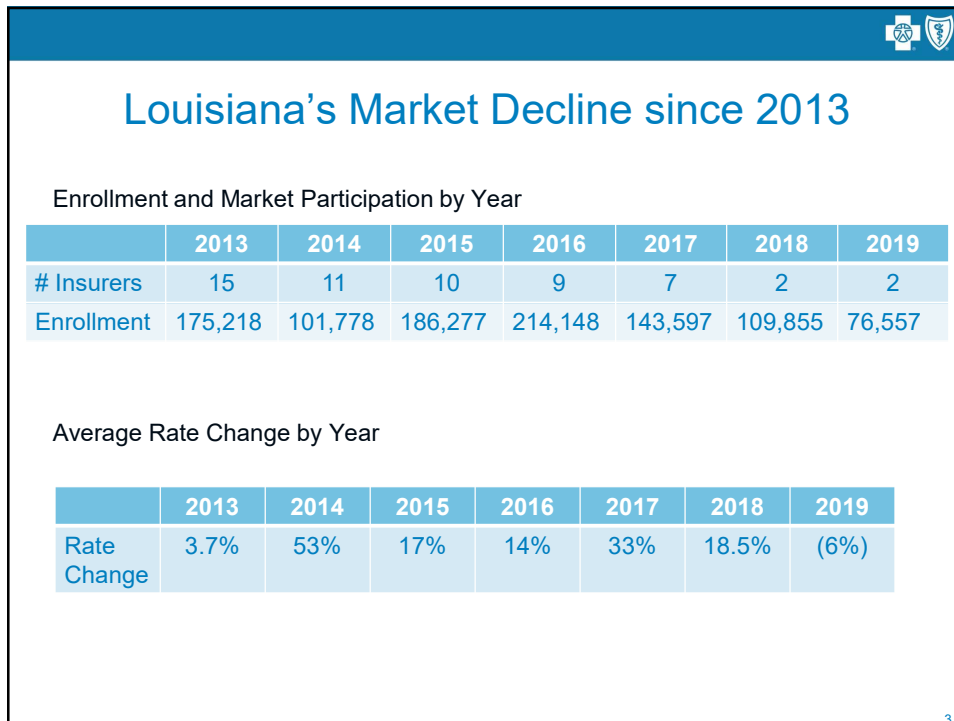
Candidate: 40-year-old male, East Baton Rouge Parish (county), individual coverage only

### HMO Plan (Silver)

*Individual Monthly Premium:* \$539.64

*Small Group Monthly Premium:* \$347.55

The individual plan is \$192.09 more per month, roughly **55%** more expensive.



**Louisiana's Market Decline since 2013**

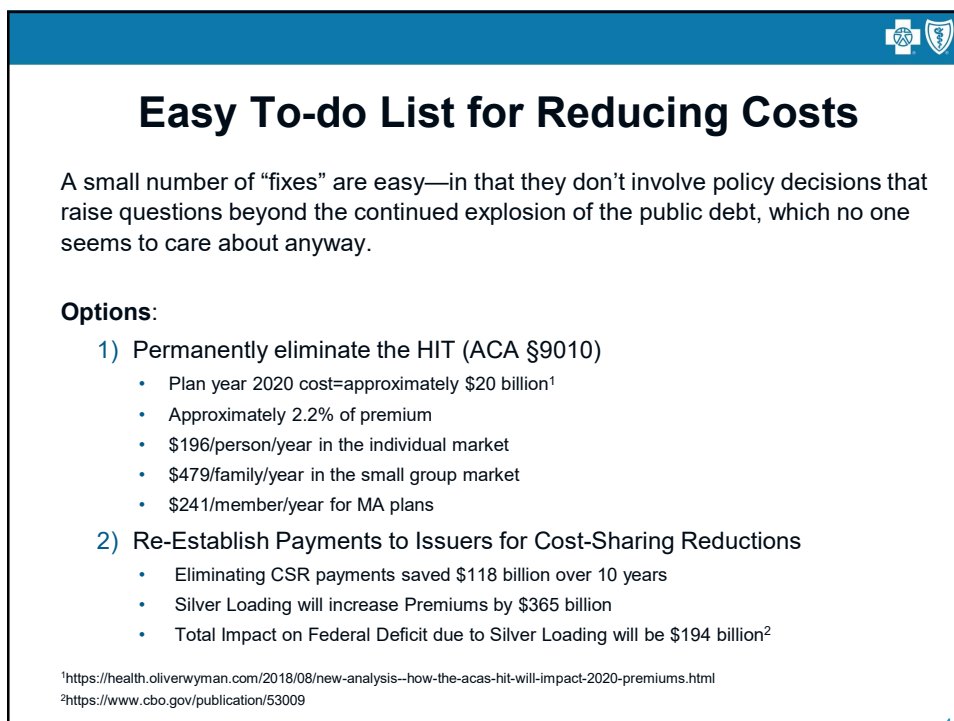
Enrollment and Market Participation by Year

	2013	2014	2015	2016	2017	2018	2019
# Insurers	15	11	10	9	7	2	2
Enrollment	175,218	101,778	186,277	214,148	143,597	109,855	76,557

Average Rate Change by Year

	2013	2014	2015	2016	2017	2018	2019
Rate Change	3.7%	53%	17%	14%	33%	18.5%	(6%)

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**Easy To-do List for Reducing Costs**

A small number of “fixes” are easy—in that they don’t involve policy decisions that raise questions beyond the continued explosion of the public debt, which no one seems to care about anyway.

**Options:**

- 1) Permanently eliminate the HIT (ACA §9010)
  - Plan year 2020 cost=approximately \$20 billion<sup>1</sup>
  - Approximately 2.2% of premium
  - \$196/person/year in the individual market
  - \$479/family/year in the small group market
  - \$241/member/year for MA plans
- 2) Re-Establish Payments to Issuers for Cost-Sharing Reductions
  - Eliminating CSR payments saved \$118 billion over 10 years
  - Silver Loading will increase Premiums by \$365 billion
  - Total Impact on Federal Deficit due to Silver Loading will be \$194 billion<sup>2</sup>

<sup>1</sup><https://health.oliverwyman.com/2018/08/new-analysis--how-the-acas-hit-will-impact-2020-premiums.html>  
<sup>2</sup><https://www.cbo.gov/publication/53009>

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## Not-so-easy Ways to Reduce Costs and Expand Access to Coverage

**Options:**

- 1) Increase federal subsidies in the 300%+ of FPL
  - As premiums grow each year, the number of unsubsidized individual market enrollees continues to decrease
- 2) Loosen the Age-Rating Band from the current max of 3:1
  - Average individual market enrollee in La. is 44 years old
  - More than 1/3 of individual market enrollees in La. is 55+ years old
  - Actual experience shows the age band's natural ratio is closer to 6:1
- 3) Permit More Plan Design by Eliminating Rigidity in EHBs
  - There is really no meaningful difference among covered services in plans
  - No innovation
- 4) The Transitional Reinsurance Program should NOT be Transitional
  - More than 1/3 of the rate increase in 2017 was attributable to the end of the Transitional Reinsurance program in La.

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## Ways to Reduce Costs that will Irritate some people...a lot

**Options:**

- 1) Limit or Prohibit Biosimilar Blocking
  - Biologic drugs are utilized by approximately 2% of patients, but comprise approximately 38% of Rx costs, and 70% of the growth in Rx spending since 2010
  - Patent litigation from brand drug manufacturers and pay-offs from brand drug manufacturers delay the entrance of biologic similar drugs into the market
  - Biologic similar drugs can save consumers as much as \$150 billion over ten years<sup>1</sup>
- 2) Permit the Importation of Rx Drugs
  - Importation of drugs could save consumers tens of billions of dollars<sup>2</sup>
- 3) Eliminate Disparities between ERISA plans and Fully-Insured Plans
  - ERISA plans are generally exempt from state regulation
  - Federal regulation of ERISA plans impose few plan design requirements whereas fully-insured plans are subject to an enormity of state and federal plan design requirements and limitations, which substantially reduce cost containment measures
- 4) Say No To Price Transparency as the Administration Proposes It

<sup>1</sup><https://www.rand.org/pubs/perspectives/PE264.html>

<sup>2</sup>Pharmaceutical Market Access Act of 2003, H.R. 2427, 108th Cong. (2003), <https://www.congress.gov/bill/108th-congress/housebill/2427>.

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