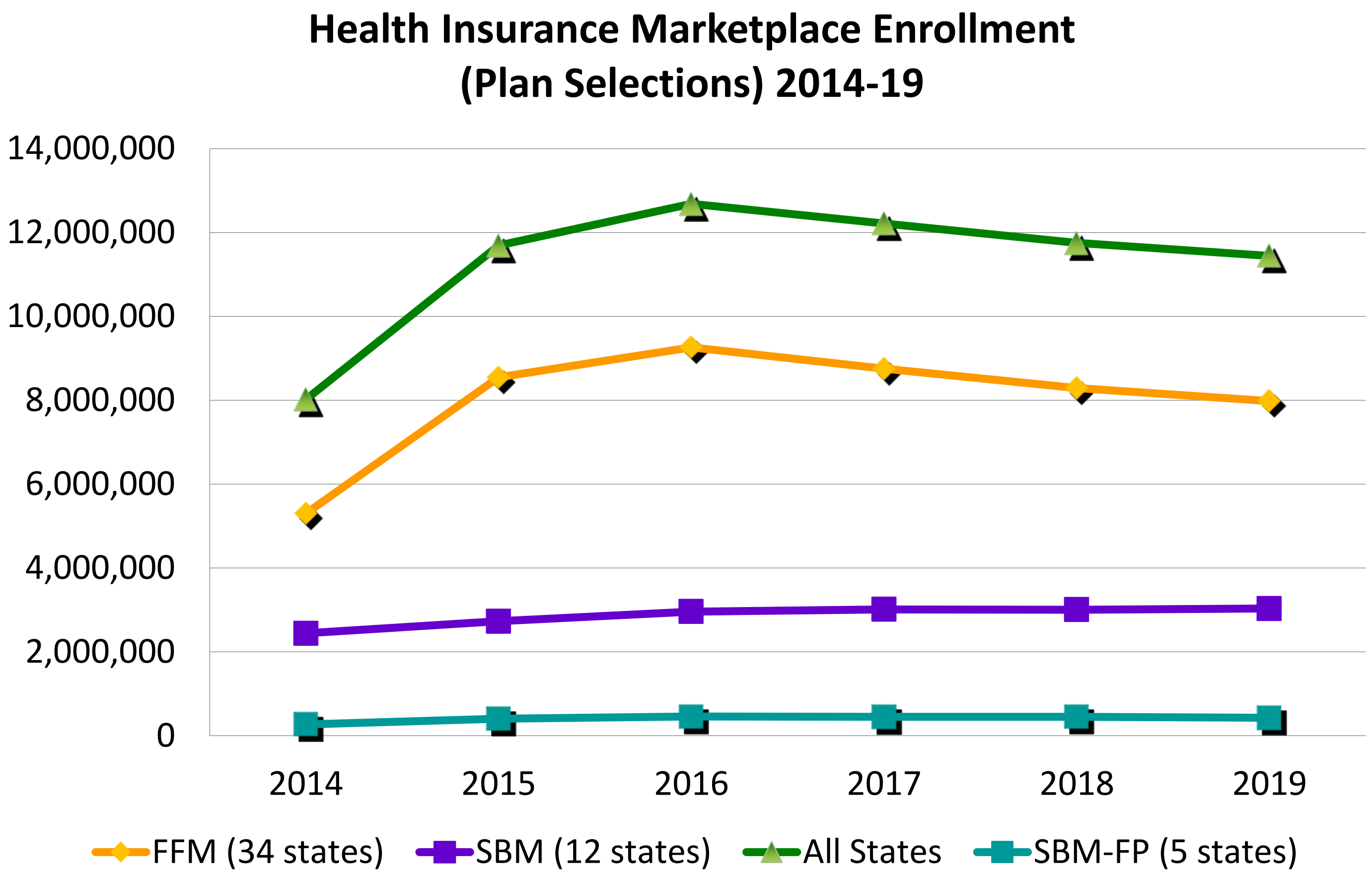
State Marketplaces Outperform the Federal Marketplace

Enrollment and Premium Comparisons across State and Federal Marketplaces

April 1, 2019

NASHP
NATIONAL ACADEMY FOR STATE HEALTH POLICY

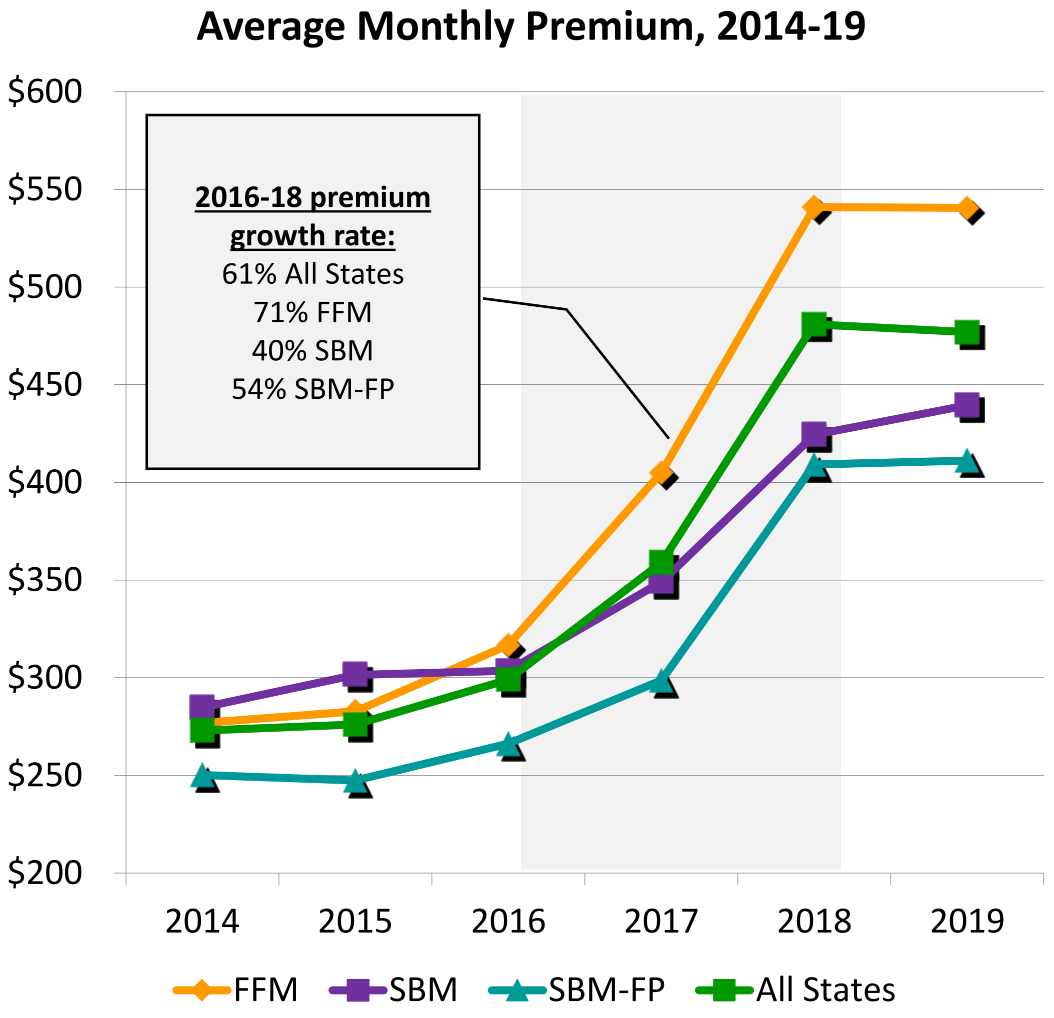
State-based marketplace (SBM) enrollment holds steady



- Overall marketplace enrollment declines began in 2016, largely driven by states that use the federal marketplace (FFM)
  - Enrollment in the FFM dropped by 3.7% in 2019.
- Since 2016, enrollment has remained steady in SBM states.
  - SBM enrollment rose slightly (0.9%) in 2019.
- SBMs have more autonomy over their individual insurance markets. Over time, SBMs have refined strategies to maintain stable marketplaces.

CMS Marketplace Open Enrollment Period Public Use Files, 2016-2019, available at: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/index.html; ASPE Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report https://aspe.hhs.gov/pdf-report/health-insurance-marketplace-2015-open-enrollment-period-march-enrollment-report; Health Insurance Marketplace Summary Enrollment Report for the Initial Annual Open Enrollment Period https://aspe.hhs.gov/pdf-report/health-insurance-marketplace-summary-enrollment-report-initial-annual-open-enrollment-period

Federal policy changes drive premium increases

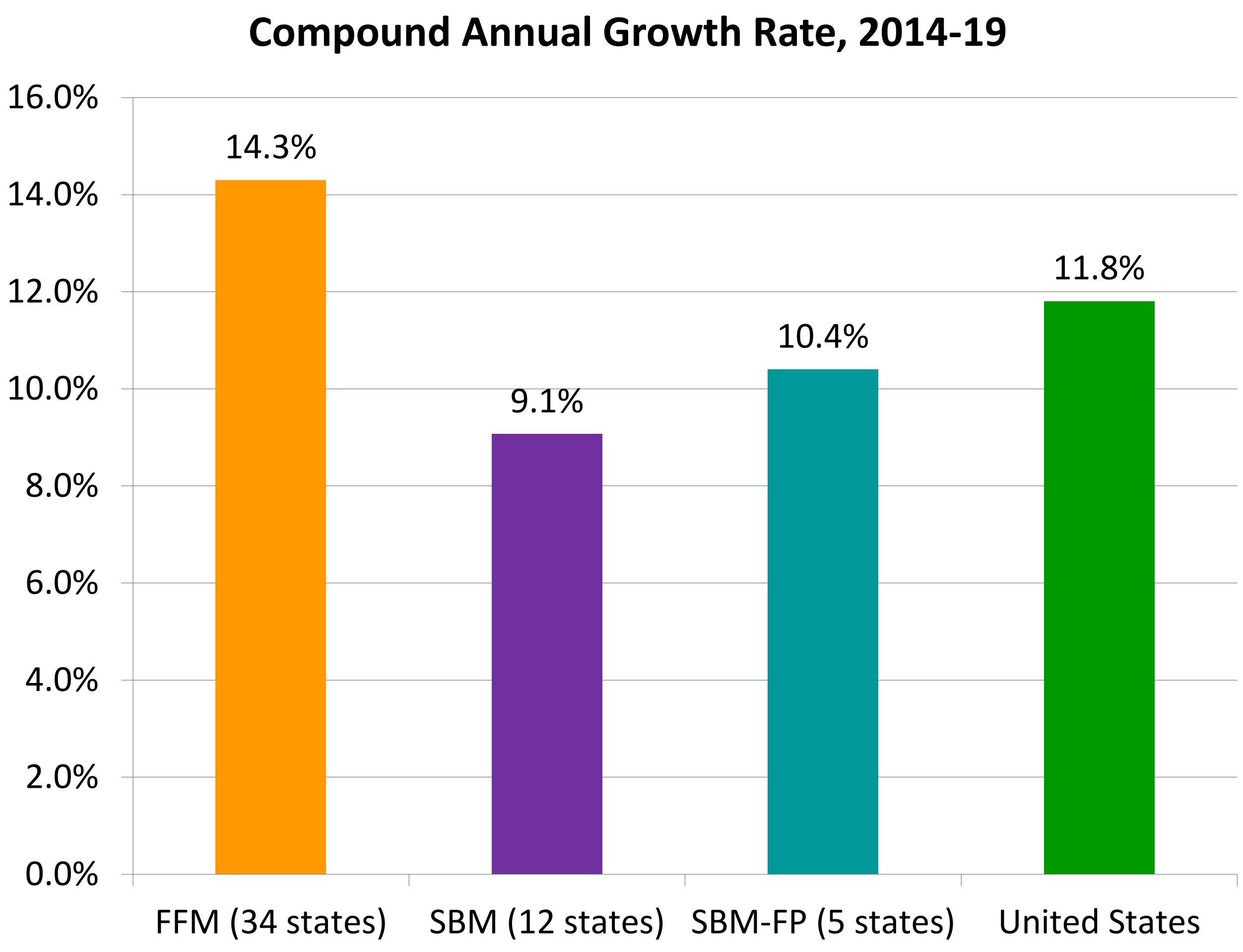


- After several years of sustained increases, premiums remained mostly stable in 2019. Some states saw their premiums decline.

- Premiums spiked from 2016 to 2018 and may have contributed to enrollment declines after 2016. Increases were driven in part by market uncertainty caused by:
  - Elimination of cost-sharing reduction payments;
  - Conclusion of the federal reinsurance program;
  - Uncertainty over the future of the individual mandate;
  - Reduction in federal outreach and marketing dollars; and
  - Instability driven by anticipated expansion of short-term and association health plans.

Unweighted average, based on average benchmark premiums as analyzed by the Kaiser Family Foundation. Data available at: https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

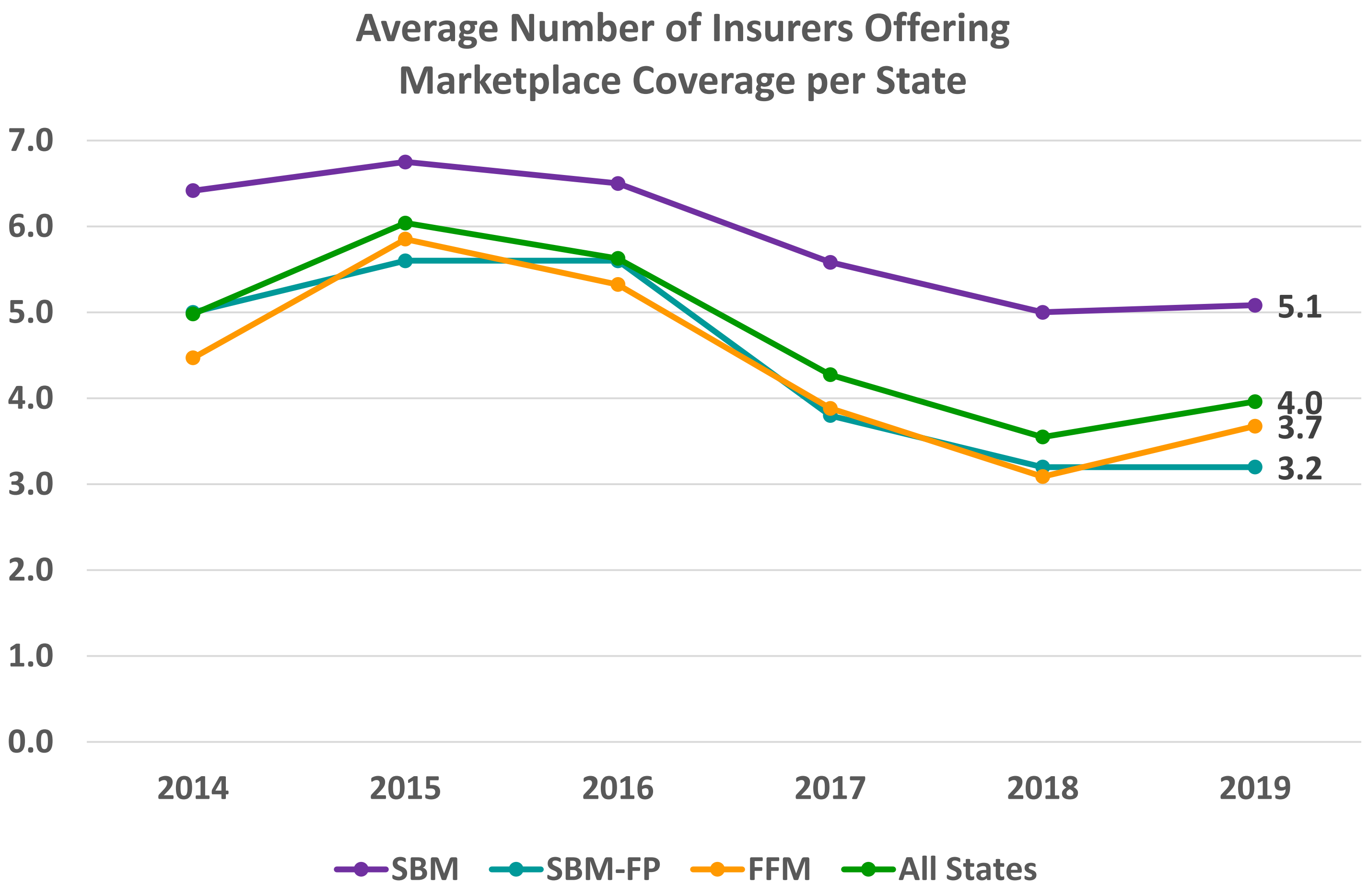
SBM states consistently contain premium growth



- SBM states have been more successful at containing premium growth and limiting increases to maintain more affordable prices.
- This, in part, is due to SBM strategies to stabilize markets, including work to improve outreach and enrollment and to support policies intended to improve individual market risk (e.g., reinsurance).
- Cumulative premium growth continues to affect consumers. Since 2014, premiums have nearly doubled in FFM states, compared with 1.5-times in SBM states.

Unweighted averages, based on average benchmark premiums as analyzed by the Kaiser Family Foundation. Data available at: https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

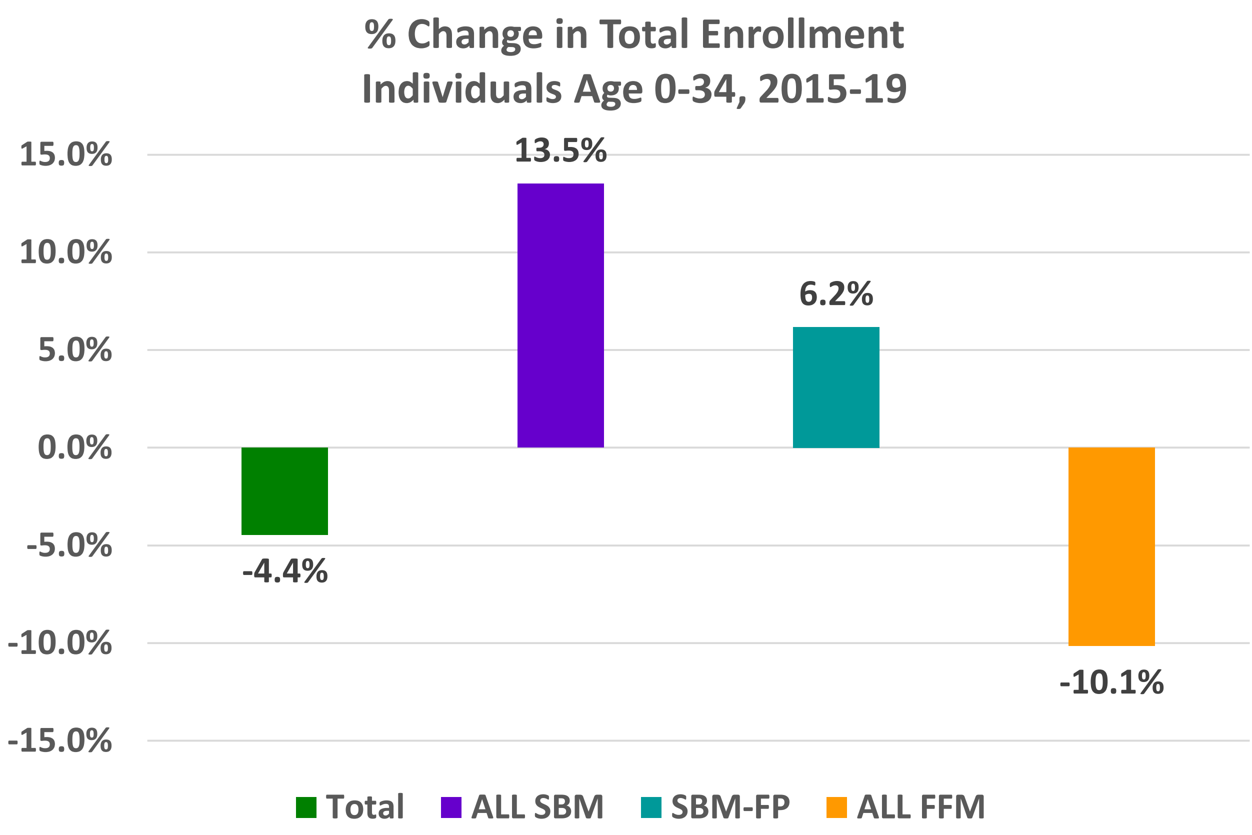
SBM efforts yield more competition and choice



- SBM states have consistently provided more insurer competition to their consumers, surpassing the average number of FFM plans 1.4 to 1.
- Research has shown that increased competition leads to premium reductions and is one reason why SBMs may have maintained lower premium growth over time.

Source: Number of Issuers Participating in the Individual Health Insurance Marketplaces, Kaiser Family Foundation, Accessed on 3/27/19 https://www.kff.org/other/state-indicator/number-of-issuers-participating-in-the-individual-health-insurance-marketplace/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

SBMs target younger enrollees



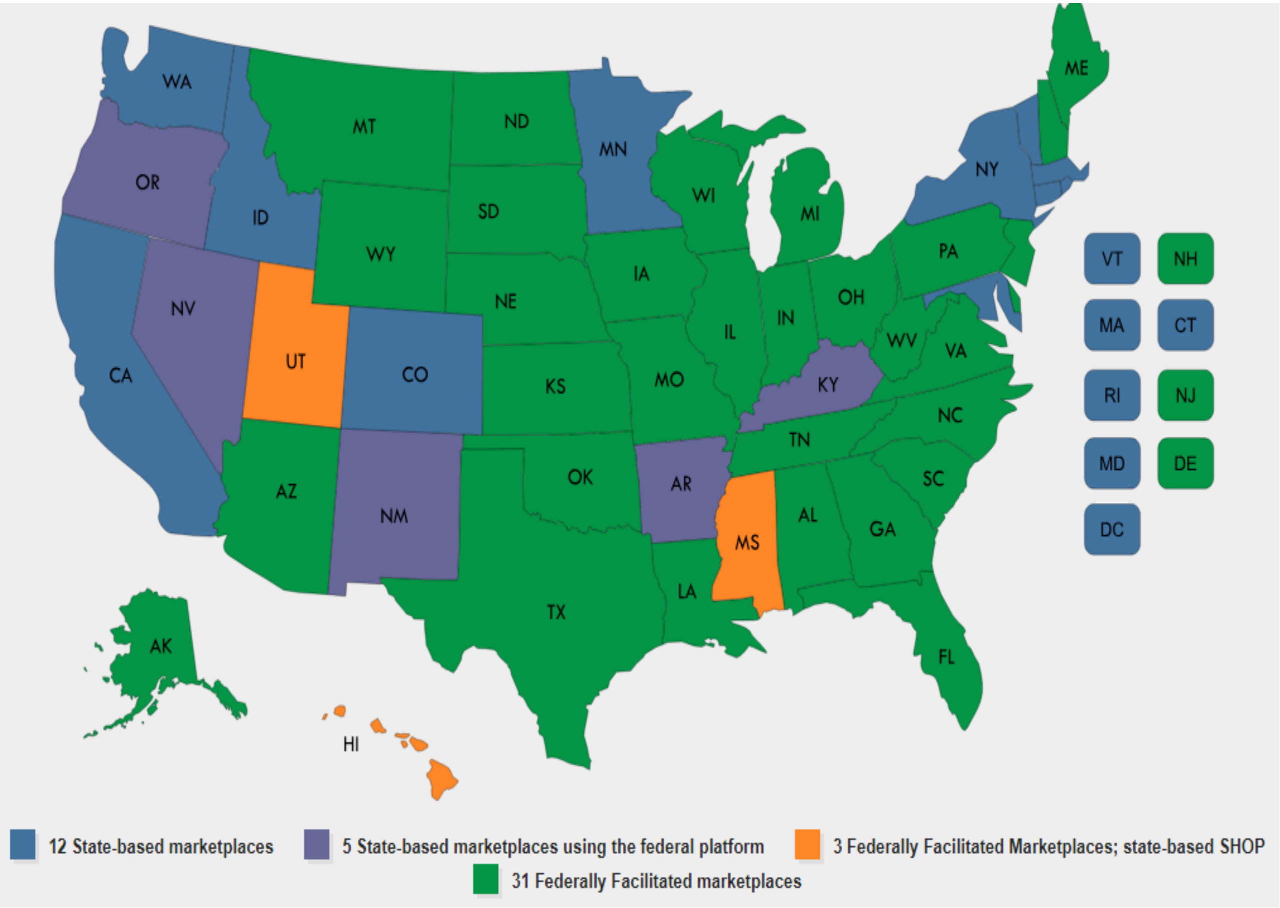
- SBMs have tailored efforts, including marketing and outreach strategies, to engage younger enrollees.
- Younger enrollees, considered healthy and lower-cost, are essential to maintain a good risk mix and lower overall premiums.
- Total enrollment among young enrollees has risen by 13.5% in SBM states, while dropping by 10.1% in FFM states.

Enrollment Is measured by plan selections. State-by-state data by age is unavailable for 2014; calculations for 2015 based on plan selections with available data on enrollment type. CMS Marketplace Open Enrollment Period Public Use Files, 2016-2019, available at: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/index.html; ASPE Health Insurance Marketplace 2015 Open Enrollment Period: March Enrollment Report https://aspe.hhs.gov/pdf-report/health-insurance-marketplace-2015-open-enrollment-period-march-enrollment-report

State flexibility and creativity yields results -- despite political and policy uncertainty

- Federal and state policy changes impact enrollment and premium trends.
- States with SBMs outperform those with FFM on enrollment, affordability, and choice.
- Some states are exploring transition to an SBM model. Nevada will implement an SBM this year. New Jersey plans to begin transition in 2020.
- Congress has proposed legislation to provide $200M in federal grants to states that wish to establish SBMs.

Map of States by Health Insurance Marketplace Model



For more information

- Chart: Individual Enrollment in Federal and State Health Insurance Marketplaces by State 2018-2019*
  https://nashp.org/individual-enrollment-in-federal-and-state-health-insurance-marketplaces-2018-2019/

- Resources from State-based Marketplaces
  https://nashp.org/wp-content/uploads/2019/04/Resources-from-state-based-marketplaces-March-2019.pdf

- Report: *Exploring the Impact of State and Federal Actions on Enrollment in the Individual Market: A Comparison of the Federal Marketplace and California, Massachusetts and Washington*
  https://www.coveredca.com/news/pdfs/CA_MA_WA_2019_Open_Enrollment_observations-03-05-2019.pdf

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