

Insights into the 2020 Individual market – increased consumer choice and decreased premiums

Center for US Health System Reform

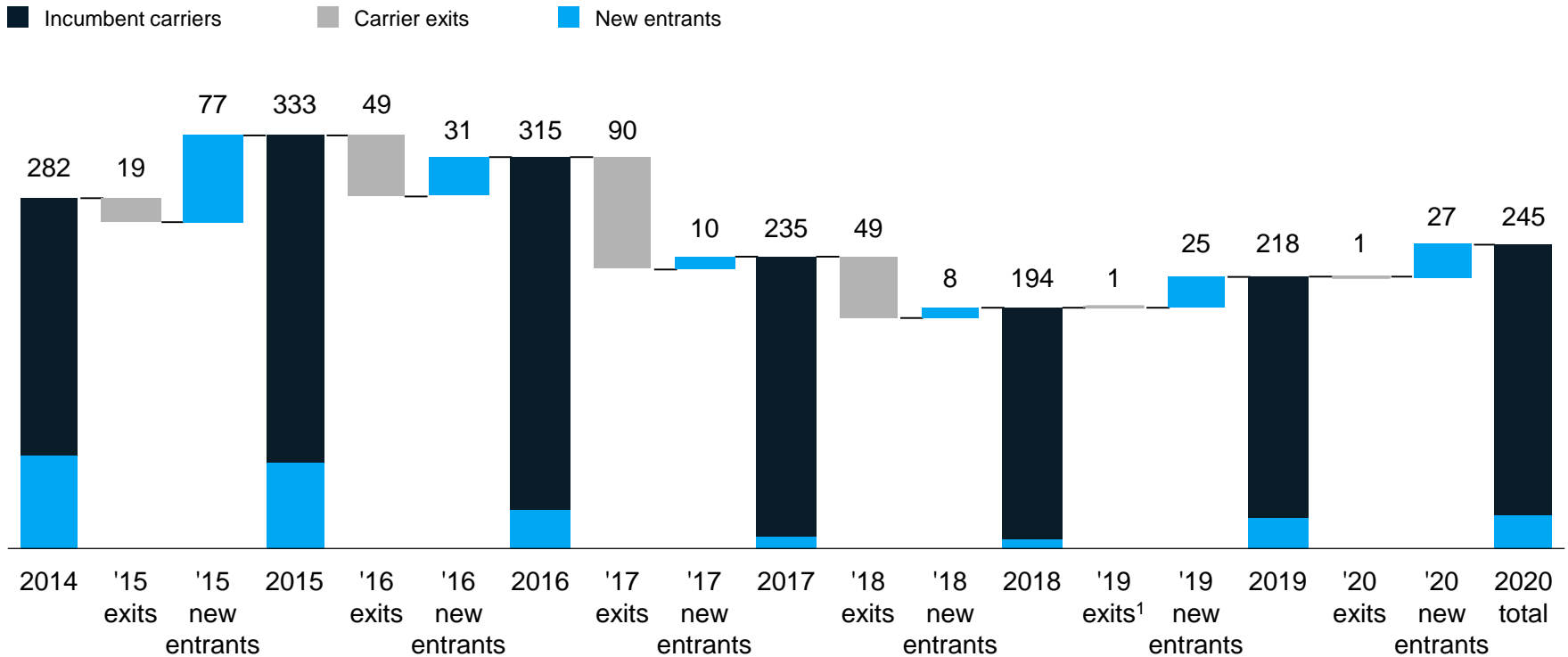
February 2020

Carrier Participation

1. Carrier participation increased in 2019 and 2020, following 3 years of decline¹

Exchange participation by year

Count of carriers at the state level



Note: New entrants includes carriers that newly filed individual exchange plans in a given state, as well as carriers that were already participating in a state, but filed plans under additional and/or different set of entities

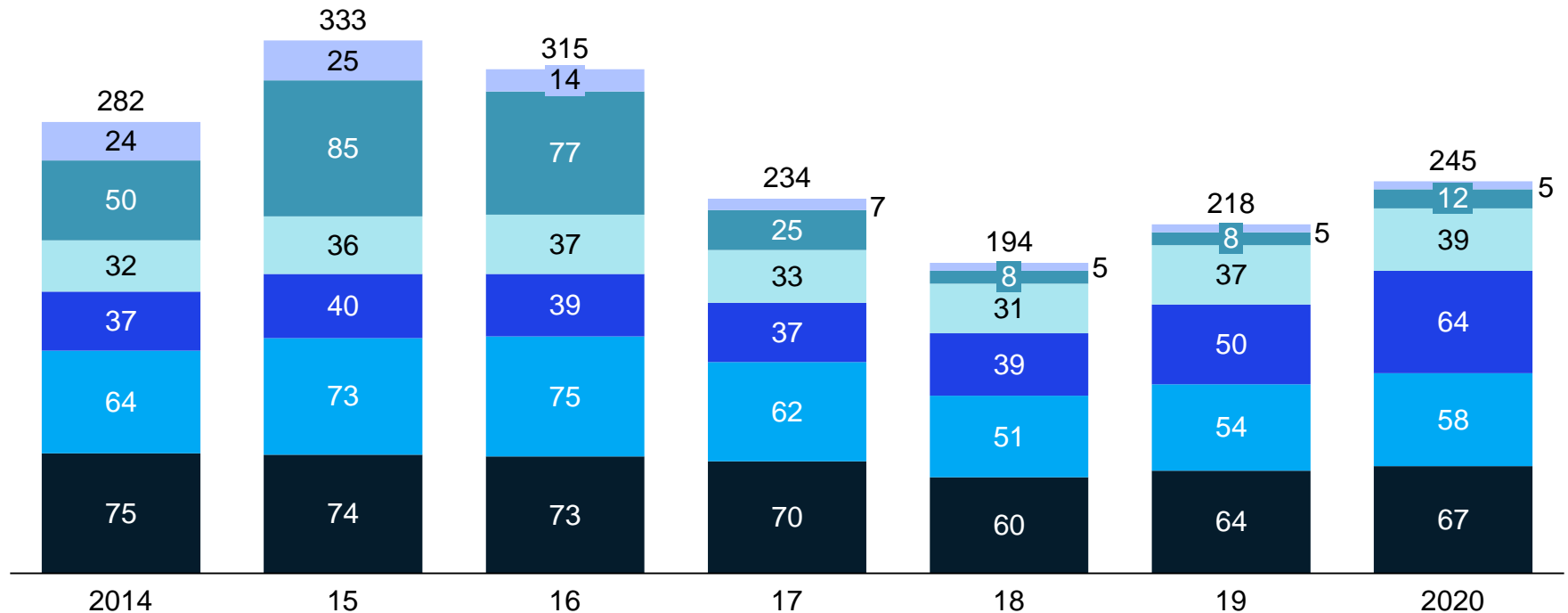
1. Carrier considered to exit due to acquisition; the acquiring carrier is participation on exchange, resulting in a net change in carriers to the state of 0

2. Regional/local carriers are expanding participation more than other carrier types

Exchange participation by year and carrier type

Count of carriers

Blue Provider Regional/local Medicaid National CO-OP

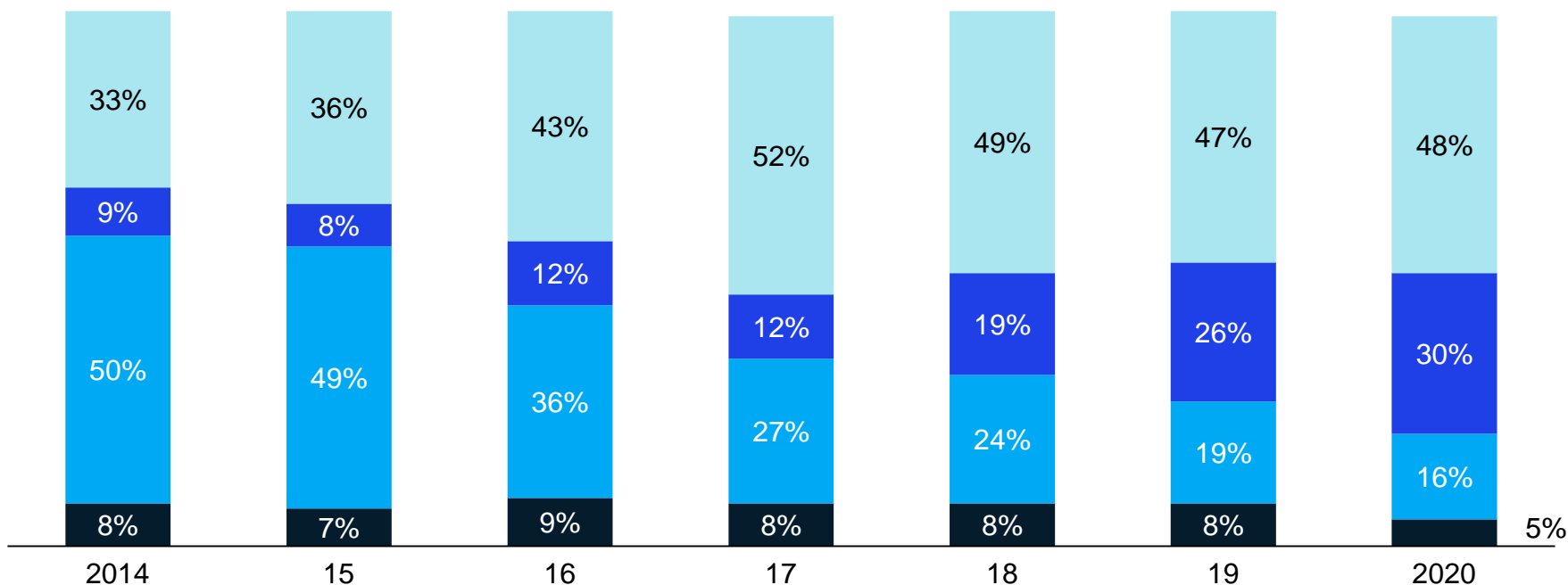


3. Managed care plans (including HMO and EPO) are continuing to make up a higher percentage of individual marketplace offerings

Plan type trends by year

Percent of exchange plan offerings

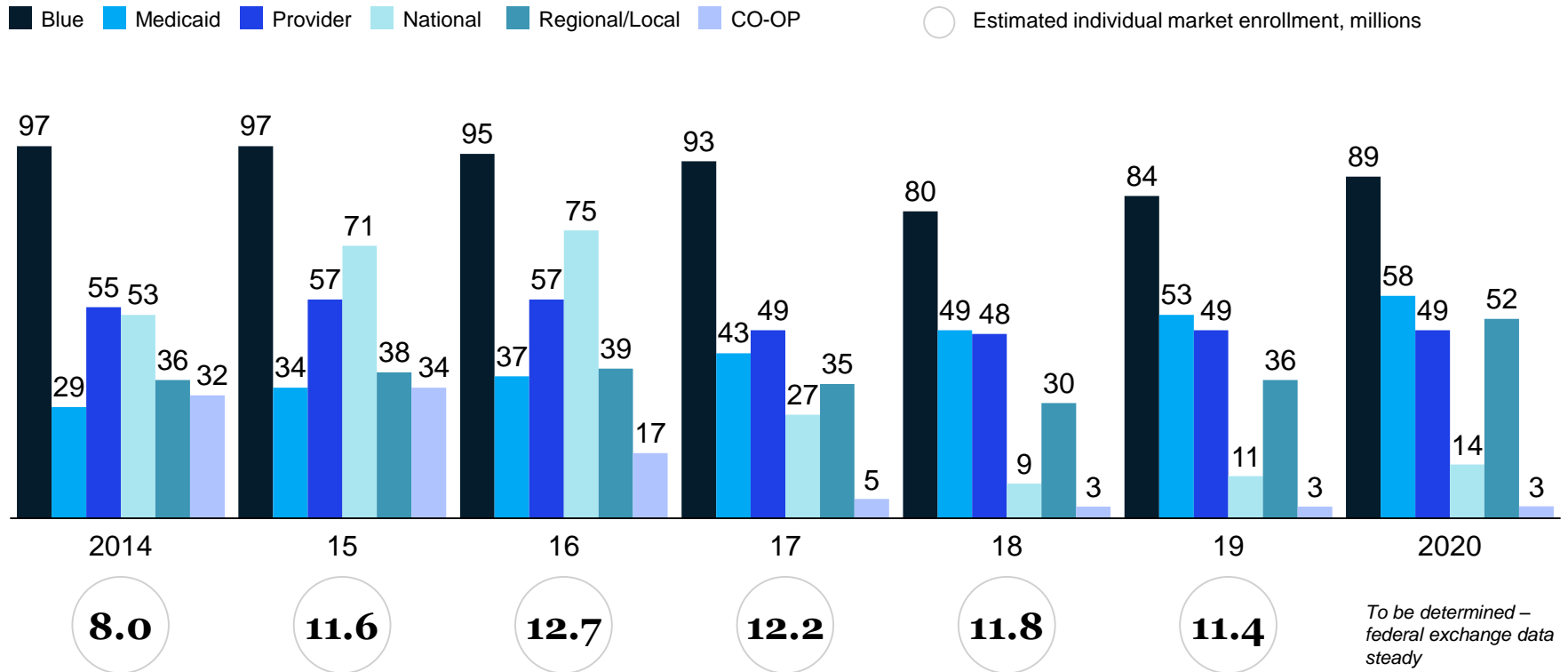
■ POS ■ PPO ■ EPO ■ HMO



4. Consumer access to most carrier types is increasing in 2020

Exchange participation by carrier type

Percent of consumers with access to plan^{1,2}



1. Consumers defined as the population that has enrolled in any type of individual coverage, including both on-exchange and off-exchange plans; enrollment for 2020 is projected
2. Access defined as the carrier type offering at least 1 on-exchange silver plan in a given county

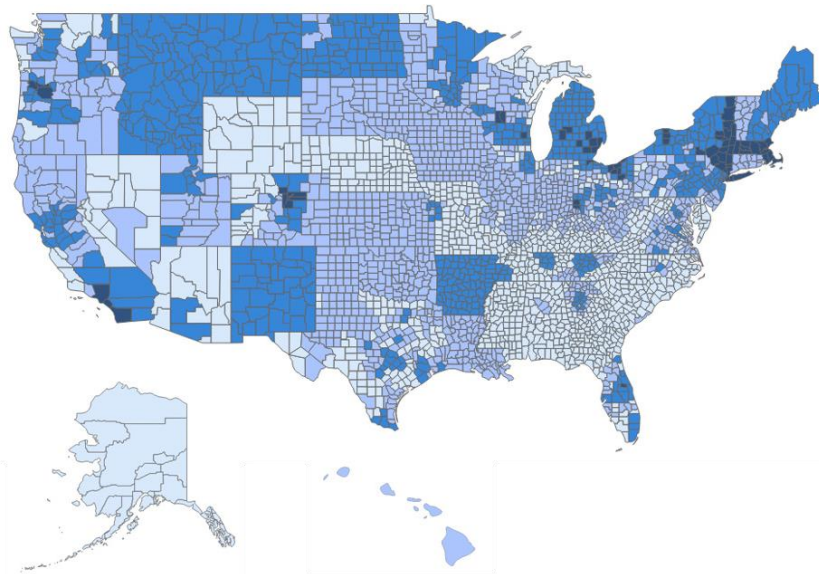
5. The proportion of counties with a single carrier decreased from 36% in 2019 to 25% in 2020

Exchange participation by county¹

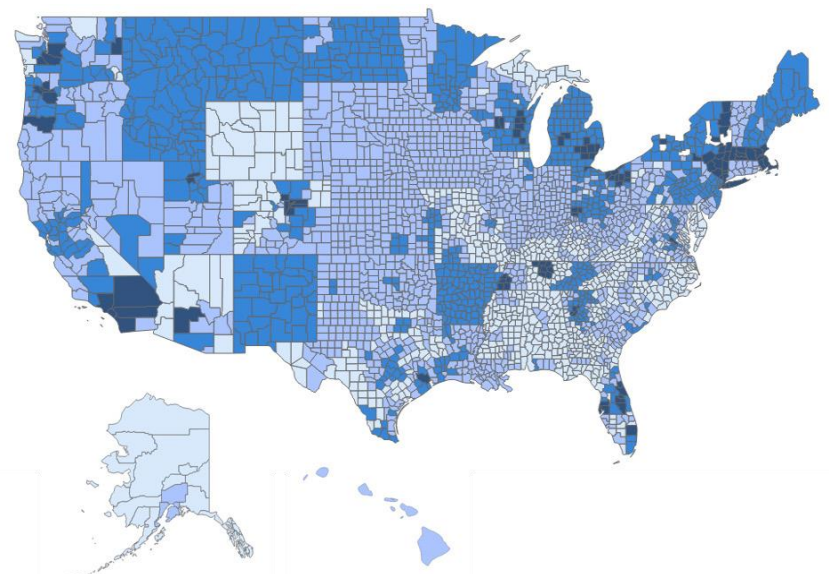
Count of carriers

1 participating carrier 3-4 participating carriers 2 participating carriers 5+ participating carriers

2019



2020



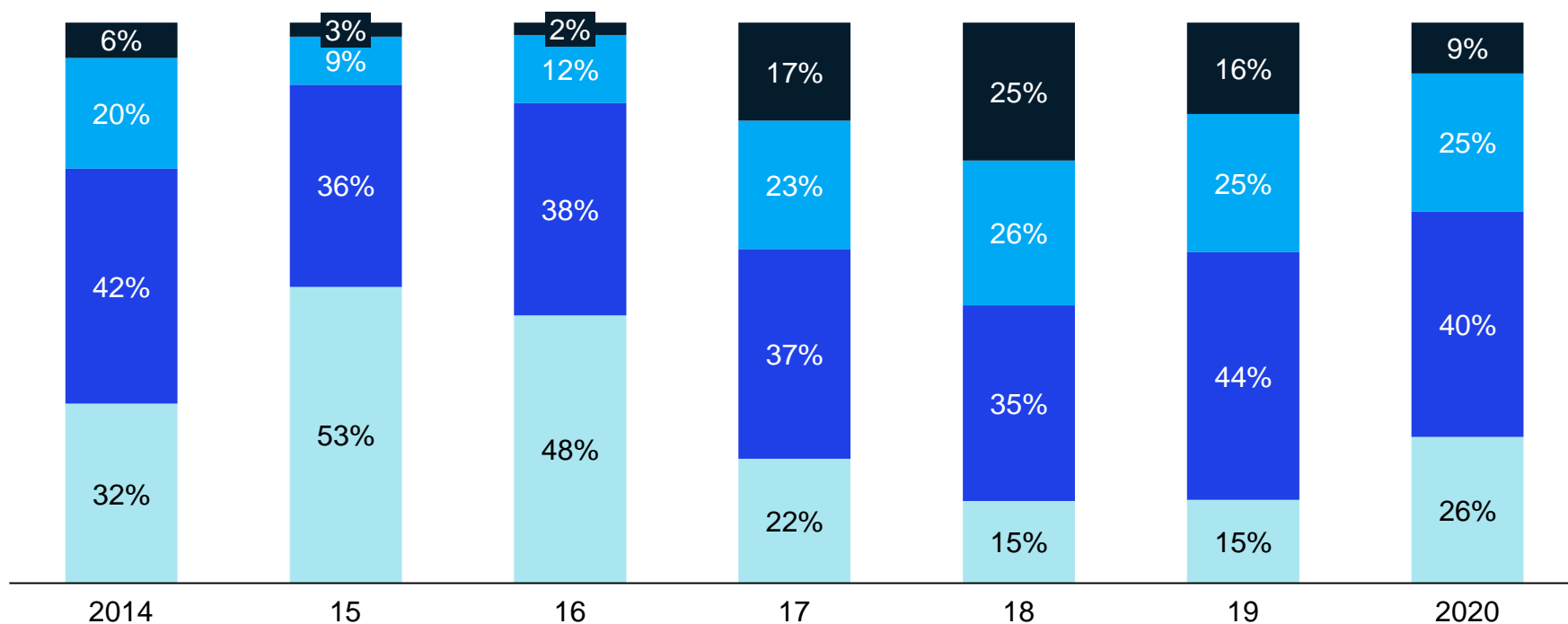
1. For 2020, due to data limitations the analysis excludes 9 NY counties with an estimated 2020 enrollment of 10,932: Herkimer, Montgomery, Orleans, Saratoga, Schuyler, Tompkins, Washington, Wayne, and Wyoming

6. ~9% of consumers have a single carrier offered in their county, and ~66% of consumers can choose from at least 3 carriers

Consumer choice of carriers

Percent of consumers with a given number of carrier options in their county^{1,2}

1 carrier 2 carriers 3-4 carriers 5+ carriers



1. Consumers defined as the population that has enrolled in any type of individual coverage, including both on-exchange and off-exchange plans; enrollment for 2020 is projected

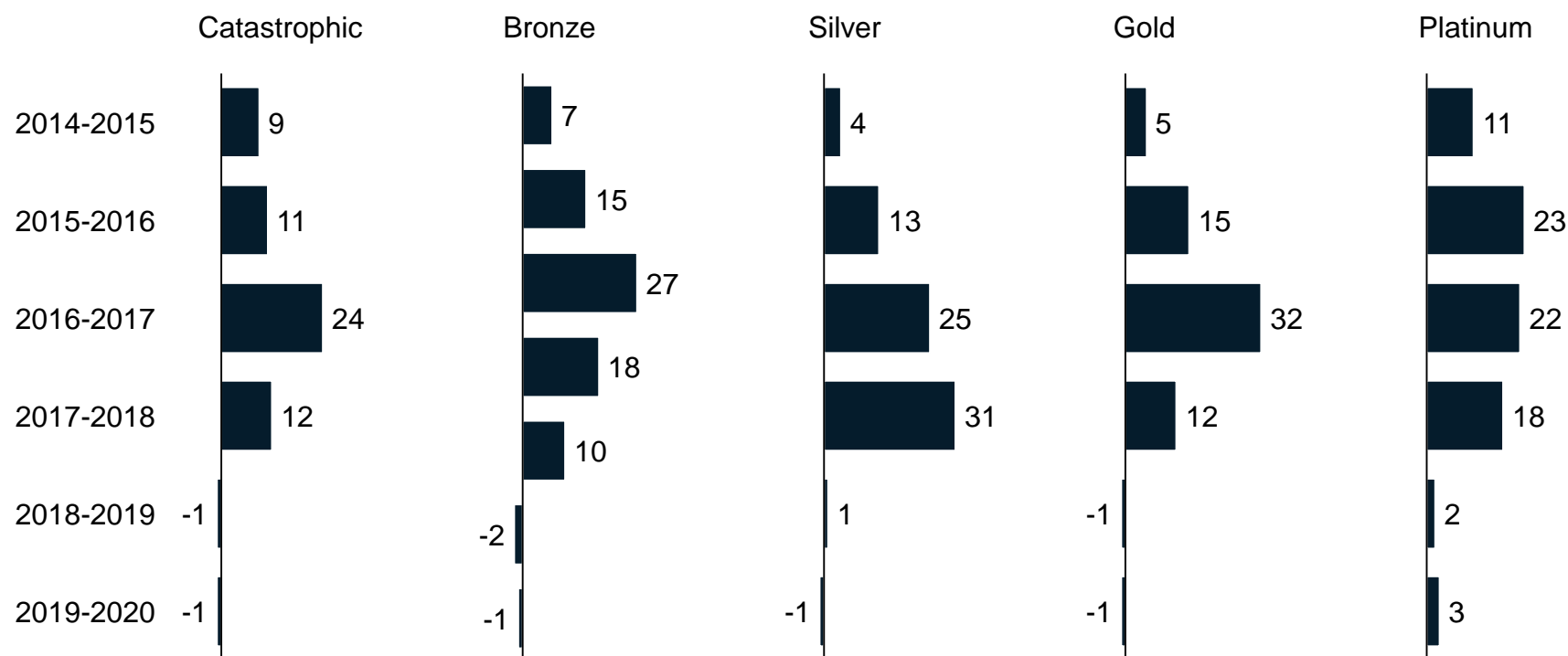
2. Counting carriers that offer at least 1 on-exchange silver plan at a parent company level

Pricing

7. Premiums for all metal tiers except platinum declined¹

Change in gross premium by metal tier and year

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



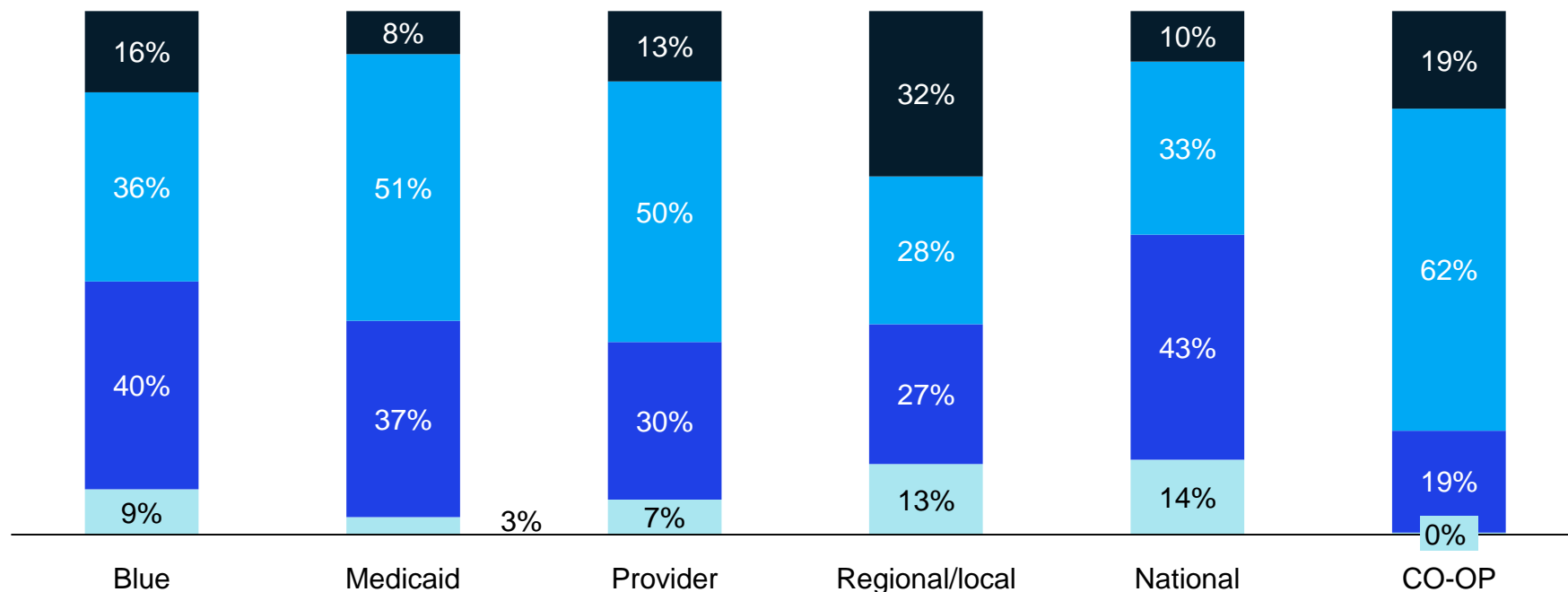
1. Premium changes may differ from CMS estimates due to differences in methodology including use of lowest cost plan rather than second lowest cost plan

8. Across all carrier types, except national, over half of consumers will see a decrease in the lowest silver plan offered

Change in lowest price silver plan premium by carrier type

Projected percentage of consumers¹ experiencing a premium change from 2019-2020

10%+ decrease 0-10% decrease 0-10% increase 10%+ increase

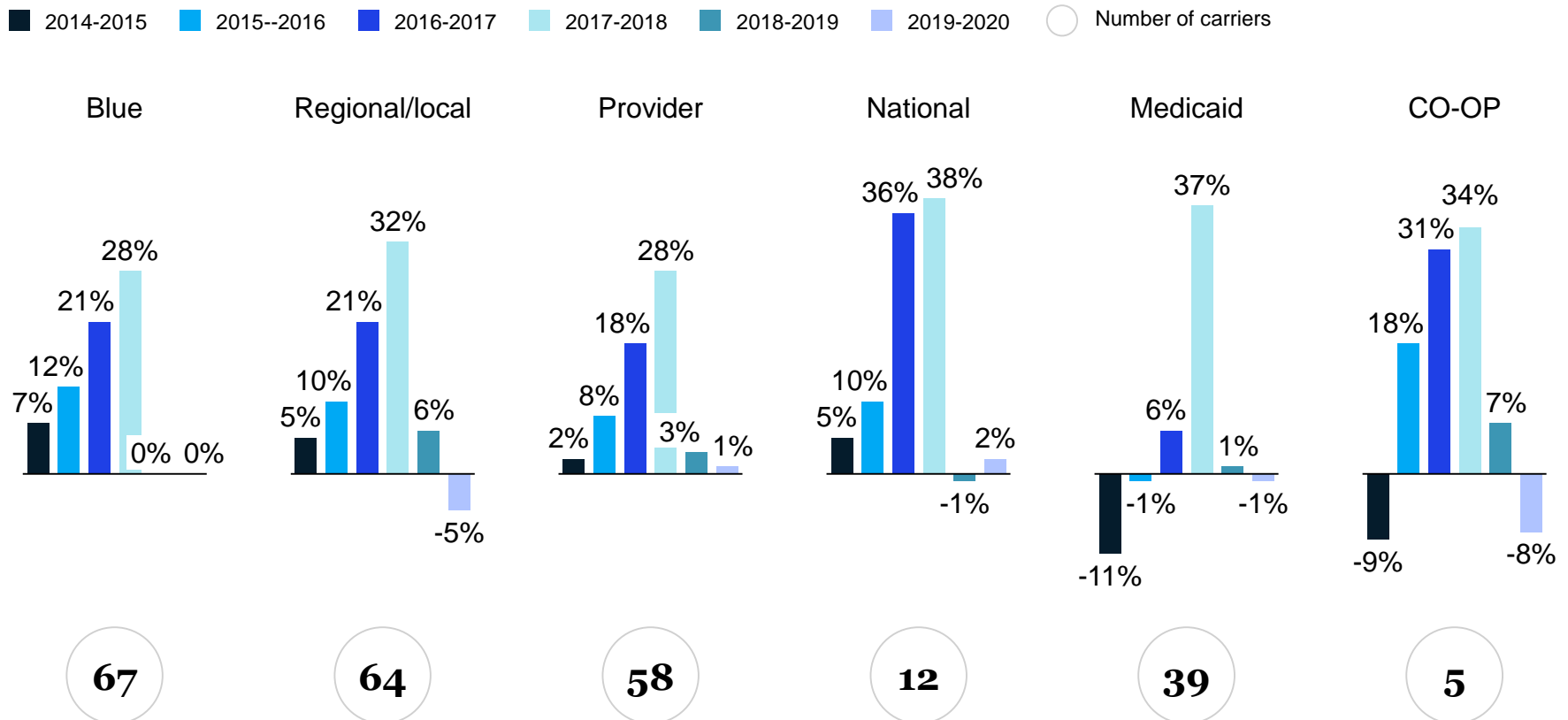


1. Defined as the population that has enrolled in any type of individual coverage, including both on-exchange and off-exchange plans. For 2020, this is projected based on 2019 data

9. Regional/local and CO-OP plans filed the largest premium decreases in 2020

Change in gross premium by carrier type

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

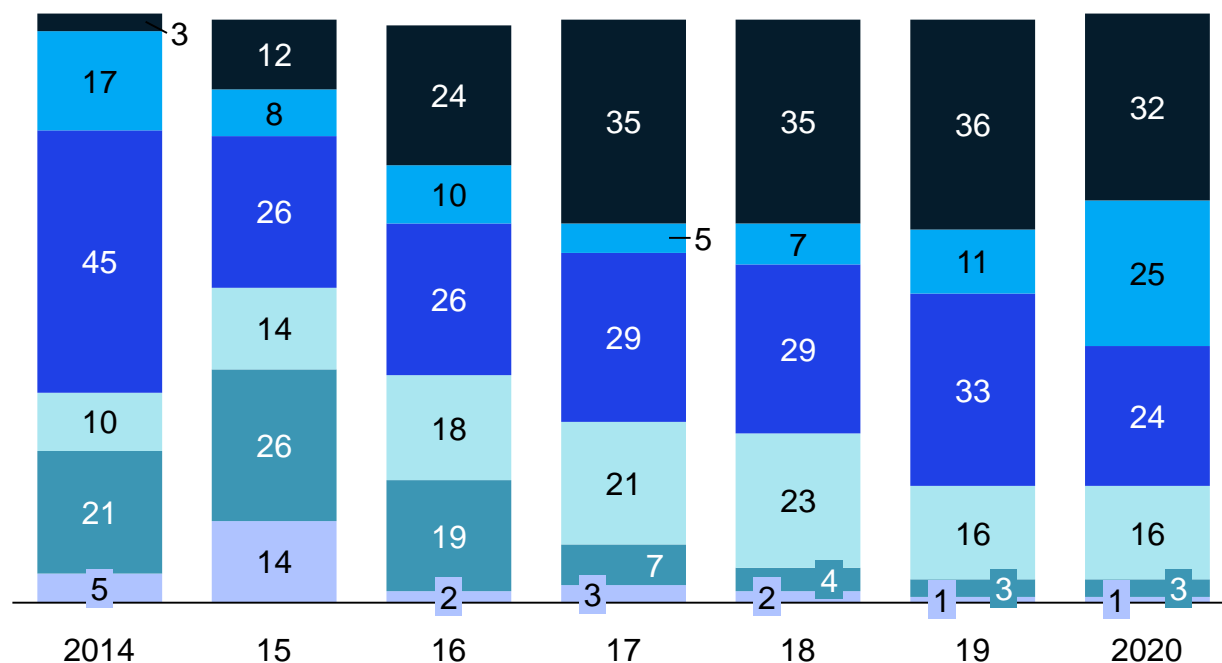


10. Plans offered by Medicaid or regional/local carriers will be the lowest premium option for over 50% of consumers

Price leadership by carrier type

Percent of consumers¹ with carrier offering lowest-priced silver plan²

Medicaid Regional/local Blue Provider National CO-OP



The percentage of consumers whose most affordable silver plan option was offered by a national carrier dropped from **26%** in 2015 to **3%** in 2020

These changes are driven by an expansion of non-national carrier plans into more counties and the affordability of these non-national carrier plans

1. Defined as the population that has enrolled in any type of individual coverage, including both on-exchange and off-exchange plans. Enrollment for 2020 is projected
2. Denominator represents all consumers enrolled in individual coverage. Numerator represents consumers whose lowest-price on-exchange silver plan option was offered by a given carrier type

11. Premium declines were greater in states with reinsurance programs

Change in median lowest price silver plan premium by state

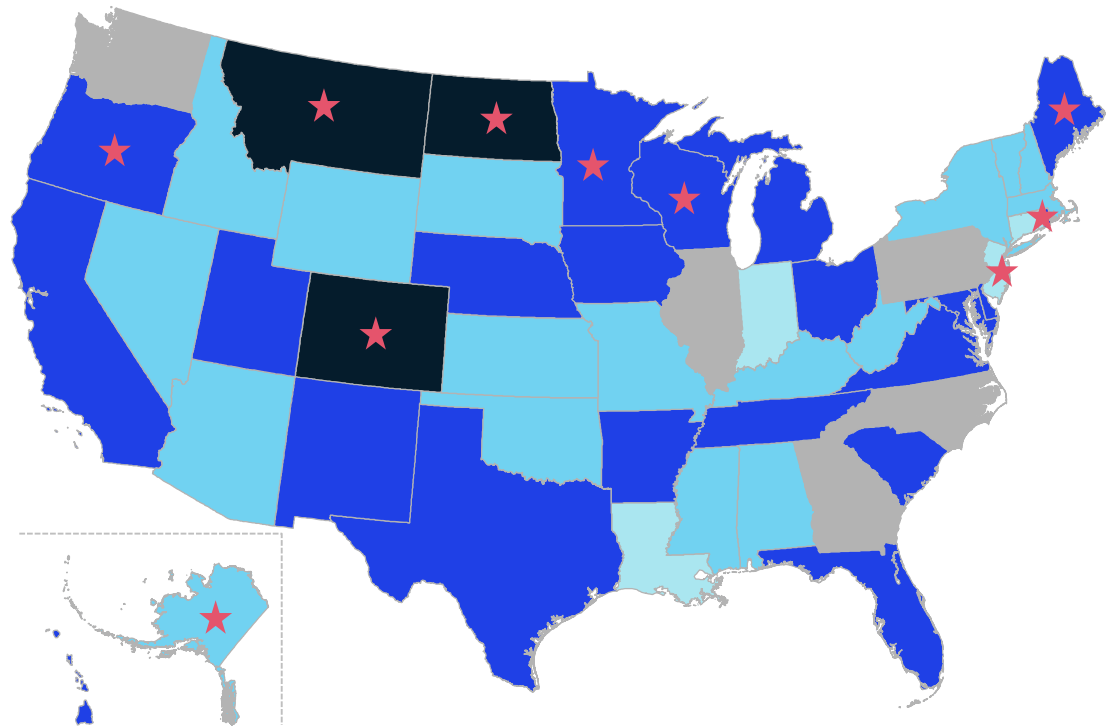
Percent premium change from 2019-2020

10% decrease 0-10% decrease 0-10% increase 10%+ increase No significant change ★ Reinsurance program

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states with reinsurance programs¹ will see a decline in the median lowest price silver plan premium

Medium premium change for states with reinsurance programs was ~4% decrease versus ~1% increase for states without such programs



1. States with reinsurance programs that experienced premium increases from 2019-20 include NJ (11%), AK(2%) and RI (0.4%)

Methodology

Findings in this document are based on publicly available information. 2014 through 2020 rates come from the McKinsey Exchange Offering Database, which includes county and plan level information from publicly available rate filings and healthcare.gov. The consumer population is defined as the population that has enrolled in any type of individual coverage, including both on-exchange and off-exchange plans. Enrollment for 2020 is projected. For 2020, due to data limitations the analysis excludes 9 NY counties with an estimated 2020 enrollment of 10,932: Herkimer, Montgomery, Orleans, Saratoga, Schuyler, Tompkins, Washington, Wayne, and Wyoming

Pricing – All analyses in this document are for exchange plans only; this report does not include off-exchange pricing data. To understand the premium changes that individuals will face, we calculated the weighted-average rate change in premiums between 2019 and 2020 for the lowest-price silver plan in each rating area/county combination. First, we established a distribution of individuals using individual market plans in each county (FIPs code). Next, we combined this population distribution with data about 2019 and 2020 lowest-price silver plan premiums. Finally, we used the 2019 and 2020 premiums to calculate weighted-average rate changes for 50 states and DC individually and collectively.

Carrier participation – To calculate the counts of carrier participation, we analyzed the number of unique carrier names that are offering plans on-exchange. In the case where a single parent company offers plans under multiple carrier names, we count each carrier separately. To calculate the consumer view of carrier participation, we analyzed the number of unique parent companies that are offering plans on-exchange, to be reflective of what a consumer perceives

Plan types – Plan types reported here were taken directly from carrier rate filings and Summary of Benefits and Coverage (SBC) documents. Independent assessment of plan types was not part of the analysis presented in this document. Plan types are defined as follows:

HMO: a health maintenance organization is a plan typically centered around a primary care physician who acts as gatekeeper to other services and referrals; it usually provides no coverage for out-of-network services, except in emergency or urgent care situations

EPO: an exclusive provider organization is a plan similar to an HMO. It usually provides no coverage for any services delivered by out-of-network providers or facilities except in emergency or urgent-care situations; however, it generally does not require members to use a primary care physician for in-network referrals

PPO: a preferred provider organization is a plan that typically allows members to see physicians and get services that are not part of a network, but out-of-network services often require a higher copayment

POS: a point-of-service plan is hybrid of an HMO and a PPO; it is an open-access model that may assign members to a primary care physician and usually provides partial coverage for out-of-network services

Carrier types are defined as follows:

Blues: a Blue Cross Blue Shield payer

Consumer-operated-and-oriented plan (CO-OP): a recipient of federal CO-OP grant funding that was not a commercial payer before 2014

Medicaid: a carrier that offered only Medicaid insurance prior to 2014

National: a commercial payer with a presence on exchanges

Provider: a carrier that also operates as a provider/health system

Regional/local: a commercial payer with presence typically in a single state, but may include multiple states