

2017 exchange market: Pricing trends

Findings across 50 states and DC

As of 11.03.2016

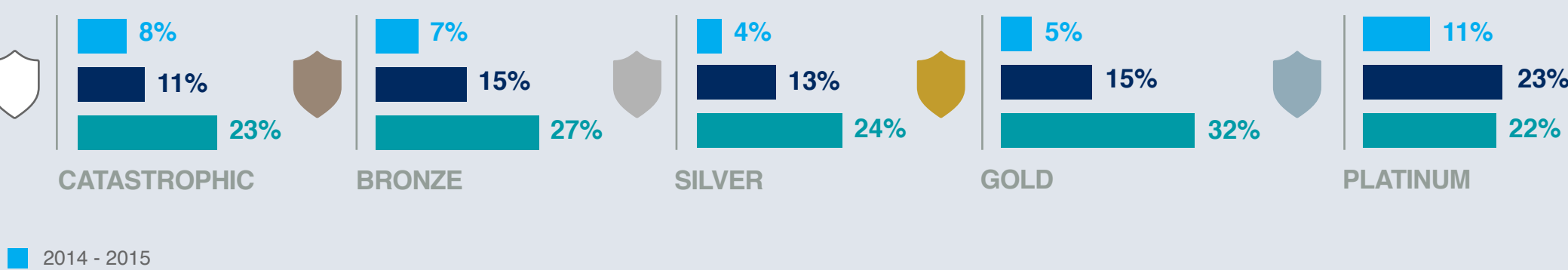
OVERALL

MARKET VIEW

Change in gross premium (before subsidies) by metal tier

Median change in gross premium (before subsidies) of the lowest-price plan by metal tier

✓ The median change in price of the lowest-price plan continues to increase across most metal tiers



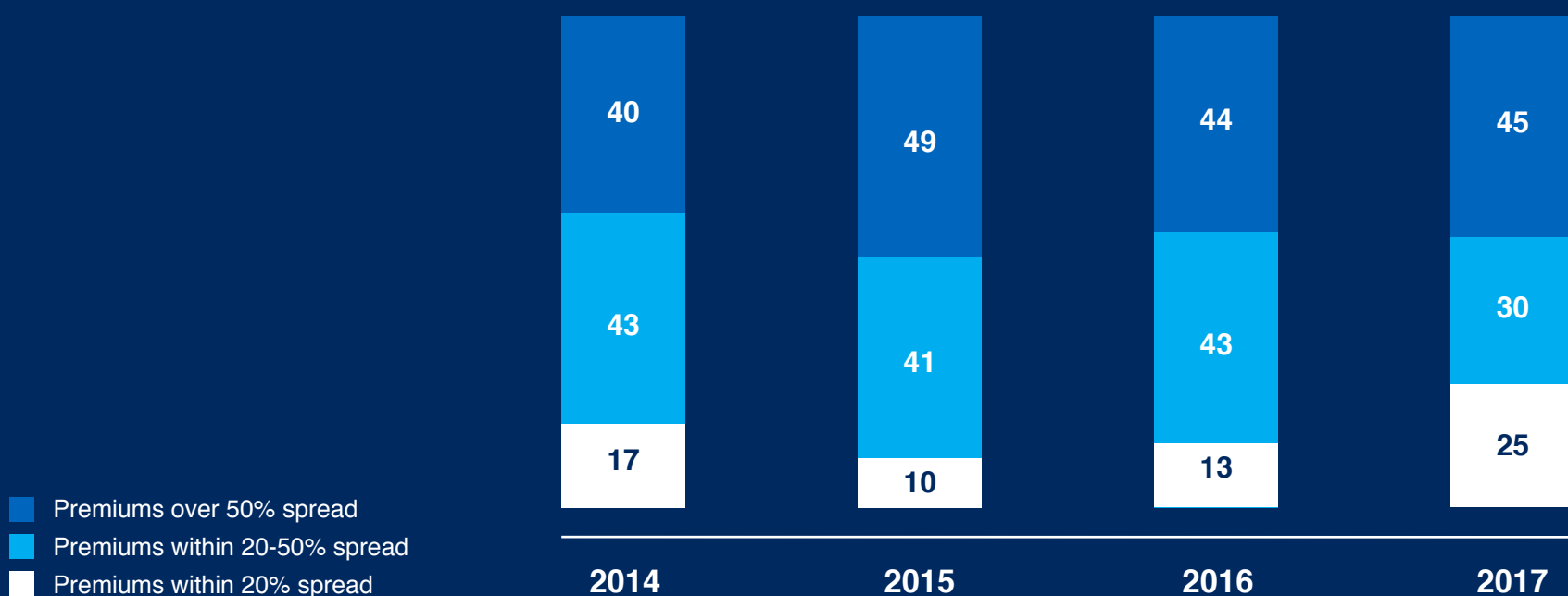
■ 2014 - 2015
■ 2015 - 2016
■ 2016 - 2017

CONSUMER VIEW

Range in gross silver premium (before subsidies) for QHP-eligible population

✓ While pricing variation continues into 2017, a growing percentage of consumers are seeing exchange prices converge

Percentage of consumers seeing a given percent range between the lowest- and highest-price silver gross premium (before subsidies) in their county



■ Premiums over 50% spread
■ Premiums within 20-50% spread
■ Premiums within 20% spread

CONSUMER VIEW

Change in net premium¹ (after subsidies) for subsidy-eligible population

✓ Subsidies have a buffering effect on changes to net premiums for eligible consumers

Weighted average \$ per member per month change in net premium¹ (after subsidies) of the lowest-price silver plan

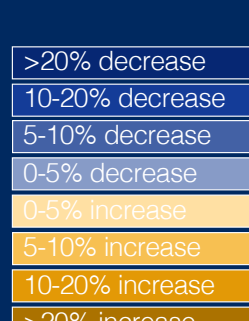
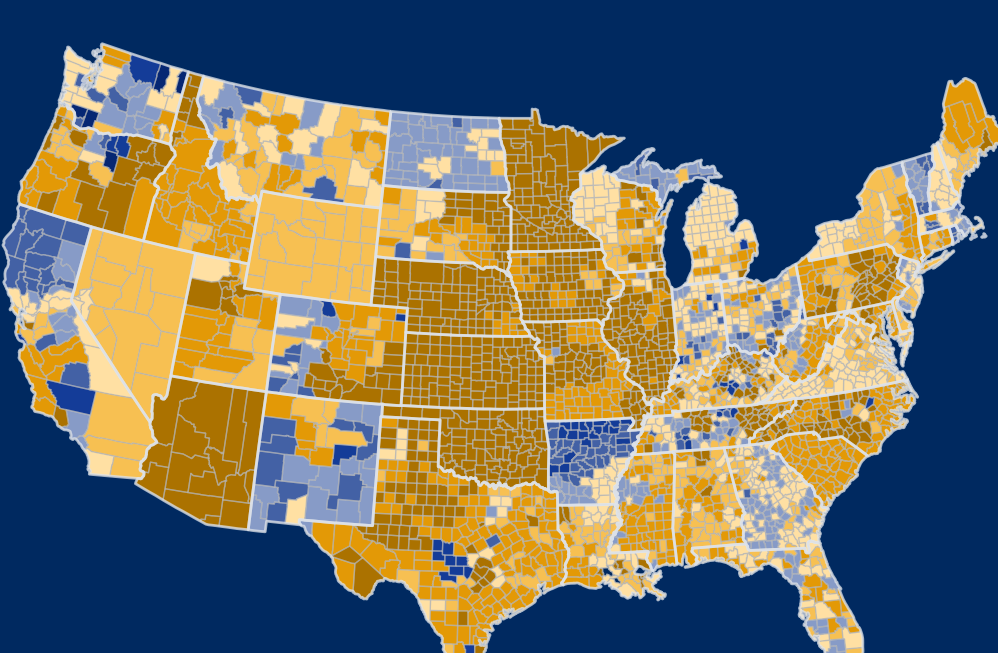
BY GEOGRAPHY

MARKET & CONSUMER VIEW

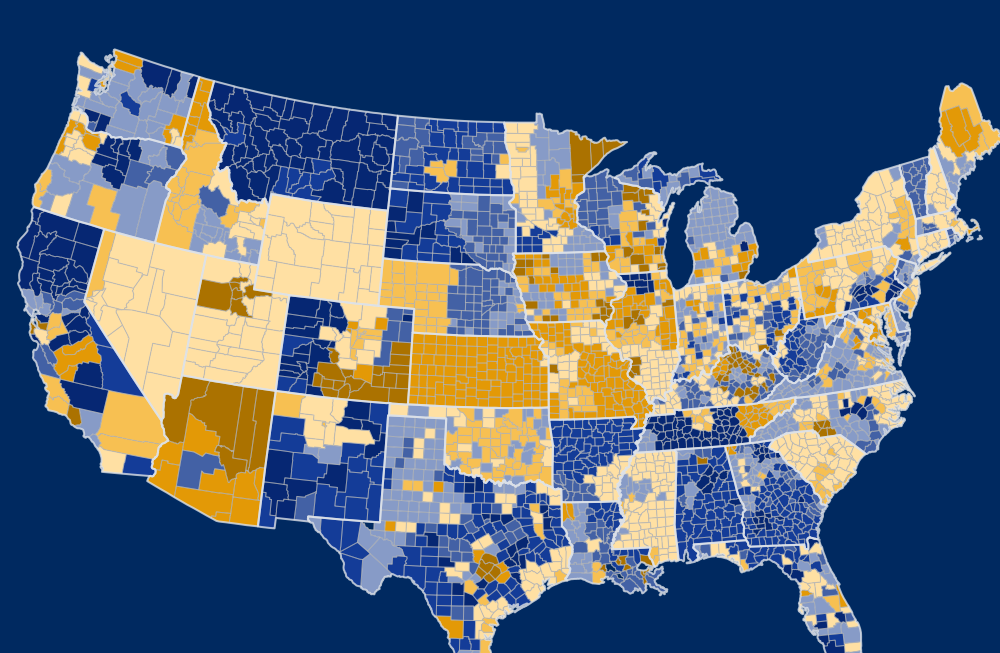
Percentage change in net premium¹ (after subsidies) by county

✓ While geographic variation exists, more than one-third of all QHP-eligible consumers, and half of subsidy-eligible consumers, see a decrease in the lowest-price silver net premium in 2017

2016-2017

Change in weighted-average lowest-price silver net premiums¹ (after subsidies) for all QHP-eligible consumers

2016-2017

Change in weighted-average lowest-price silver net premiums⁴ (after subsidies) for subsidy-eligible consumers

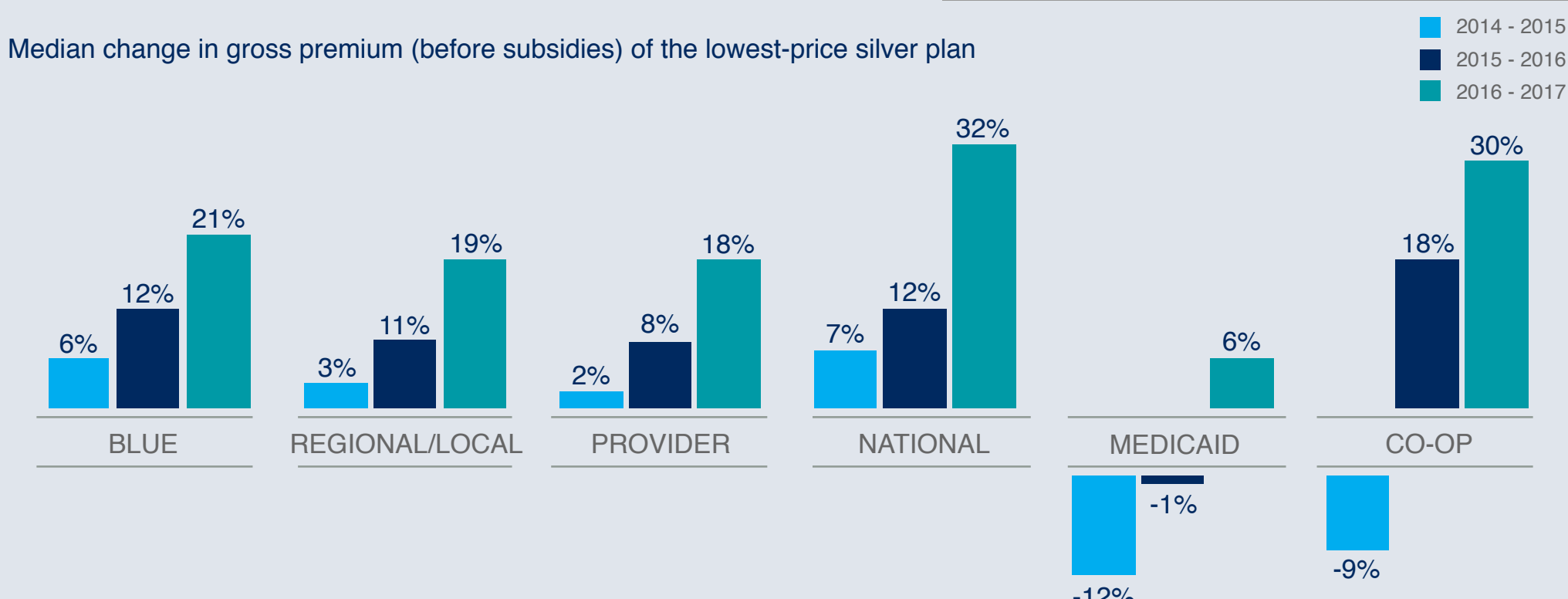
BY CARRIER

MARKET VIEW

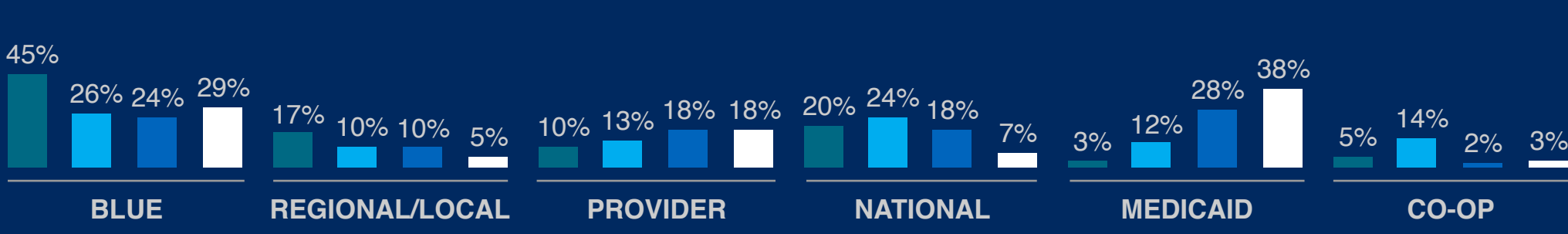
Change in gross premium (before subsidies) by carrier type²

✓ Although rate changes vary by carrier type, Medicaid carriers filed the lowest median rate increases for 2017

Median change in gross premium (before subsidies) of the lowest-price silver plan

CONSUMER VIEW²Price leadership by QHP-eligible population³

✓ Two-thirds of consumers see either a Blue or Medicaid carrier offering the lowest-price silver plan in their county in 2017

Percentage of consumers seeing given carrier type² offering the lowest-price silver plan in their county

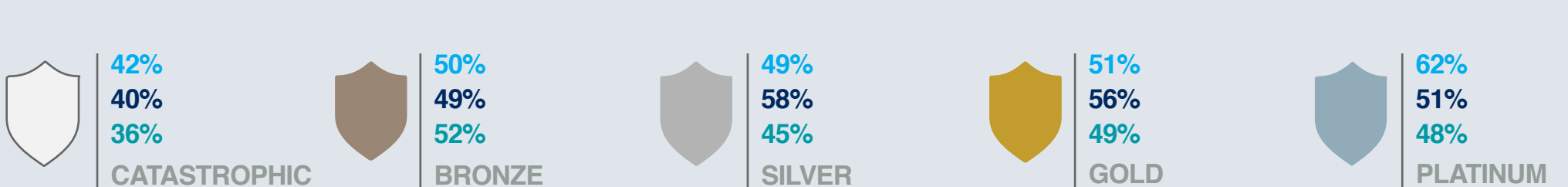
KEY: ■ 2014 ■ 2015 ■ 2016 ■ 2017

CONSUMER VIEW

Change in price carrier leadership by metal tier³

✓ Similar to past years, many consumers see new price leaders in 2017 and will have the option to switch to a lower-priced plan

QHP-eligible consumers seeing a new price leader in 2017



■ 2014 - 2015
■ 2015 - 2016
■ 2016 - 2017

METHODOLOGY

2014 - 2017 pricing findings are based on publicly 2017 individual exchange ranges from state and federal healthcare exchanges. All analyses are at the county-level. This report does not include off-exchange data.

To understand the net premium changes that subsidy-eligible individuals will face, we calculated the weighted average change in net premiums between 2016 and 2017 for the lowest-price silver plan in each county. First, we established a distribution of subsidy-eligible individuals (at a household level) in each county, using McKinsey's MPACT model (based on public sources: Census Bureau, ACS, SAHIE). Next, we combined this population distribution with data about 2016 and 2017 lowest-price silver plan gross premiums, calculating per-member-per-year net premiums at a household level. To estimate net premiums, we used income level and household size to determine the relative premium cap for each household unit. Then, we calculated the second lowest-price silver premium based on the median age for each age bucket combined with household size to determine the relative subsidy, and applied that to the lowest-price silver plan to calculate the net premium of the lowest-price silver plan. Finally, we used the 2016 and 2017 net premiums to calculate weighted-average rate changes individually and collectively.

1. This includes both subsidy-eligible (income below 400% of the federal poverty level (FPL)) and subsidy-ineligible (income above 400% FPL) consumers. By 'net premium', we are reflecting subsidies for the subsidy-eligible individuals.

2. Blues: a Blue Cross Blue Shield payor, includes Anthem, HCSC, Regence; Consumer-operated-and-oriented plan (CO-OP): a recipient of federal CO-OP grant funding that was not a commercial payor before 2014; Medicaid: a carrier that offered only Medicaid insurance in the past, includes Molina and Centene, along with regional/local Medicaid carriers; National: a commercial payor with a presence in more than four states that has filed on exchanges (specifically, Aetna/Coverity, Assurant, Cigna, Humana, UnitedHealthcare); Provider: a carrier that also operates as a provider/health system; Regional/local: a commercial payor with a presence in four or fewer states (most often, just one state) that has filed on the exchanges.

3. Price leadership defined as having the lowest-price plan in a given county.

4. This includes subsidy-eligible (income below 400% of the federal poverty level (FPL)) consumers only. By 'net premium', we are reflecting subsidies for these individuals.