

(De)Stabilizing the ACA's Insurance Market

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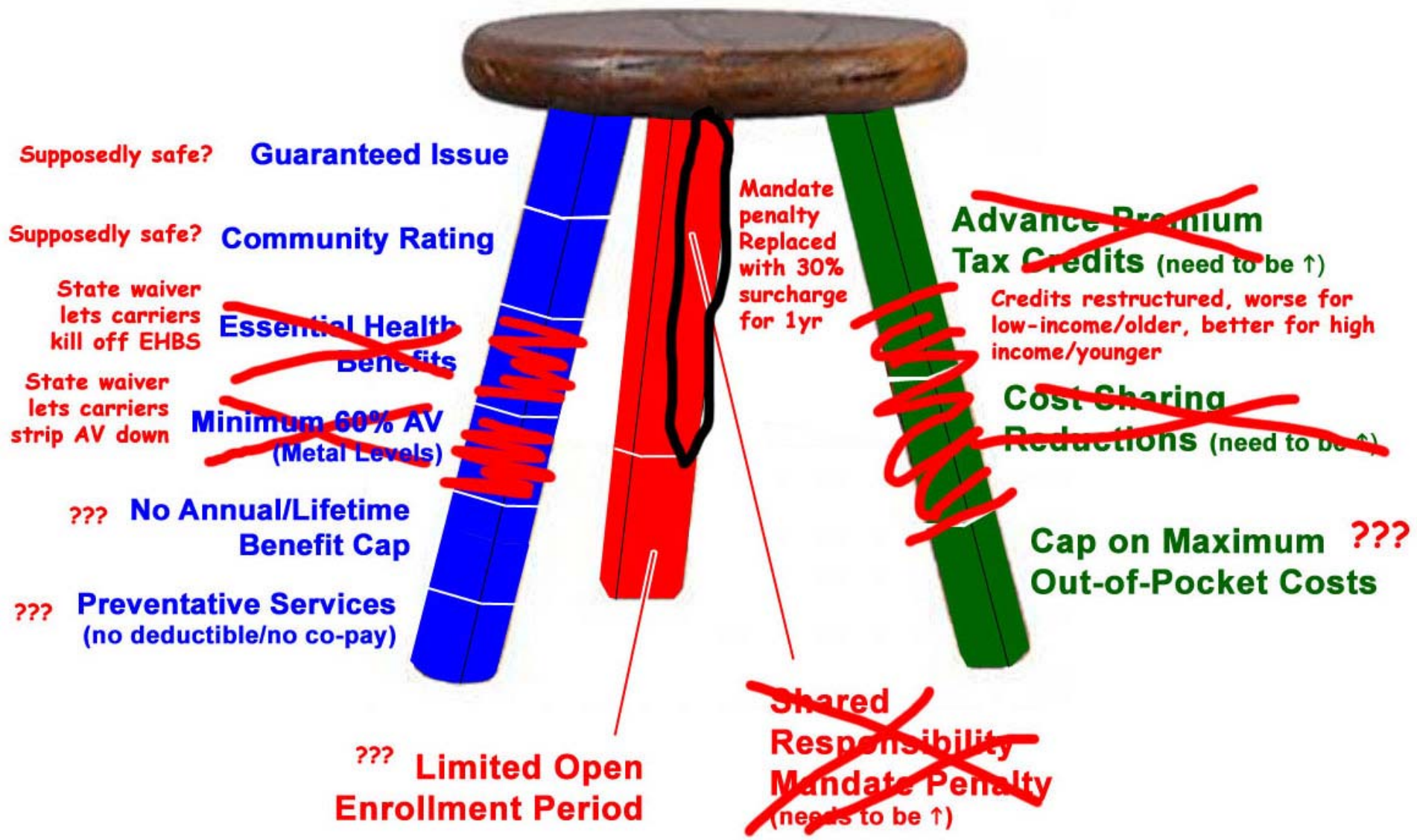
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Assisted by AcademyHealth

Policy Shifts Under the Trump Administration

- Three largest changes:
 - End of cost-sharing reduction payments
 - Repeal of individual mandate
 - Proposed expansion of short-term plans
- Other important changes:
 - Shorter open enrollment period and tougher special enrollment
 - Reduced outreach spending
 - Association health plans
 - Flexibility in actuarial value, MLR, etc.



Supposedly safe? **Guaranteed Issue**

Supposedly safe? **Community Rating**

State waiver lets carriers kill off EHBS
~~**Essential Health Benefits**~~

State waiver lets carriers strip AV down
~~**Minimum 60% AV (Metal Levels)**~~

??? **No Annual/Lifetime Benefit Cap**

??? **Preventative Services (no deductible/no co-pay)**

??? **Limited Open Enrollment Period**

Mandate penalty Replaced with 30% surcharge for 1yr

~~**Shared Responsibility Mandate Penalty (needs to be ↑)**~~

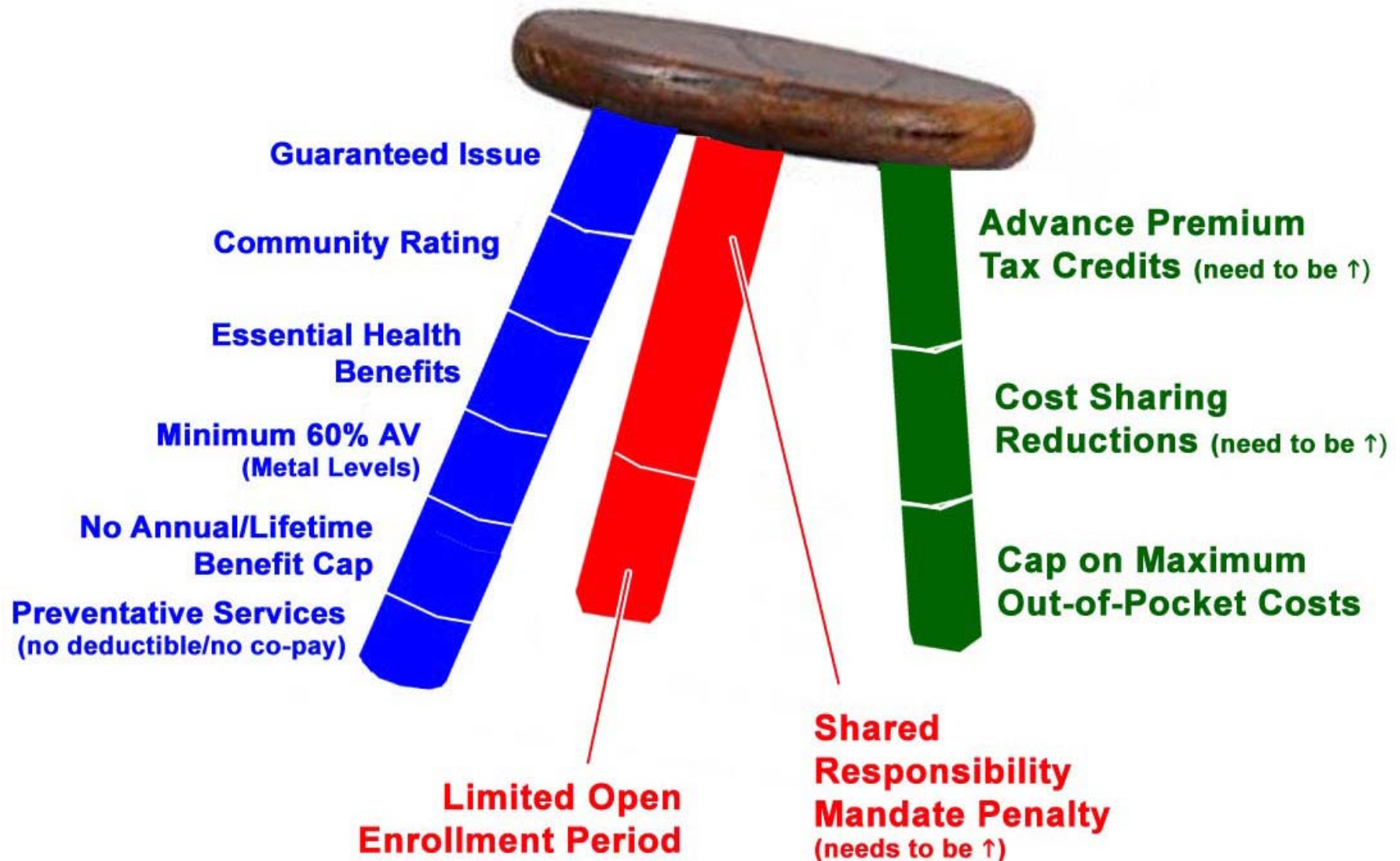
~~**Advance Premium Tax Credits (need to be ↑)**~~

Credits restructured, worse for low-income/older, better for high income/younger

~~**Cost Sharing Reductions (need to be ↑)**~~

Cap on Maximum Out-of-Pocket Costs ???

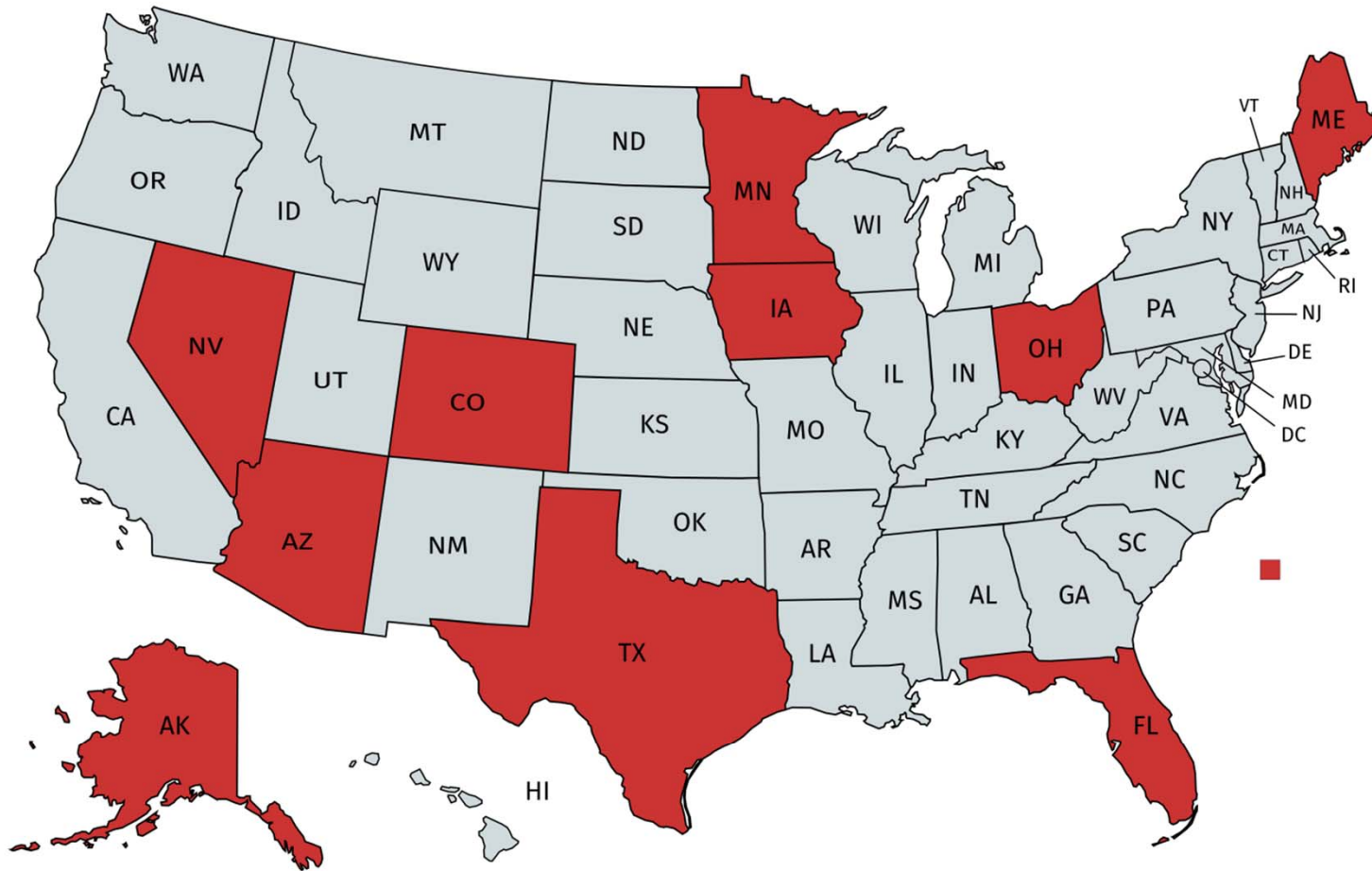
ACA's "Three Legged Stool" is Starting to Wobble



“Stabilize”

- (a) insurers remaining in the market,
- (b) prices not increasing greatly more than general medical cost inflation, and
- (c) no steep or sustained declines in enrollment.

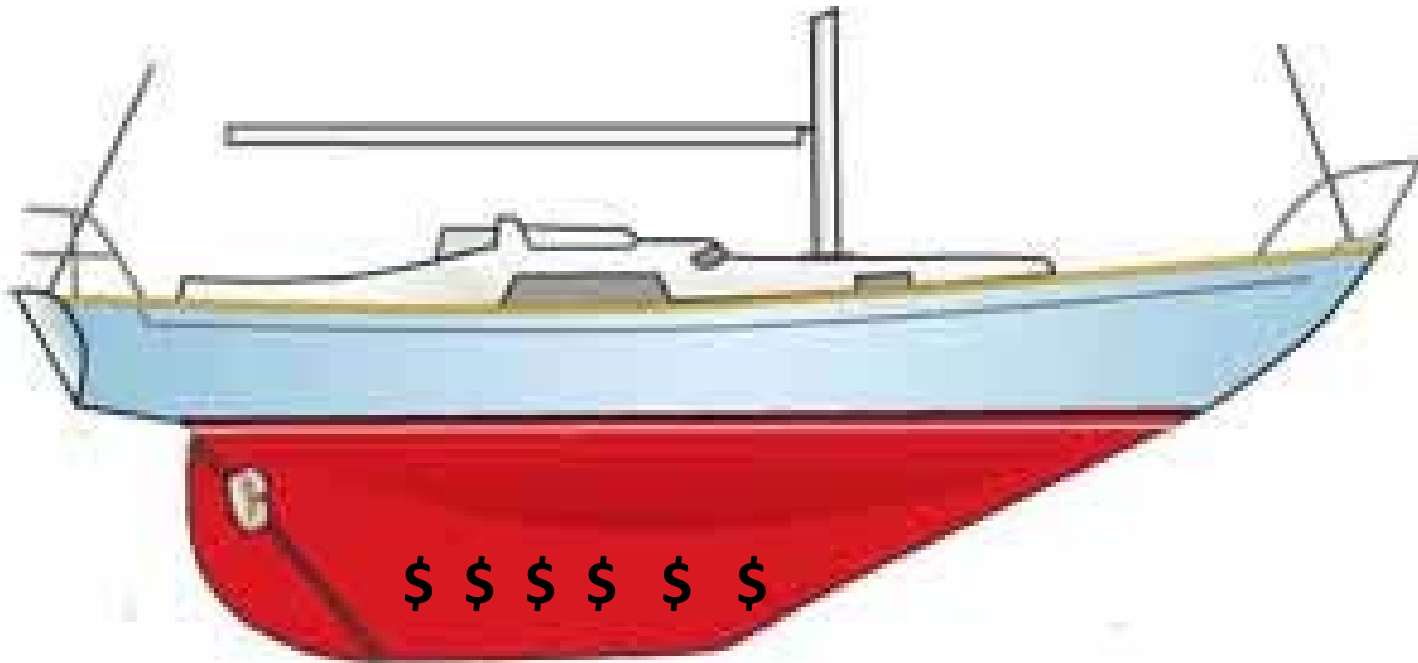
ACA Implementation Network



Created with mapchart.net ©

	Exchange Type	Medicaid Expansion	2018 Average Premium	2018 Enrollment Change	2017 Enrollment Change
National			\$518	+4.6%	+0.5%
Alaska	Federal	Yes	\$778	+19.3%	-6.9%
Arizona	Federal	Yes	\$627	+8.0%	-9.8%
Colorado	State	Yes	\$501	+0.1%	+10.9%
Florida	Federal	No	\$489	+11.4%	+3.4%
Iowa	Federal	No	\$787	+0.6%	+0.6%
Maine	Federal	Not yet	\$636	-2.1%	-3.2%
Minnesota	State	Yes	\$458	+21.2%	+39.9%
Nevada	Hybrid	Yes	\$516	+2.7%	+4.3%
Ohio	Federal	Yes	\$420	+0.1%	+3.2%
Texas	Federal	No	\$435	+8.1%	0.0%

Subsidies Keep Market Afloat





Beware Obamacare's subsidy cliff

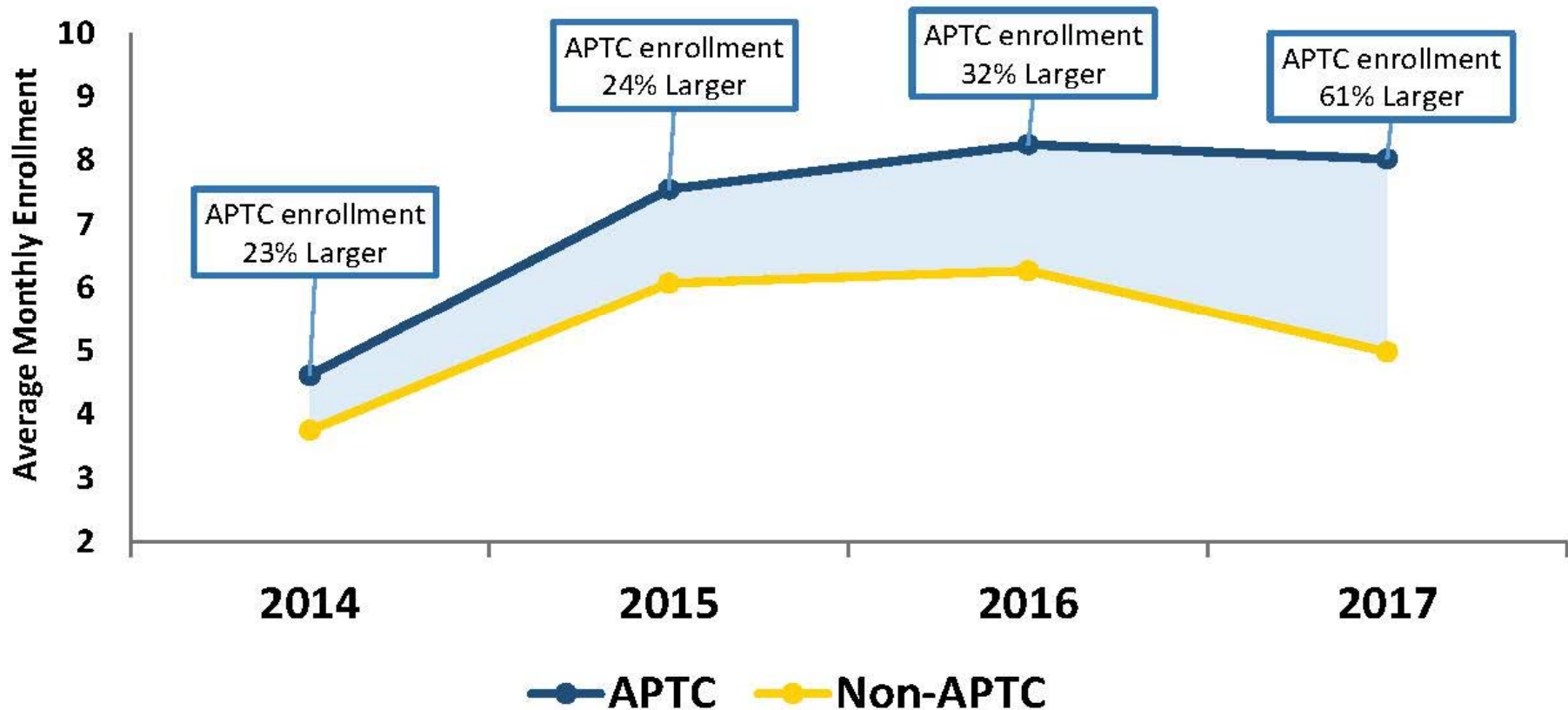
Could earning an extra \$100 cost
you \$10,000 ... or more?

2017 Un-Subsidized ACA Enrollment Declined

National	-20%
Alaska	-30%
Arizona	-73%
Colorado	-19%
Florida	-13%
Iowa	-39%
Maine	+6%
Minnesota	-53%
Nevada	-16%
Ohio	-12%
Texas	-38%

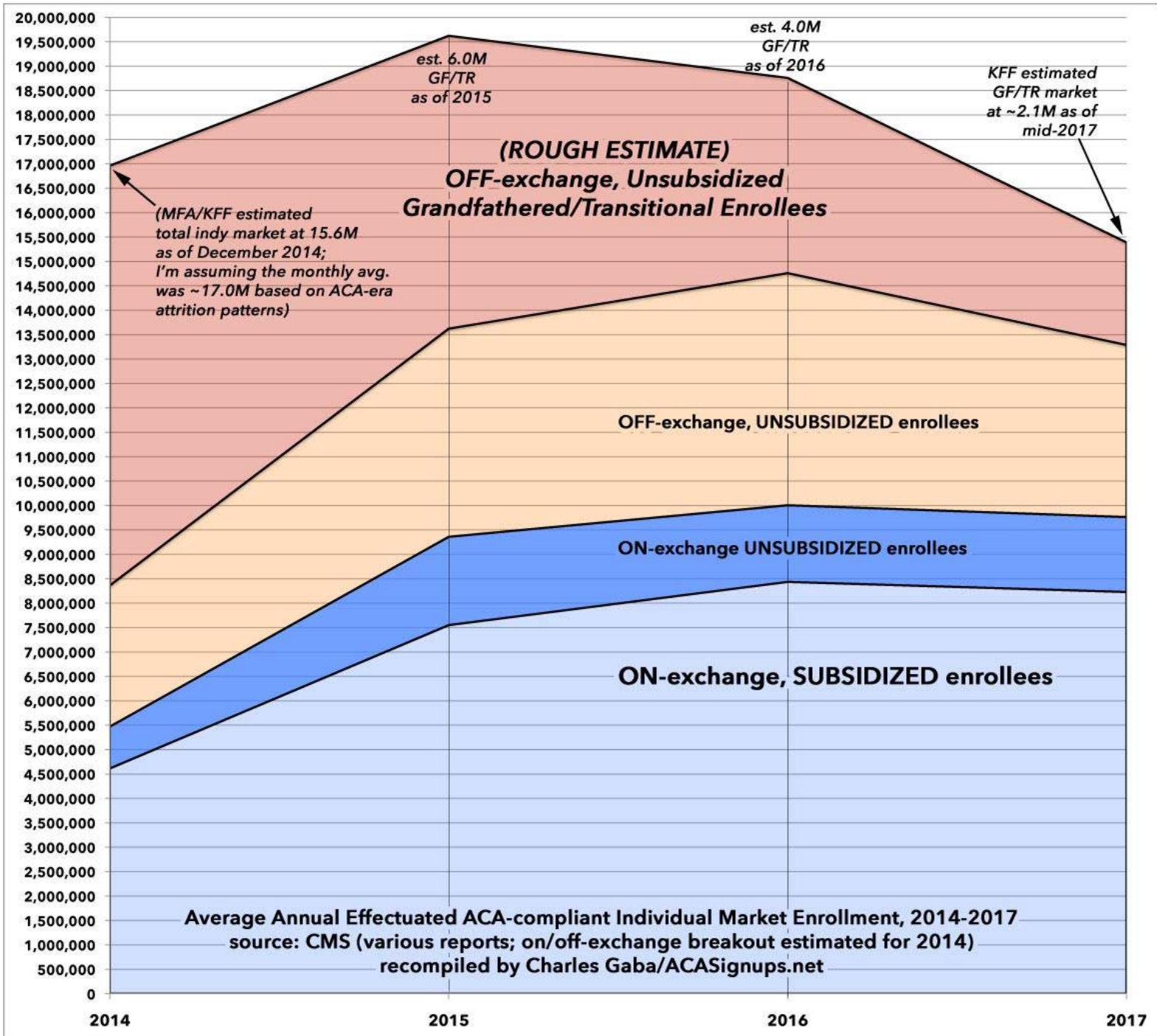
Unsubsidized Enrollment Decline

**Figure 3: APTC and non-APTC Individual Market
Average Monthly Enrollment[†], 2014-2017
(in Millions)**



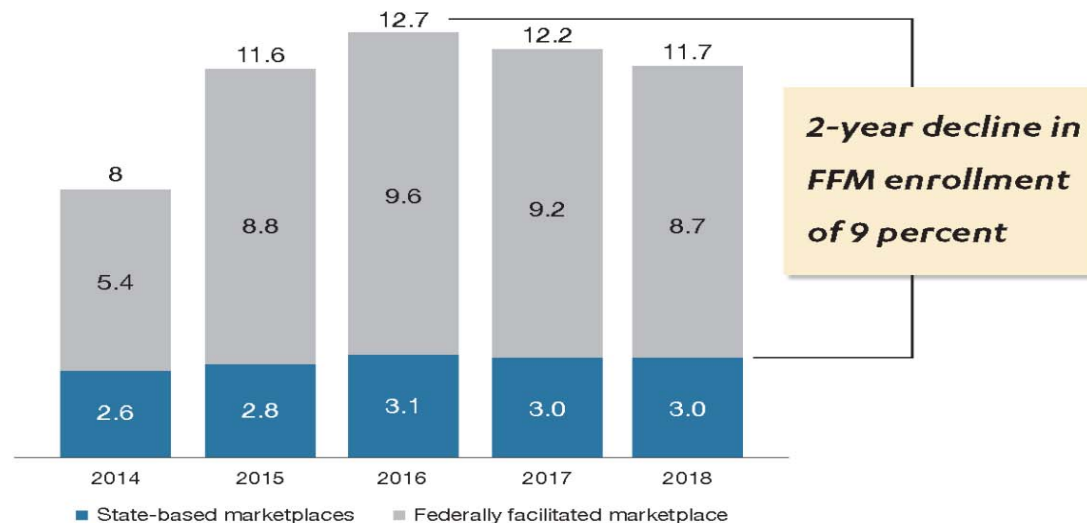
[†]Includes enrollment in individual market health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2014-2017 Risk Adjustment Data and 2014-2017 Exchange Effectuated Enrollment and Payment Data.



State Exchanges Performed Better

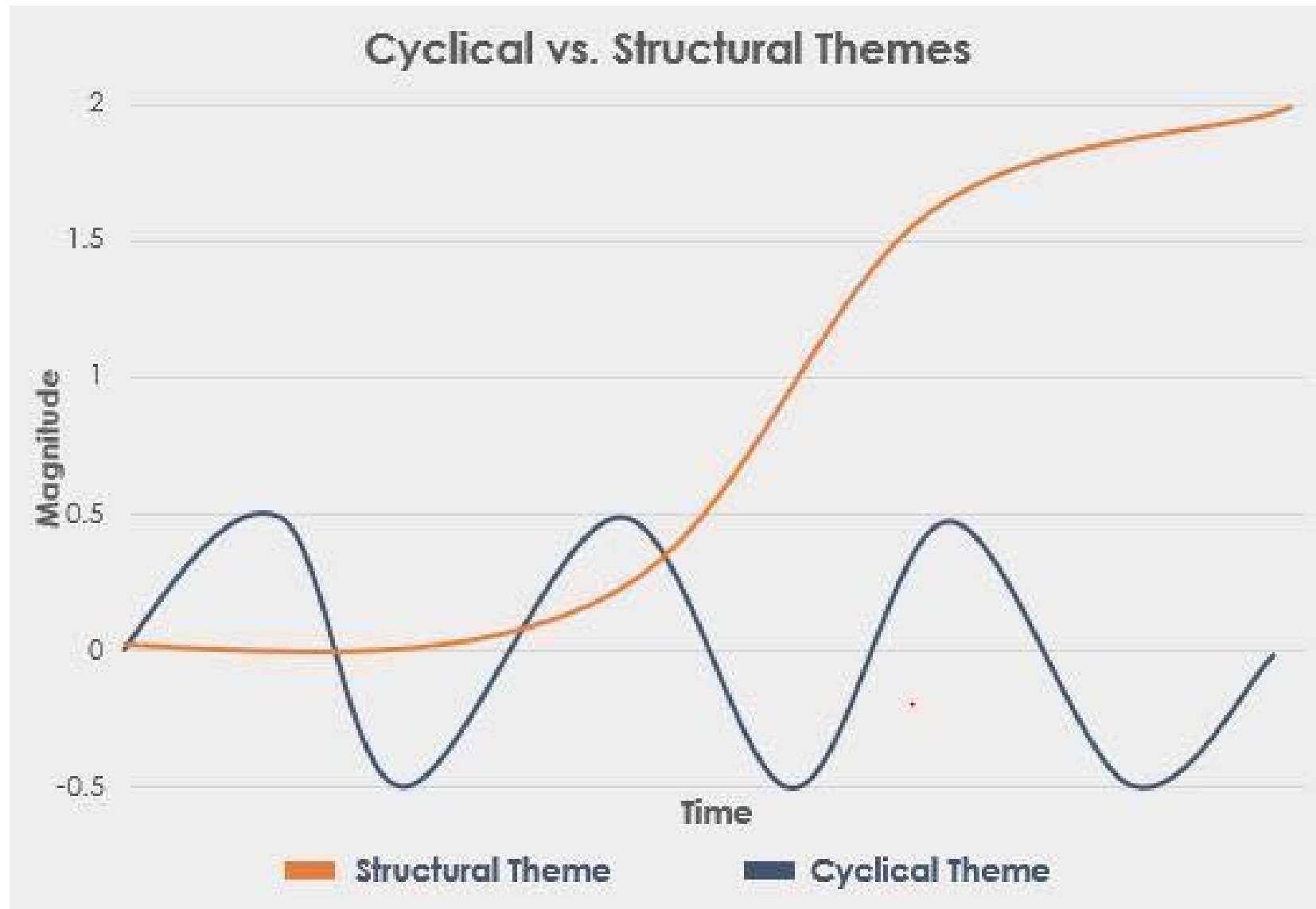
	2018 Exchange Enrollment	2017 Exchange Enrollment	2017 Un-Subsidized Enrollment
National	+4.6%	+0.5%	-20%
Federal Exchanges	+3.2%	+0.3%	-27%
State Exchanges	+5.8%	+4.9%	-12%



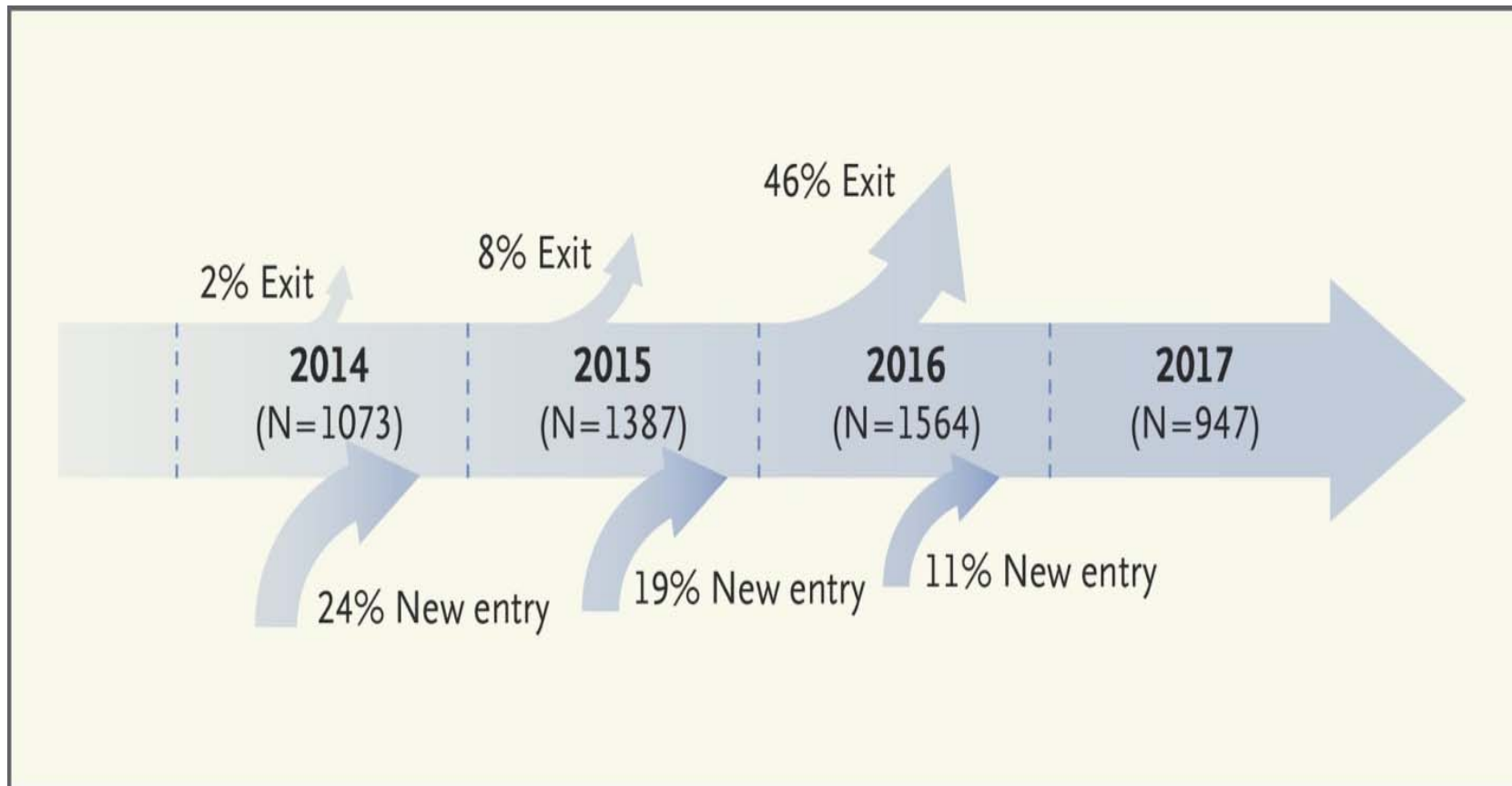
Participating Insurers

Location	2016	2017	2018
National Av.	5.6	4.3	3.5
Alaska	2	1	1
Arizona	8	2	2
Colorado	8	7	7
Florida	7	5	4
Iowa	4	4	1
Maine	3	3	2
Minnesota	4	4	4
Nevada	3	3	2
Ohio	14	10	8
Texas	16	10	8

Enrollment and Price: Cycles & Churn

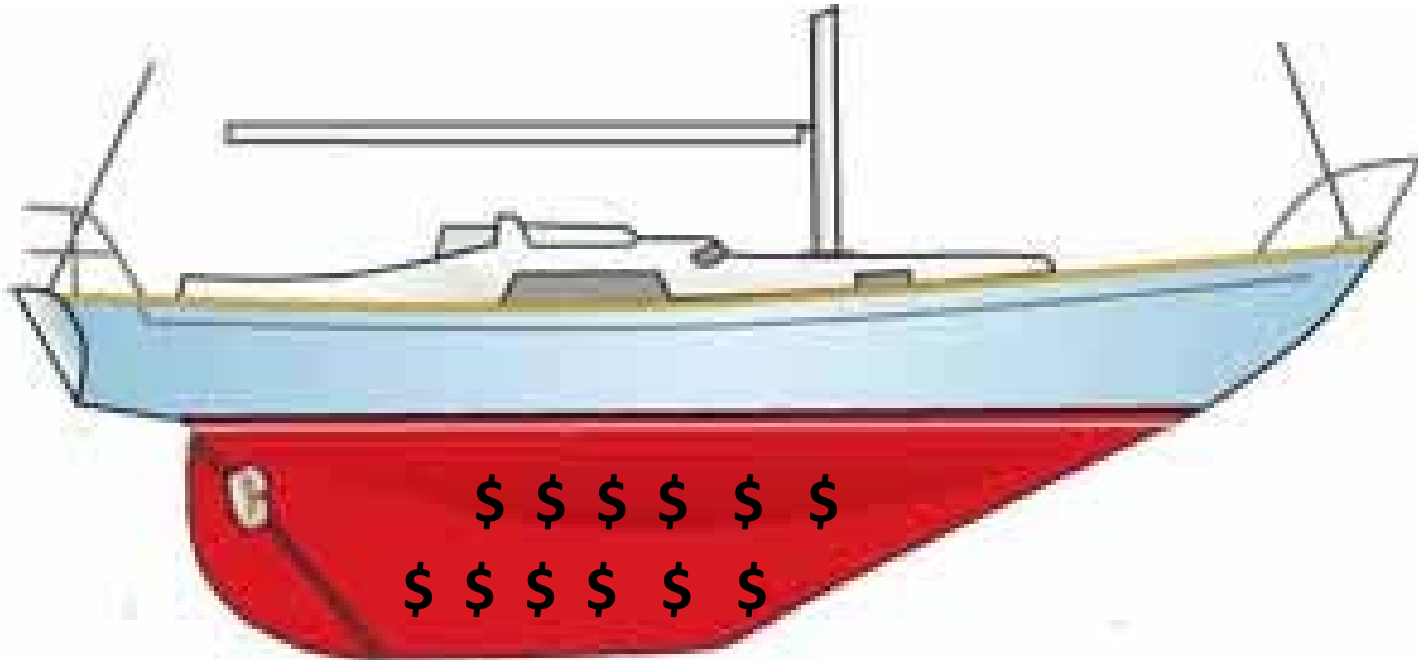


Major Exodus Came Earlier



New Engl. J. Med., 2017

Subsidies Keep Market Afloat IF Rate Increases Are Approved



New (Re)Entrants/Expansion for 2019?

- Blue Cross in Iowa, Maine, Ohio?
- Oscar in Arizona, Florida
- Bright Health in Arizona
- Moda in Alaska?

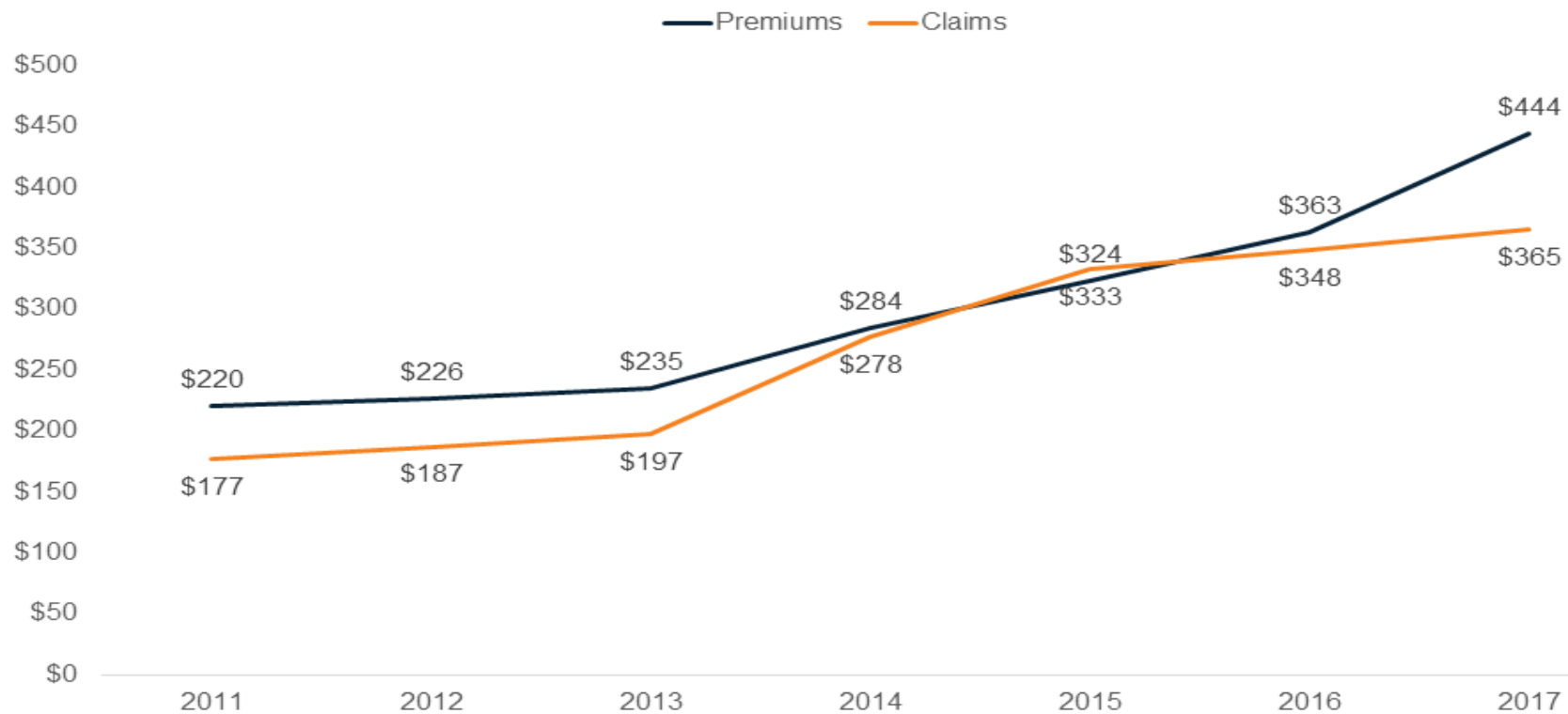
Two Years of Steep Price Increases

			Average 2018 Change in		
	Av. Gold Premium 2018	2017 Rate Increase	Exchange Premium Overall	Lowest Silver Premium	Lowest Gold Premium
National	\$518	25%	27%	32%	19%
Fed. Exchanges		28%	30%		
State Exchanges		17%	22%		
Alaska	\$778	7%	-24%	-23%	-28%
Arizona	\$627	57%	0%	-2%	-5%
Colorado	\$501	20%	33%	30%	32%
Florida	\$489	19%	31%	42%	14%
Iowa	\$787	29%	86%	94%	41%
Maine	\$636	24%	38%	49%	21%
Minnesota	\$458	57%	-6%	-15%	-8%
Nevada	\$516	11%	33%	46%	25%
Ohio	\$420	17%	21%	38%	28%
Texas	\$435	34%	32%	41%	25%

Insurers Have Become Profitable – Even More Than Before ACA

Figure 3

Average Individual Market Monthly Premiums and
Claims Per Person, 2011 - 2017



Source: Kaiser Family Foundation analysis of data from Mark Farrah Associates Health Coverage Portal TM

Two Years of Steep Price Increases

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Possible to Achieve Balance if just Stop Changing the Rules



But, More Ominous Signs for 2019

- DOJ in June:
Guaranteed Issue and
Community Rating
Unenforceable
- CMS in July:
 - Suspended Risk
Adjustment Payments
 - Slashed Navigator
funding
- Who knows what's
next ?????



What's an Actuary to Do?



How Did Ending CSR Payments Affect the Market?

In most states, insurers only raised premiums for silver plans, known as “silver loading,” and only on-Marketplace

– About 9 in 10 enrollees live in “silver loading” states

Illustrative Monthly Premiums in a “Silver Loading” State

	With CSRs Funded				Without CSRs Funded		
	Bronze	Silver	Gold		Bronze	Silver	Gold
Full Price	\$600	\$700	\$800		\$600	\$850	\$800
Subsidy	\$500	\$500	\$500		\$600	\$650	\$650
Net Price	\$100	\$200	\$300		\$0	\$200	\$150

Gold Prices Increased Less

	Average 2018 Change in		
	Exchange Premium Overall	Lowest Silver Premium	Lowest Gold Premium
National	27%	32%	19%
Alaska	-24%	-23%	-28%
Arizona	0%	-2%	-5%
Colorado	33%	30%	32%
Florida	31%	42%	14%
Iowa	86%	94%	41%
Maine	38%	49%	21%
Minnesota	-6%	-15%	-8%
Nevada	33%	46%	25%
Ohio	21%	38%	28%
Texas	32%	41%	25%

Ultimate Effects of CSR Cutoff

- Many subsidized enrollees better off
 - “Zero Premium Bronze”
 - Gold plans for same price as Silver
- Unsubsidized enrollees largely unaffected
 - Most purchase off-Marketplace or non-silver plans
- Federal government spends ~\$30 billion more

Mandate Repeal Will Not Destablize the Market

- Subsidies, plus limited open enrollment, are the primary enrollment drivers
- Mandate was not terribly strong to begin with
 - Smallish penalty
 - Liberal exceptions
- But, modeling indicates some adverse effect.

Reinsurance to the Rescue?

- An effective aspect of the ACA, just not long enough.
- Addresses *ongoing* actuarial uncertainty, especially for smaller rating areas
- State funds supplemented with sec. 1332 federal “pass through” payments

Reinsurance Limitations

- Only a 1-time reduction of 10-20%.
 - Just a “stop gap”
- Frustration with federal review
- Substantial state funding is required

Will the Govt. “Pull Another Lucy”?



Are there better ways to use the money?

Targeting subsidies >400 FPL is more productive way to expanding coverage than market-wide reinsurance.

Expanding Non-Compliant Plans

- Short-Term Plans
- Farm Bureaus
- Sharing Ministries
- Assoc. Health Plans



Beware Obamacare's subsidy cliff

Could earning an extra \$100 cost
you \$**10,000** .. or more?

Major Concerns

- Likely to cause substantial adverse selection, market segmentation
- Repeal of individual mandate causes a double whammy

Worth Trying?

- No other affordable options
- Premiums subsidies shelter most of the existing market

Simulation Models

CMS:

- ACA rates will increase 6%.
- Total coverage will increase 200,000

Urban Institute:

- 8% ACA rate increase
- Total covered will increase 1.7 mill.

CBO:

- 2-3% ACA rate increase
- 1 million more covered

Support Single Market? or Create Divided Market?



But what about uninsurables?



Tax the noncompliant market to
subsidize ACA >400% FPL

Other Measures

- Various forms of federal leeway had little consequence
 - Several states considering Medicaid public option
- Stop rocking the boat just for political reasons:
- “healthcare is too important to play politics with. People's lives [are at stake].”



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