Premium Increases and Fewer Insurers Participating Expected in Exchange Market in 2018

Summary

More than 40% of counties could see only one exchange plan in 2018, with risk that some counties may have no commercial options.

Proposed 2018 exchange premiums for the most popular type of exchange plan (silver) are 18% higher, on average, compared to last year. This finding comes from an Avalere analysis of data from eight states that have submitted early rate filings.

Avalere experts note, however, that most consumers still have the opportunity to select lower premium plans, and those who do may experience smaller changes in annual costs. For example, initial rate filings show premium increases of 11% and 12% for the lowest-cost and second-lowest-cost silver plans, respectively.

Avalere experts cite the uncertainty surrounding the future of the Affordable Care Act (ACA) and cost-sharing reductions (CSRs), as well as inadequate risk-mitigation programs, lower-than-expected exchange enrollment, and declining plan participation, as likely contributors to premium growth in 2018.
“The debate over the Affordable Care Act and cost-sharing reduction funding casts uncertainty over the market,” said Dan Mendelson, president of Avalere. “But despite all of this activity, the vast majority of consumers will still have commercial exchange options in 2018.”

In 2017, silver premiums increased 12% on average, with significant geographic variation. As in prior years, the majority of exchange consumers continue to choose silver plans, with most gravitating toward the lowest- or second-lowest-cost option. Importantly, final rates will vary from proposed premiums, and consumers’ monthly costs will depend on where they live and the plan they choose. The initial filing deadline for states using HealthCare.gov is June 21.

**Plan Participation Is Decreasing, Though Final Numbers Remain in Flux**

“In addition to the cost of premiums, insurer decisions around whether or not to offer plans in the exchanges will impact shoppers,” said Caroline Pearson, senior vice president at Avalere. “Consumers will see fewer choices on the exchange again in 2018, with some counties at risk of
having no options.”

To date, 47 counties (covering about 34,000 enrollees) would have no participating issuer on the exchange without a new plan entering the market or expanding its footprint. However, several insurers have indicated plans to expand participation, so this number will change prior to the start of open enrollment. In addition, 41% of counties could see only one insurer offering plans, up from 33% in 2017. Further, only 27% of counties are expected to have three or more issuers, down from 64% in 2016. According to Avalere experts, given the uncertainty in the exchanges and pending legislation, insurer participation decisions are likely to evolve over the summer with additional entries and exits likely.

Under the ACA, consumers must purchase insurance through an exchange to access premium and cost-sharing subsidies. If any counties remain without a plan option when open enrollment begins, residents would not have access to subsidized coverage. Currently, counties at risk of
having no participating plan are largely rural counties with limited enrollment. Those counties had an estimated 34,000 people who selected an exchange plan in 2017, representing 0.3% of all 12.2M people who signed up for coverage. Some of those counties may be covered by new entrants and other counties could be left uncovered if plans withdrawal from additional markets.

**Methodology**

Analysis includes final 2017 premiums and proposed 2018 premiums in Connecticut, the District of Columbia, Maryland, Maine, New York, Oregon, Vermont, and Virginia. States were selected based on rate filings available and accessible, through Department of Insurance websites or the System for Electronic Rate and Form Filing (SERFF), as of June 16, 2017. For the purposes of this analysis, average premiums are not weighted by exchange enrollment in a given rating region or state. 2017 premium data based on the Robert Wood Johnson Foundation 2017 HIX Compare Datasets, updated as of April 25, 2017. 2018 proposed premiums were collected via rate filings that were publicly available as of June 16, 2017. Per HHS requirements, issuers in each state must uniformly use a set number of geographic rating areas as part of their premium setting. Each state’s market rating areas and methodology for dividing the state into rating areas are subject to variation based on Metropolitan Statistical Areas (MSAs), counties, three-digit zip codes, or MSA/non-MSAs. All premiums are for an individual, 50-year-old non-smoker. Proposed 2018 rate filings are currently under review; final approved rates may be different.

County-level participation by issuers in the exchanges is determined by Avalere’s analysis of the 2016 and 2017 HHS Individual Market Landscape files. Data for state-run exchanges is based on Avalere analyses of state-run exchange websites and other publicly available issuer participation data.

For 2018, Avalere has provided the most up-to-date information on exchange issuer participation by county. Avalere has incorporated public, statewide exits from the market, as well as county-level exit information in Washington and Tennessee. This information comes from public statements by issuers, state Departments of Insurance, and rate filings. The 2018 data are expected to change in coming months as state rate filing deadlines pass and more information becomes available about 2018 participation. Importantly, this analysis does not take into account new entrants (aside from TN) that may reduce the number of counties with limited or no issuer participation.

Total estimated enrollment in the 47 counties identified as potentially having no participating issuer on the exchange was calculated by summing county-level enrollment data from HHS’ 2017 OEP County-Level Public Use File—for areas affected in OH and MO—and Washington’s 2017 OEP
Report (for Klickitat and Gray’s Harbor counties).