Web Briefing for Journalists: Key Issues Ahead of Marketplace Open Enrollment

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Filling the need for trusted information on national health issues.
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Today’s web briefing will be recorded.

The archived web briefing will be available later today. Slides will also be available for download.

https://www.kff.org/health-costs/event/web-briefing-for-journalists-key-issues-ahead-of-marketplace-open-enrollment/
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The market is starting to look more attractive to insurers and over a dozen states will see a new or returning insurer.

<table>
<thead>
<tr>
<th>State</th>
<th>Parent Insurer Entrance(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>Oscar entering; Cigna reentering</td>
</tr>
<tr>
<td>Florida</td>
<td>Oscar entering</td>
</tr>
<tr>
<td>Iowa</td>
<td>Wellmark reentering</td>
</tr>
<tr>
<td>Maine</td>
<td>Anthem reentering</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>UnitedHealth reentering</td>
</tr>
<tr>
<td>Michigan</td>
<td>Oscar entering</td>
</tr>
<tr>
<td>Missouri</td>
<td>Medica entering</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Centene entering</td>
</tr>
<tr>
<td>Ohio</td>
<td>Anthem entering (as Community Insurance Company)</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Medica entering</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>PA Health &amp; Wellness (Centene) entering</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Bright Health entering; Centene entering</td>
</tr>
<tr>
<td>Utah</td>
<td>Molina reentering</td>
</tr>
<tr>
<td>Virginia</td>
<td>Virginia Premier</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Molina reentering</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation analysis of rate filings to state regulators
Insurers on average are profitable in 2018 and many would be unable to justify premium increase in 2019.

Average 2nd Quarter Individual Market Gross Margins PMPM

- 2011: $41.00
- 2012: $39.25
- 2013: $39.72
- 2014: $23.31
- 2015: $21.40
- 2016: $38.28
- 2017: $92.85
- 2018: $155.70

Average 2nd Quarter Individual Market Medical Loss Ratios

- 2011: 81%
- 2012: 83%
- 2013: 82%
- 2014: 91%
- 2015: 93%
- 2016: 89%
- 2017: 77%
- 2018: 69%

Note: Q2 data is year-to-date from January 1 – June 30
Source: Kaiser Family Foundation analysis of data from Mark Farrah Associates Health Coverage PortalTM
On average benchmark silver premiums are dropping in 2019 by -1.5%, but there is significant geographic variation.
### Premium Impacts from Legislative and Policy Changes to the ACA

<table>
<thead>
<tr>
<th>Legislative or Policy Change</th>
<th>Average percent by which 2019 unsubsidized premiums are higher than would be the case without change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual mandate penalty repeal</td>
<td>6% (all premiums on/off exchange)</td>
</tr>
<tr>
<td>Expansion of AHP / STLD plans</td>
<td></td>
</tr>
<tr>
<td>Loss of Cost Sharing Reduction (CSR) payments</td>
<td>10% (silver exchange premiums)*</td>
</tr>
</tbody>
</table>

**Combined Impact:**
- Individual mandate penalty repeal
- Loss of CSR payments
- Expansion of AHP / STLD plans

16% (silver exchange premiums)*

**NOTES:** Premium changes represent the change in premiums before accounting for the premium tax credit. How each premium impact relates to other impacts depends on how each insurer calculates rate impacts. We conservatively assume the rates are additive (6% + 10% = 16%), as opposed to multiplicative (1.06 x 1.1 = 1.166, or 16.6%). *The CBO estimate of the loss of CSR payments’ effect was specifically for silver exchange premiums. However, some insurers also applied a CSR load onto other metal levels and/or off-exchange premiums.

**SOURCE:** Kaiser Family Foundation analysis of insurer rate filings to state regulators, state insurance regulators, and ratereview.healthcare.gov. Premium impact due to CSR loss is from Congressional Budget Office (CBO) estimate.
Benchmark silver premiums in 2019 will be 16% higher due to regulatory and legislative changes:

- Individual mandate penalty repeal
- Loss of cost-sharing reduction payments
- Expansion of loosely regulated plans (short-term and association plans)

Premium in absence of policy and legislative changes:

$68 + $427 = $495

Total unsubsidized benchmark premium on healthcare.gov for a 40-year-old

Source: Kaiser Family Foundation analysis of rate filings to state regulators and premium data published by CMS.
Because of the premium tax credit, most exchange enrollees pay a fixed amount for the benchmark plan.

2019 premium for a 40-year-old non-smoker making $30,000

Source: Kaiser Family Foundation analysis of data published by CMS
Figure 7
Most individual market participants buy through the marketplace and are eligible for subsidies

Individual market enrollment first quarter 2015-2018

Q1 2015
- On-Exchange (Subsidized): 8.7M
- On-Exchange (Unsubsidized): 1.5M
- Off-Exchange (Compliant): 4.9M
- Off-Exchange (Non-Compliant): 3.7M
- Total: 18.8 M

Q1 2016
- On-Exchange (Subsidized): 9.4M
- On-Exchange (Unsubsidized): 1.7M
- Off-Exchange (Compliant): 5.1M
- Off-Exchange (Non-Compliant): 2.3M
- Total: 18.5 M

Q1 2017
- On-Exchange (Subsidized): 8.7M
- On-Exchange (Unsubsidized): 1.6M
- Off-Exchange (Compliant): 4.0M
- Off-Exchange (Non-Compliant): 2.0M
- Total: 16.4 M

Q1 2018
- On-Exchange (Subsidized): 9.2M
- On-Exchange (Unsubsidized): 1.4M
- Off-Exchange (Compliant): 2.5M
- Off-Exchange (Non-Compliant): 1.3M
- Total: 14.4 M

Source: Kaiser Family Foundation analysis of data from Mark Farrah Associates Health Coverage Portal TM and Centers for Medicare and Medicaid Services (CMS)
Notes: Data on the share of off-exchange enrollment in compliant vs. noncompliant plans in 2018 are not available, so this assumes the share to be the same as in 2017. For 2015 through 2017, we assume the share of off-exchange enrollment in non-compliant plans in Q1 is the same as share of annual enrollment in non-compliant coverage. Enrollment is measured as average members per month.
Figure 8

Individual mandate tax penalty is $0 starting in 2019

- Individual mandate remains in effect for 2018
- Simpler to claim hardship exemption to waive 2018 federal tax penalty

- MA, NJ, DC individual mandate in 2019 (VT in 2020)
- Regardless of tax penalty, it is important to have coverage in case you get sick
Short-term health insurance is also available in 2019

- Short-term policies can offer coverage up to 364 days
- Short-term health insurance coverage ends when the policy term is reached, sometimes as short as 3 months
- Generally, policies with longer terms of coverage cost more

**Compare Plans**

<table>
<thead>
<tr>
<th>Insurance Company</th>
<th>12 Months Short Term Medical Value Select A</th>
<th>6 Months Short Term Medical Value Select A</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Add to Cart</td>
<td>Add to Cart</td>
</tr>
</tbody>
</table>

**Overview**

<table>
<thead>
<tr>
<th>Monthly Cost</th>
<th>Plan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>$350.50/mo</td>
<td>EPO</td>
</tr>
<tr>
<td>$242.80/mo</td>
<td>EPO</td>
</tr>
</tbody>
</table>

- Insurer option to offer extension/renewal, up to 36 months total
- Policyholders who get sick likely cannot extend/renew
- Short-term policy loss during year does not trigger a special enrollment period (SEP)
Figure 10
Short-term policies are medically underwritten

Applications ask about health status, health history

<table>
<thead>
<tr>
<th>Eligibility Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Is the Applicant or any Proposed Insured:</td>
</tr>
<tr>
<td>a. Now pregnant, an expectant parent, in process of adoption or undergoing infertility treatment?</td>
</tr>
<tr>
<td>4. Within the last 5 years has any applicant been diagnosed with, received treatment, abnormal test results, medication, consultation for, or had symptoms of: insulin or medication dependent diabetes except gestational (diabetes does not apply to residents of DC), stroke, transient ischemic attack (TIA), cancer or tumor except basal cell skin cancer, Crohn's disease, ulcerative colitis, rheumatoid arthritis, systemic lupus, chronic obstructive pulmonary disease (COPD), emphysema, cystic fibrosis, hepatitis C, multiple sclerosis, muscular dystrophy, alcohol or drug abuse; bipolar disorder or schizophrenia; an eating disorder; or any diseases or disorders of the following: liver, kidney, blood, pancreas, lung, brain, heart or circulatory including heart attack or catheterization?</td>
</tr>
<tr>
<td>5. Within the past 5 years, has the Applicant or any Proposed Insured been diagnosed or treated by a physician or medical practitioner for Acquired Immune Deficiency Syndrome (AIDS), AIDS Related Complex (ARC) or tested positive for Human Immunodeficiency Virus (HIV)? (Residents of Wisconsin do not need to disclose HIV test results)</td>
</tr>
</tbody>
</table>

Eligibility Result
Based on your answers, you are likely ineligible for this health insurance plan. Don't worry, we have other plans that do not ask these medical eligibility questions in the application process. Shop Other Plans

Denial likely for people with pre-existing conditions
**Figure 11**  
**Short-term policies cover less than ACA-compliant plans**

- Benefits are not standard; read carefully to understand and compare limits and exclusions

<table>
<thead>
<tr>
<th>Doctor Visits</th>
<th>Primary Doctor: $30 copay, maximum 3</th>
<th>Specialist: $30 copay, maximum 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Find Doctors</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prescription Drugs**

- **Generic**: Inpatient only, subject to deductible & coinsurance. Additional discounts may be available as part of required association membership.
- **Brand**: Inpatient only, subject to deductible & coinsurance. Additional discounts may be available as part of required association membership.
- **Non-Formulary**: Inpatient only, subject to deductible & coinsurance. Additional discounts may be available as part of required association membership.

<table>
<thead>
<tr>
<th>Out-of-Pocket Limit</th>
<th>Individual: $10,000</th>
<th>Does not include deductible</th>
</tr>
</thead>
</table>

**Hospital Services Coverage**

- **Emergency Room**: 20% after deductible  
  Coverage Limit $250/visit
- **Outpatient Lab/X-Ray**: 20% after deductible
- **Outpatient Surgery**: 20% after deductible  
  Limit $1,250/day  
  Surgeon Fees:  
  Limit $5,000 per surgery, $10,000 per policy
- **Hospitalization**: 20% after deductible  
  Limit $1,000/day

**Indemnity**

An Indemnity plan may be right for you if:
- You want the greatest level of freedom possible in choosing which doctors or hospitals to visit.
- You don’t mind coordinating the billing and reimbursement of your claims yourself.
Figure 12

Other features distinguish short-term policies from ACA-compliant coverage

- Applications for ACA-compliant plans will not ask questions about health status
- Notice required on short-term policy application and policy documents:

  This coverage is not required to comply with certain federal market requirements for health insurance, principally those contained in the Affordable Care Act. Be sure to check your policy carefully to make sure you are aware of any exclusions or limitations regarding coverage of preexisting conditions or health benefits (such as hospitalization, emergency services, maternity care, preventive care, prescription drugs, and mental health and substance disorder services.) Your policy might also have lifetime and/or annual dollar limits on health benefits. If this coverage expires or you lose eligibility for this coverage, you might have to wait until an open enrollment period to get other health insurance coverage.

- Some states (CA, HI, MA, NJ, NY, OR) prohibit short-term policies or apply ACA rules
- Short-term policies cannot be offered through the Marketplace and are not eligible for ACA tax credits, subsidies
Direct-enrollment options are available as alternatives to enrolling through the marketplace

- Direct-enrollment sites, operated by insurers or web brokers, offer federal marketplace policies and subsidies, allowing consumers to bypass HealthCare.gov and other state marketplace websites.

- Consumers who work with brokers may be encouraged to use a direct-enrollment site.
  - Nearly 40% of broker-assisted enrollments in HealthCare.gov state marketplace policies in 2018 came from direct enrollment sites*.

- Plan choices and information displayed may differ from HealthCare.gov.
  - Direct enrollment (web broker) sites must display all marketplace plan options.
  - Direct enrollment (insurance company) sites must display all of the insurer’s marketplace plan options.

- Non-ACA-compliant policies also can be sold on direct enrollment sites.

- Direct enrollment sites must notify consumers they can return to HealthCare.gov at any time in the process.

Figure 14

Open enrollment for 2019 will last 6 weeks in most states.

- November 1 – December 15, 2017 in HealthCare.gov states
- State run marketplaces have option to extend dates, and many have

<table>
<thead>
<tr>
<th>State-based Marketplace</th>
<th>Open Enrollment Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA</td>
<td>Oct 15 – Jan 31</td>
</tr>
<tr>
<td>CO</td>
<td>Nov 1 – Jan 15</td>
</tr>
<tr>
<td>CT</td>
<td>Nov 1 – Dec 15</td>
</tr>
<tr>
<td>DC</td>
<td>Nov 1 – Jan 31</td>
</tr>
<tr>
<td>ID</td>
<td>Nov 1 – Dec 15</td>
</tr>
<tr>
<td>MD</td>
<td>Nov 1 – Dec 15</td>
</tr>
<tr>
<td>MA</td>
<td>Nov 1 – Jan 23</td>
</tr>
<tr>
<td>MN</td>
<td>Nov 1 – Jan 13</td>
</tr>
<tr>
<td>NY</td>
<td>Nov 1 – Jan 13</td>
</tr>
<tr>
<td>RI</td>
<td>Nov 1 – Dec 31</td>
</tr>
<tr>
<td>VT</td>
<td>Nov 1 – Dec 15</td>
</tr>
<tr>
<td>WA</td>
<td>Nov 1 – Dec 15</td>
</tr>
</tbody>
</table>

HealthCare.gov State (39 States)
State-Based Marketplace (12 States including DC)
People living in or moving from hurricane-affected areas may have more time

- Apply for extra time to sign up for 2019 coverage using Exceptional Circumstances special enrollment periods (SEP)
- Call federal marketplace call center at 1-800-318-2596 to apply
- FEMA-designated counties that are eligible for “public assistance” or “individual assistance” in North Carolina, South Carolina (Hurricane Florence) and Florida, Georgia (Hurricane Michael)
  - [www.fema.gov/hurricane-florence](http://www.fema.gov/hurricane-florence)
    - North Carolina/4393
    - South Carolina/4394
  - [www.fema.gov/hurricane-michael](http://www.fema.gov/hurricane-michael)
    - Florida/4399
    - Georgia/4400
- Apply for SEP to make changes to their 2018 coverage
When the benchmark premium decreases, so does the amount of the premium tax credit.

Advanced premium tax credit amounts and consumer share of premiums for 40-year-old in Nashville, Tennessee with an income of $30,000

Source: Kaiser Family Foundation analysis of rate filings to state regulators
Nearly one in five federal marketplace enrollees auto-renewed for 2018 coverage

2018 Federal Marketplace Plan Selections by Enrollment Type

- Auto-renewal will still be an option in 2019, but active shopping is strongly recommended
- Changes in 2019 premiums and participating insurers could substantially change subsidy amounts
- Consumers will not have the opportunity to change plans in January if they do not like the auto-renewal results

Source: Marketplace Open Enrollment Period Public Use Files for 2018, Centers for Medicare and Medicaid Services (CMS), Department of Health and Human Services.
Federal Navigator help will be more limited, or not available, in many areas this year.

Number of Navigator Programs by County in FFM States 2018

<table>
<thead>
<tr>
<th>State</th>
<th>Nav Grant Award 2016</th>
<th>Nav Grant Award 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Florida</td>
<td>$9.5 m</td>
<td>$1.3 m</td>
</tr>
<tr>
<td>Georgia</td>
<td>$3.7 m</td>
<td>$0.5 m</td>
</tr>
<tr>
<td>North Carolina</td>
<td>$3.4 m</td>
<td>$0.5 m</td>
</tr>
<tr>
<td>Illinois</td>
<td>$2.6 m</td>
<td>$0.4 m</td>
</tr>
<tr>
<td>Virginia</td>
<td>$2.2 m</td>
<td>$0.5 m</td>
</tr>
<tr>
<td>Total - All FFM States</td>
<td>$67 m</td>
<td>$10 m</td>
</tr>
</tbody>
</table>

Again this year, consumers should enroll early to avoid last-minute delays

- “Surge” signups as deadline approaches may increase with shorter Open Enrollment period
  - Healthcare.gov slowdowns, call center waits are possible

- Enrollment rules may also cause delays
  - Failure to reconcile
    - Consumers who received advanced premium tax credits (APTCs) in 2017 and who have not yet filed their 2017 federal income tax return with Form 8962 may be denied APTCs in 2019
    - Marketplace eligibility determination notice won’t specify this reason
    - Consumers can regain eligibility for APTC by filing 2017 federal return with Form 8962
  - Insurers can require repayment of 2018 unpaid premium debt
    - Insurers can require payment of back due premiums from prior 12 months before issuing new coverage for 2019
    - Prior notice required in 2018 enrollment materials, premium debt notice
NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. *ME adopted Medicaid expansion through a ballot initiative in 2017, but has not yet implemented. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

KFF Resources on Open Enrollment

- ACA/Marketplace Frequently Asked Questions
  https://www.kff.org/health-reform/faq/health-reform-frequently-asked-questions/

- Preguntas frecuentes: mercado de seguros de salud y ACA

- Marketplace Subsidy Calculator (2019 updates pending)
  https://www.kff.org/interactive/subsidy-calculator/

- ACA and You Explainers
  https://www.kff.org/understanding-health-insurance/

- State Health Facts
  https://www.kff.org/statedata