

Where Is the Health Insurance Exchange Market Going? A Deep Dive

Katherine Hempstead

Robert Wood Johnson Foundation

Joel Ario

Manatt Health

Chiquita Brooks-LaSure

Manatt Health

March 9, 2016 – 1 PM EST

- **Introductions**
- **Overview of Market Trends**
- **A Closer Look at Data on Market Trends**
- **Regulatory Responses**
- **Looking Ahead to a Transparent Market for Consumers**
- **Questions**

Manatt, Phelps & Phillips: Healthcare Practice

At a Glance

400

Attorneys & Professionals
Firmwide

80

Attorneys & Professionals
in Healthcare



Manatt, one of the nation's preeminent law and consulting firms, built the first fully-integrated, multidisciplinary legal, regulatory, advocacy and business advisory healthcare practice. Areas of focus include:

Payment and Delivery System Transformation

Medicaid Policy, Redesign and Innovation

Corporate Governance and Restructuring

Regulatory Compliance

Pharmaceutical Market Access, Coverage

and Reimbursement Strategies

Strategic Planning Services

Mergers and Acquisitions

Health Reform Implementation

Health IT Strategy

Healthcare Litigation

Privacy and Security





Research on access to care and providers



Routine analysis of U.S. health care spending



Studies on the impact of Medicaid expansion



Data on marketplace provider networks



Reports tracking the implementation of the ACA

Reform By The Numbers

RWJF's web portal for research and data about the impact of health reform

OVERVIEW OF MARKET TRENDS

Marketplaces are entrenched part of coverage continuum:

- Public and private exchanges have bipartisan support
- Tax credits may be adjusted but will not be eliminated
- Medicaid expansions stalled, but no rollbacks (AR, KY)

Insurer competition is key benchmark, still in flux:

- Blues are anchor insurer in almost every state
- Big five nationals struggling but mostly staying the course
- Opportunities for Medicaid MCOs and provider-based plans

Premiums increasing and risk pools not stable yet :

- Enrollment stalled at half of CBO's 2013 prediction (25M)
- Mandate and open/special enrollment rules remain critical
- Challenges remain as 2 of 3Rs end and transitional plans phase out

Key Questions Shaping Future of Public Marketplaces

7

Relationship of Marketplaces to other market segments:

- **Will Medicaid/Marketplace integration improve?**
 - *Would create opportunities for multi-payer alignment (delivery system reform)*
- **Will Marketplaces capture more of individual market?**
 - *Most non-subsidized individuals are buying outside the Marketplaces*
- **Will employer market move to private exchanges?**
 - *Could erode wall between individual and group coverage (Wyden-Bennett on slow path)*

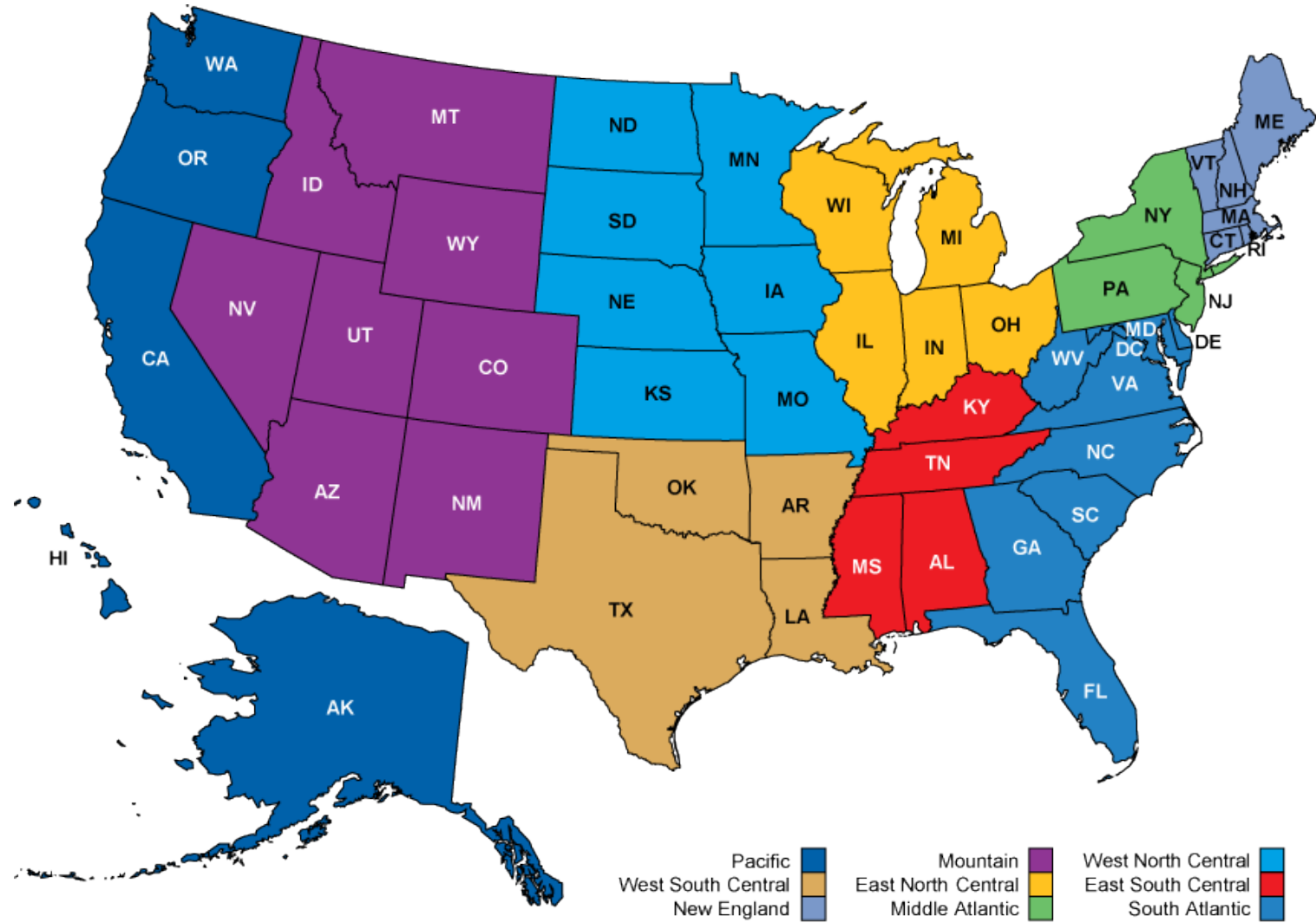
Regulatory framework at state and federal level:

- **Will regulators encourage or constrain narrow/value networks?**
- **Will regulators move toward more standardization of benefit design?**
- **How will states address cost sharing and smoothing the coverage continuum?**
 - *Some states are reducing cost sharing above 138% FPL (Basic Health Plan) and others are increasing cost sharing below 138% FPL (alternative Medicaid expansions)*



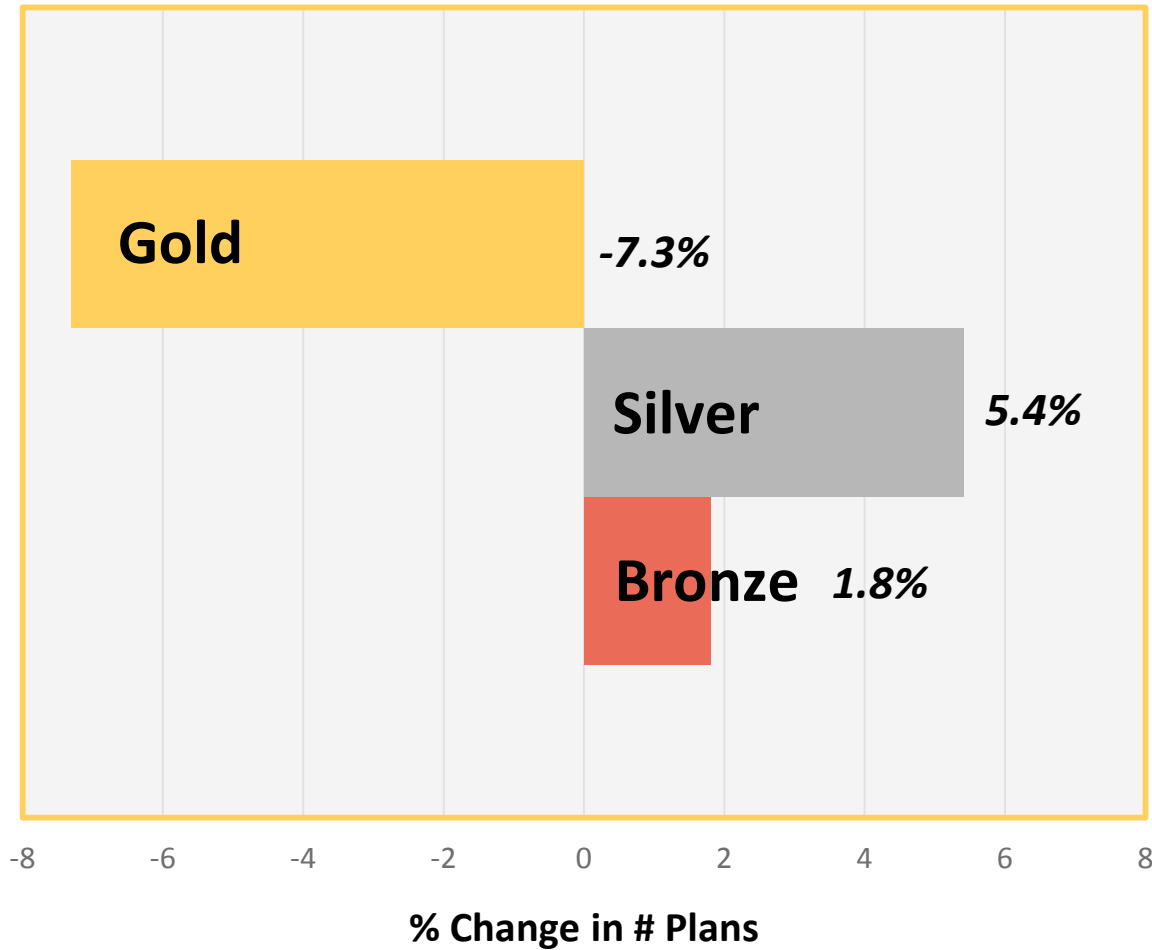
A CLOSER LOOK AT DATA

US Census Regions



Percent Change in the Number of Plans, 2015-2016

10



Average # Plans per Rating Area, 2016

- Bronze: 14
- Silver: 19
- Gold: 11

Source: HIX Compare

Considerable Regional Variation

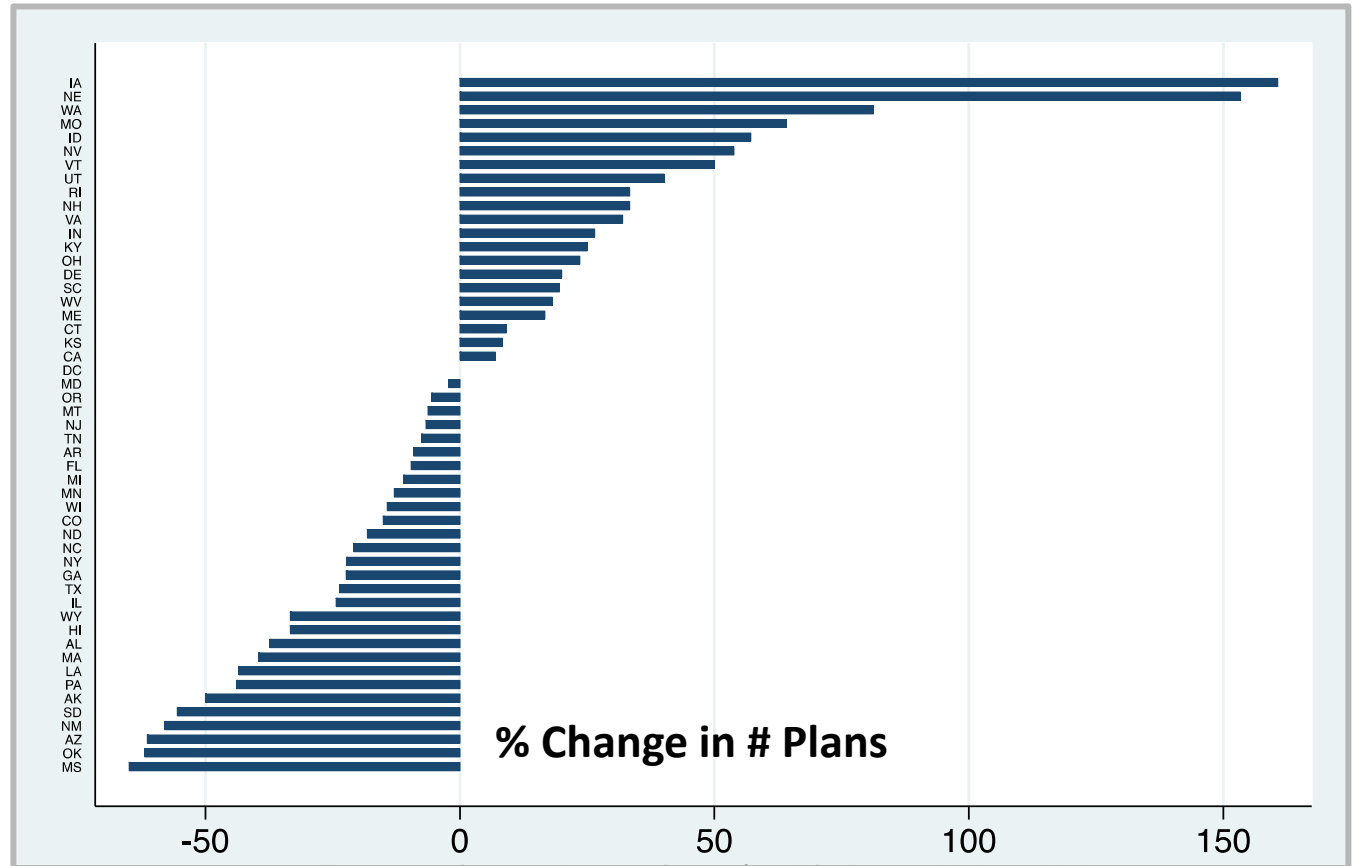
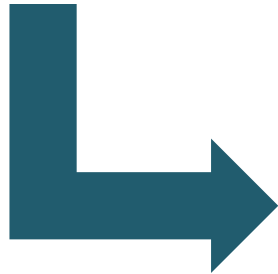
	Bronze	Silver	Gold	Total
Overall				
	1.8%	5.4%	-7.3%	0.9%
By Census Region				
NE	-8.6%	-4.5%	-23.7%	-13.7%
MA	-13.6%	-19.0%	-30.9%	-21.4%
ENC	5.1%	8.8%	-2.2%	5.0%
WNC	2.1%	2.2%	18.8%	6.1%
MT	5.1%	-7.0%	-8.6%	-3.6%
PAC	12.0%	-0.9%	8.2%	6.3%
WSC	-12.4%	-12.6%	-29.3%	-17.5%
ESC	-3.5%	19.2%	-21.4%	0.5%
SA	4.6%	16.1%	2.4%	9.3%

Source: HIX Compare

Percent Change in Number of Gold Plans, 2015-2016

12

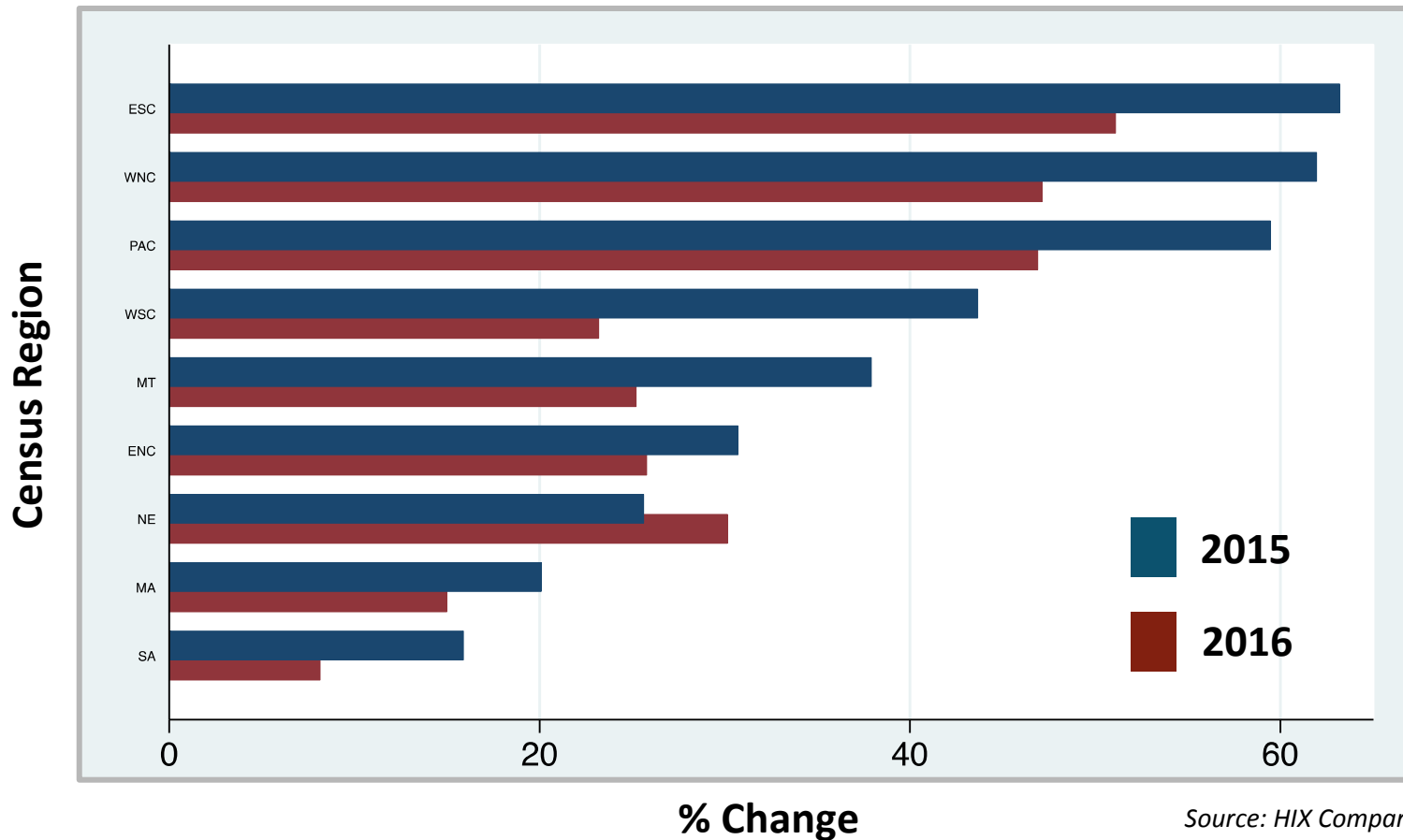
The number of gold plans declined in most states



Source: HIX Compare

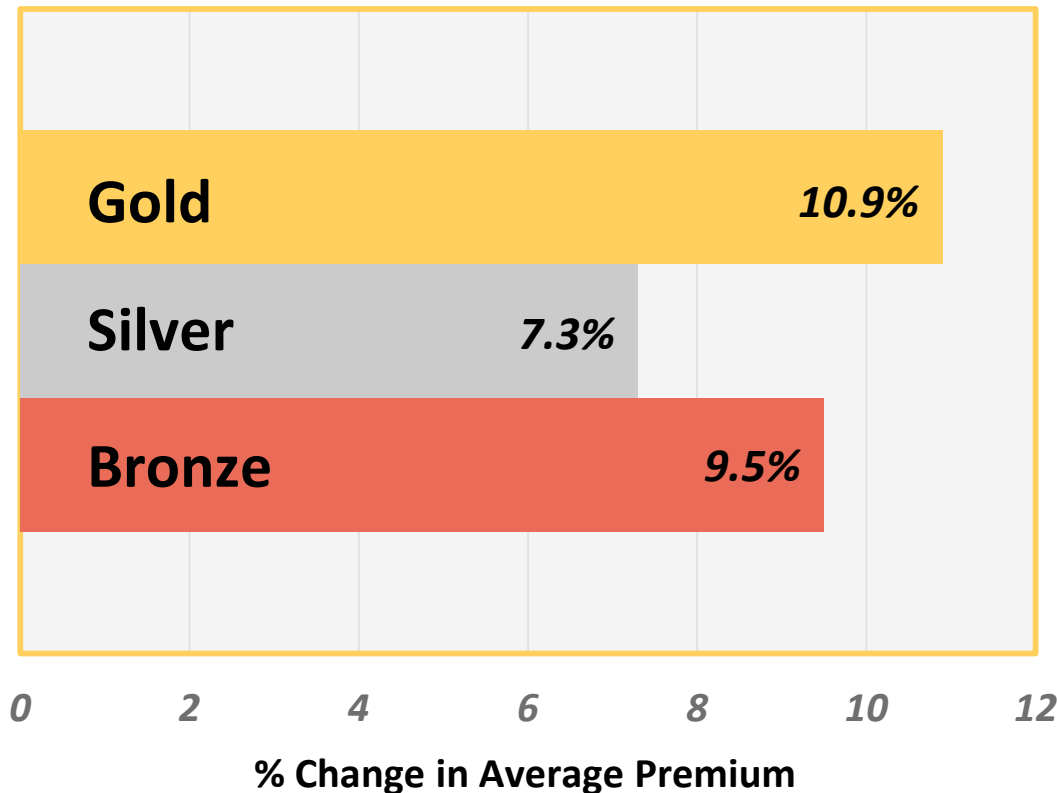
Percent of Silver Plans that are PPOs, 2015-2016

Sizable decline in percent of silver plans that are PPOs



Source: HIX Compare

Premiums increase most for gold plans



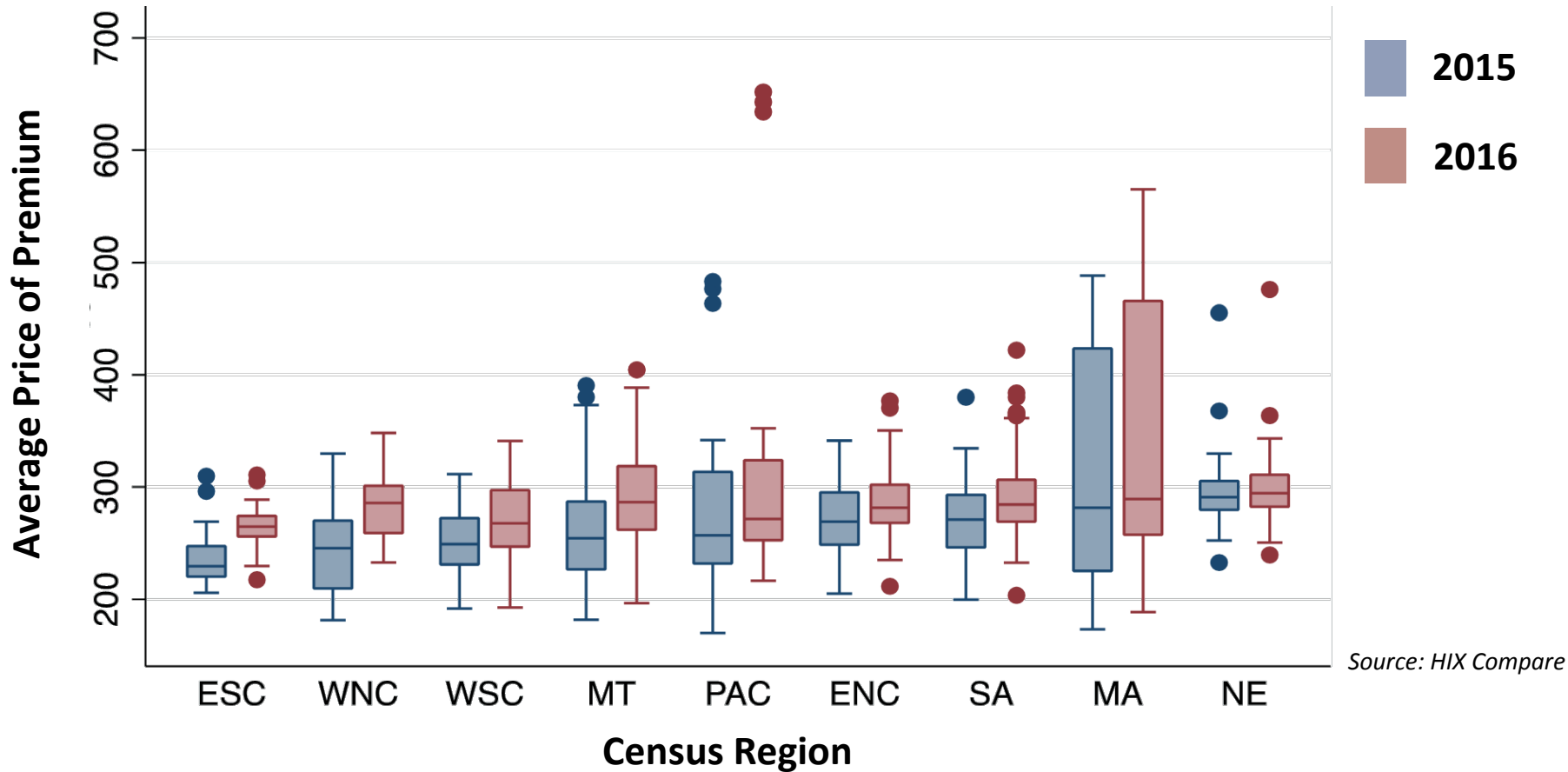
Average premium for a 27-year old, 2016:

- Bronze: \$238
- Silver: \$287
- Gold: \$350

Source: HIX Compare

Average Silver Premium for a 27-Year Old

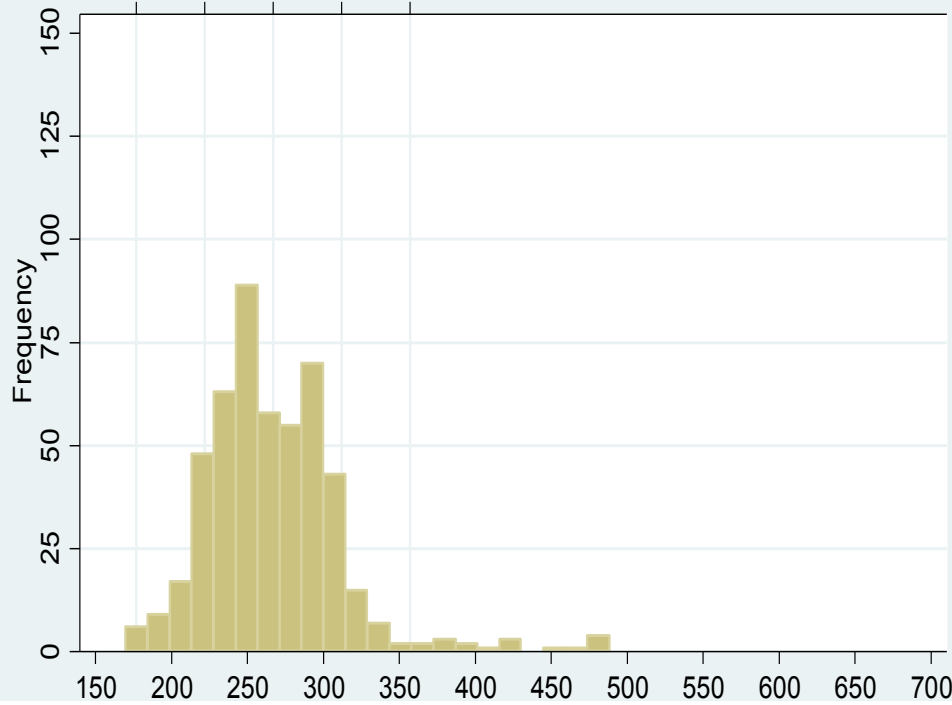
Geographic convergence in silver premiums



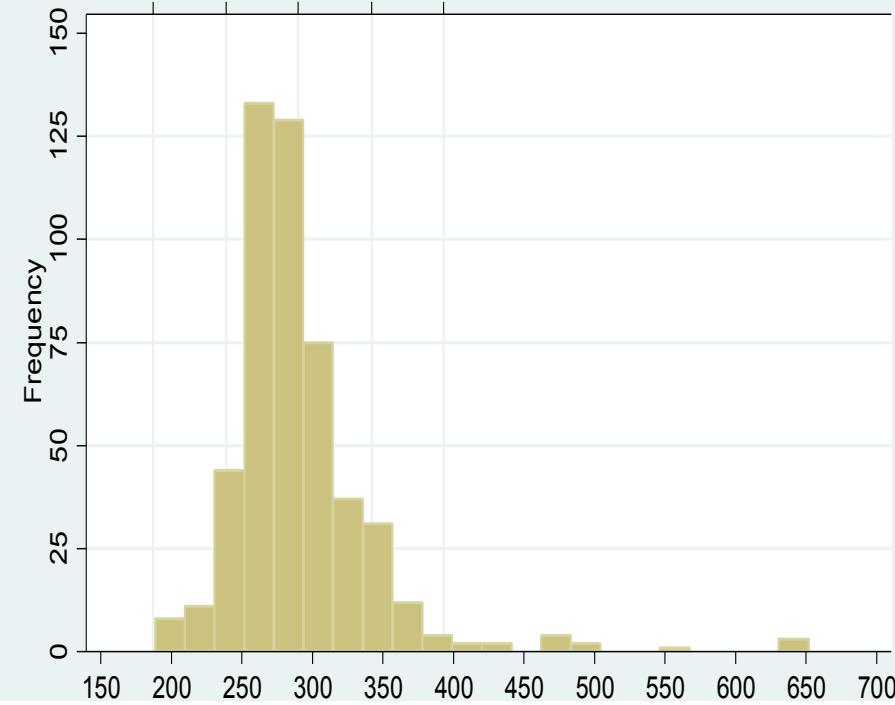
Source: HIX Compare

National Distribution of Silver Premium Prices Tightens

Average Silver Premium, 2015



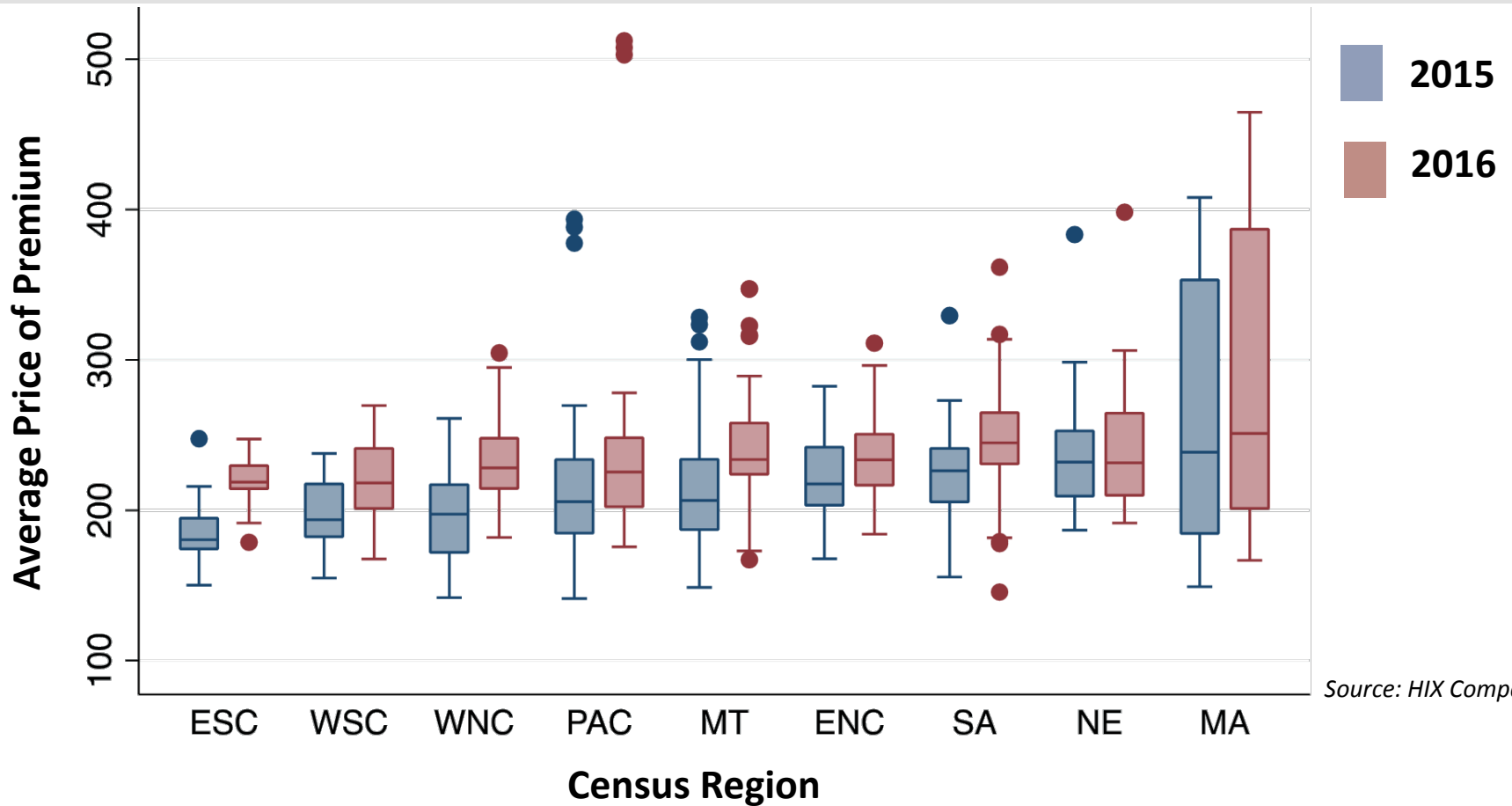
Average Silver Premium, 2016



Source: HIX Compare

Average Bronze Premium for a 27-Year Old

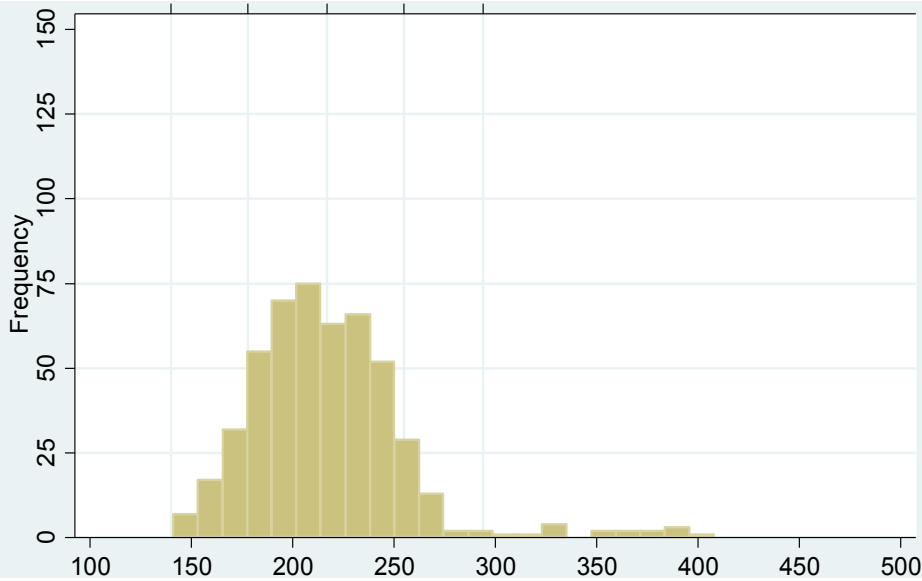
Geographic convergence in bronze premiums



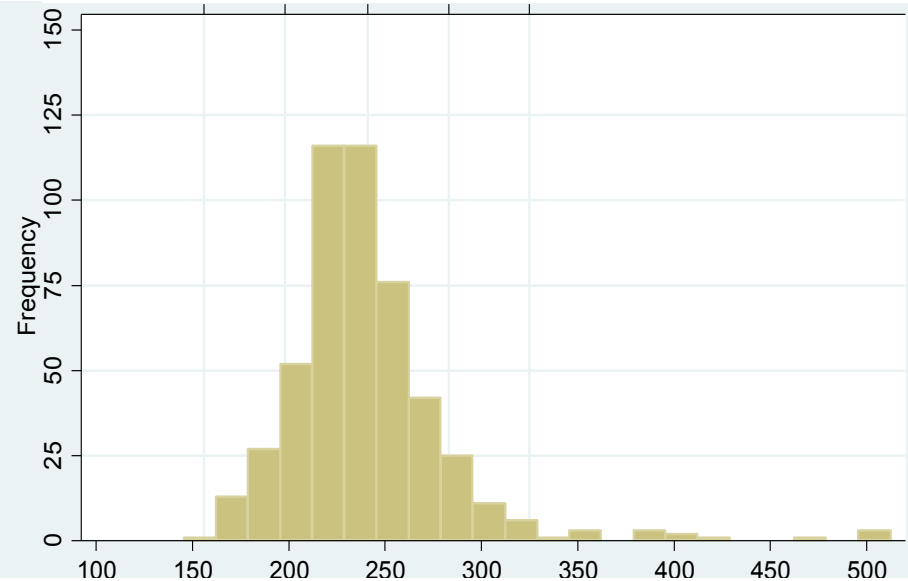
Source: HIX Compare

National Distribution of Bronze Premiums Tightens

Average Bronze Premium, 2015



Average Bronze Premium, 2016



Average Bronze Premium (\$)

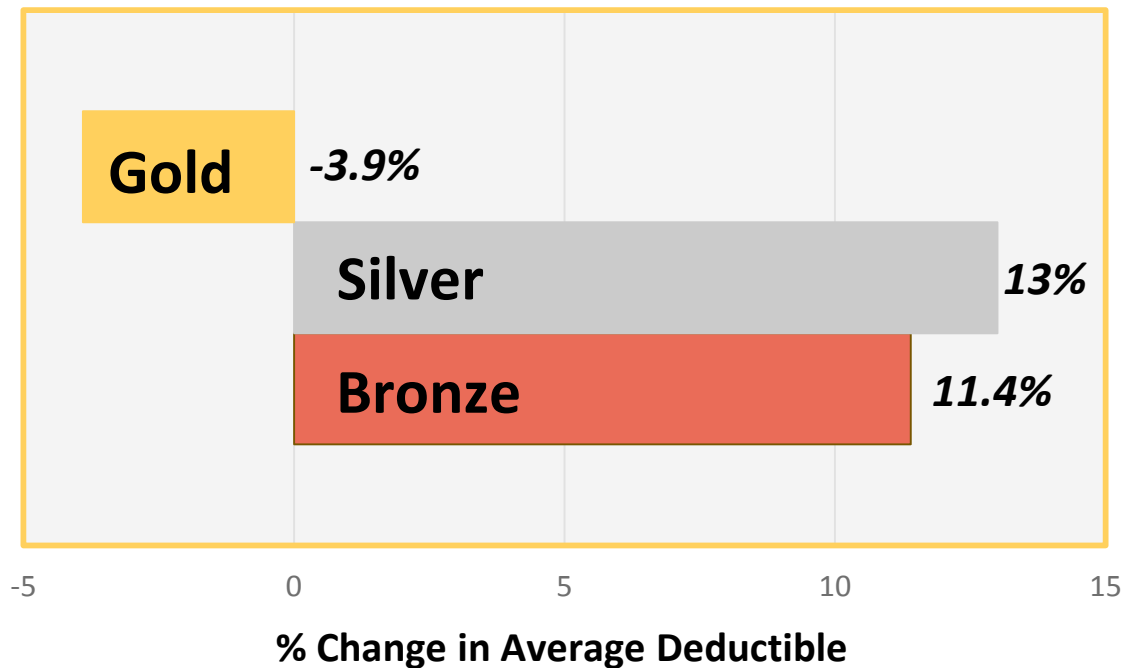
Source: HIX Compare

Average deductibles declined for gold plans

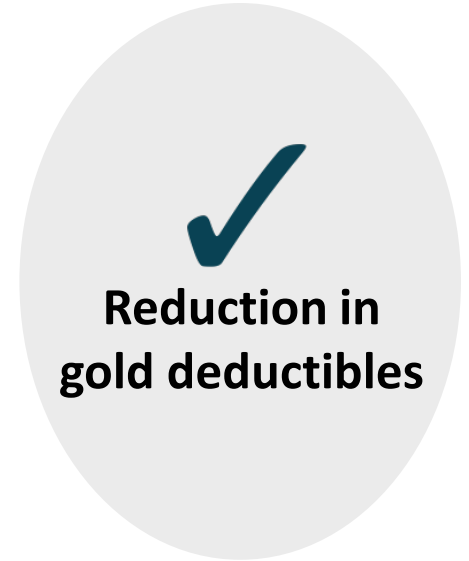
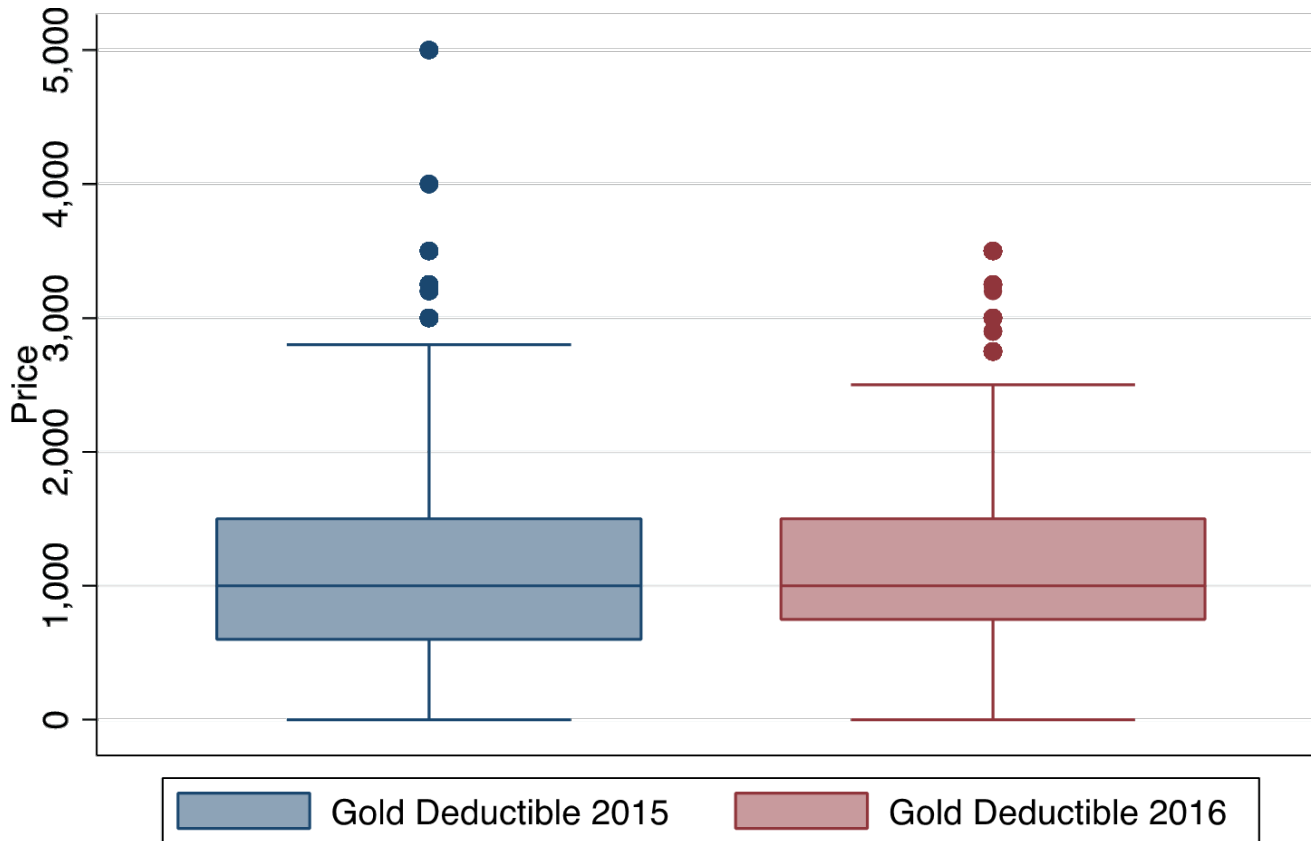
Average Deductible 2016

- Bronze: \$5783
- Silver: \$3396
- Gold: \$1115

Source: HIX Compare



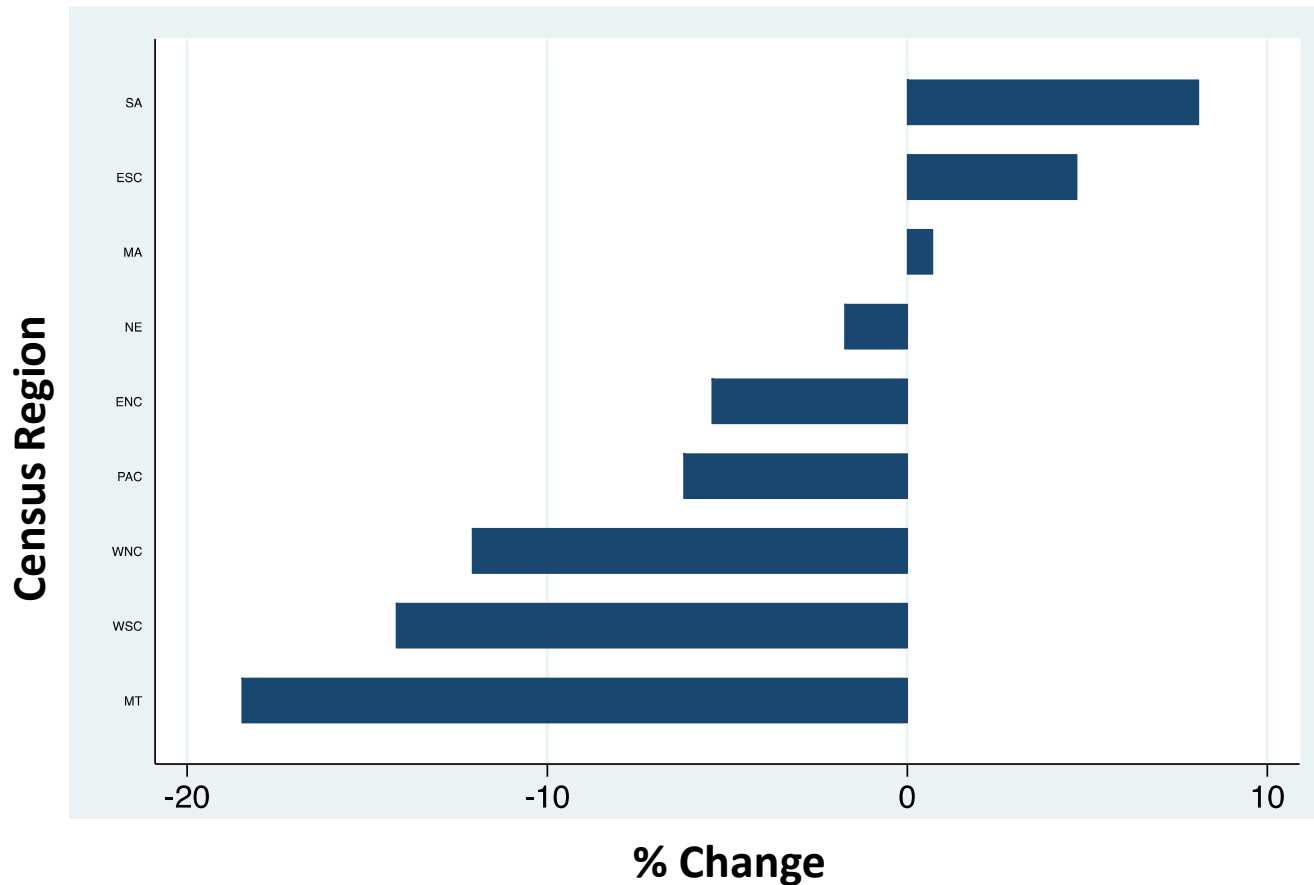
Average Gold Deductible for a 27-Year Old




Source: HIX Compare

Percent Change in Gold Deductible Price, 2015-2016

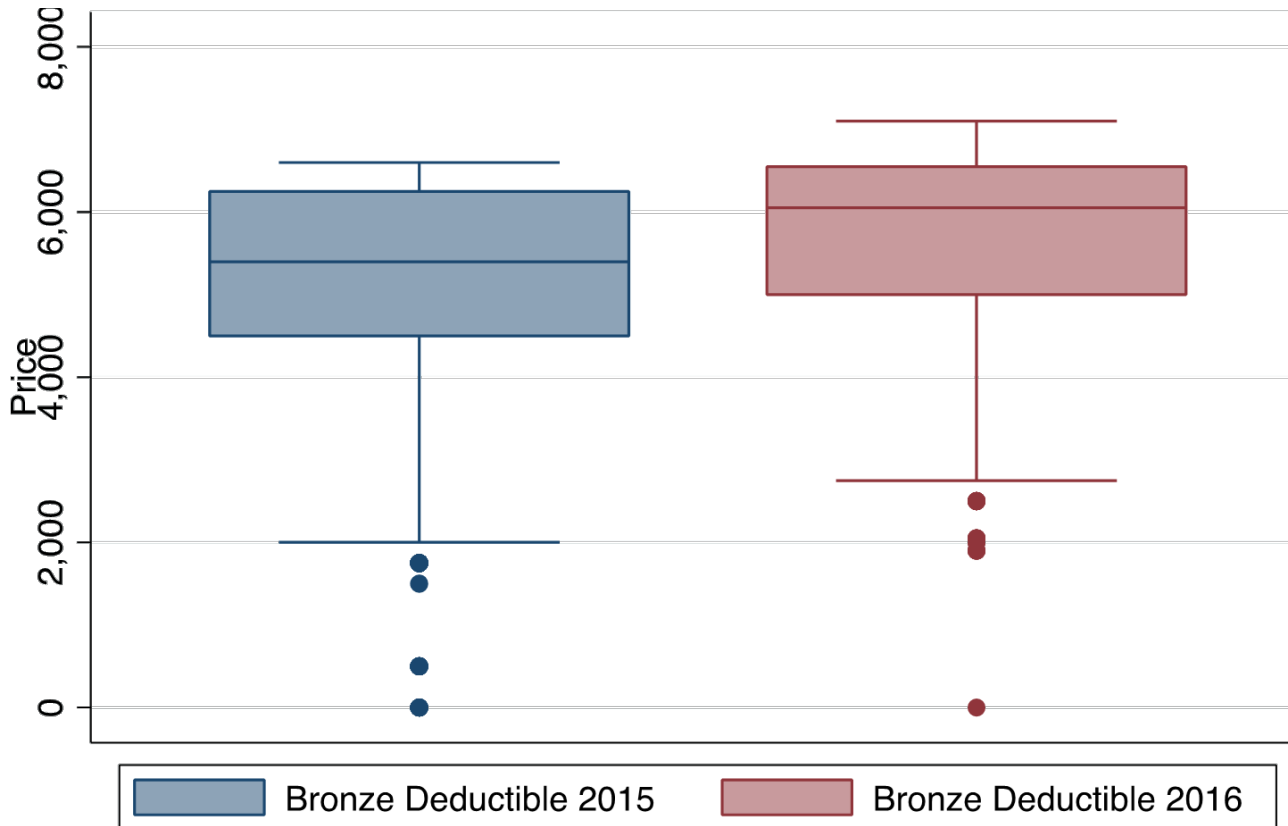
21




Average gold deductible declined in most regions

Source: HIX Compare

Average Bronze Deductible for a 27-Year Old

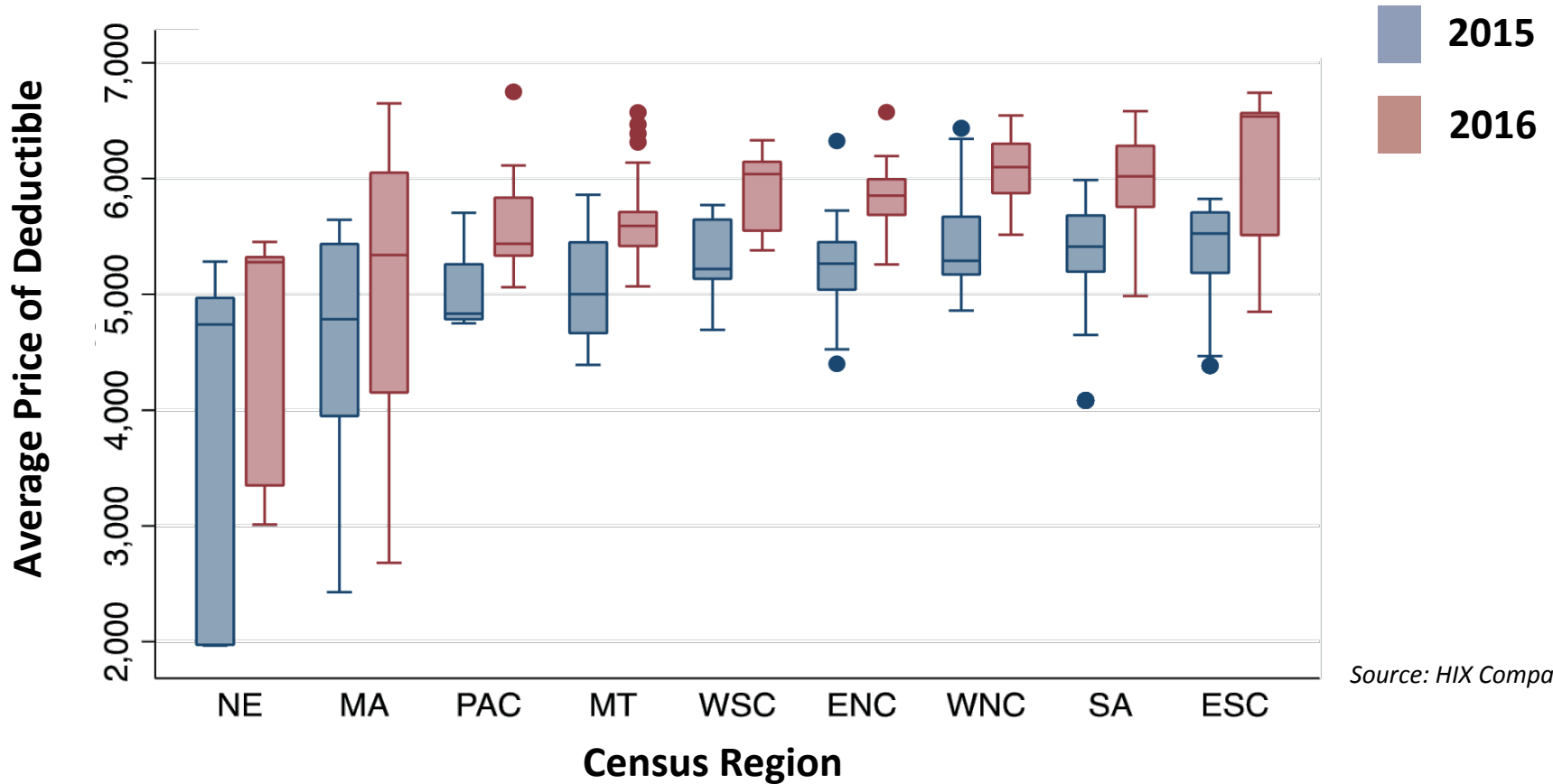



Distribution of bronze deductibles tightened

Source: HIX Compare

Average Bronze Deductible by Census Region

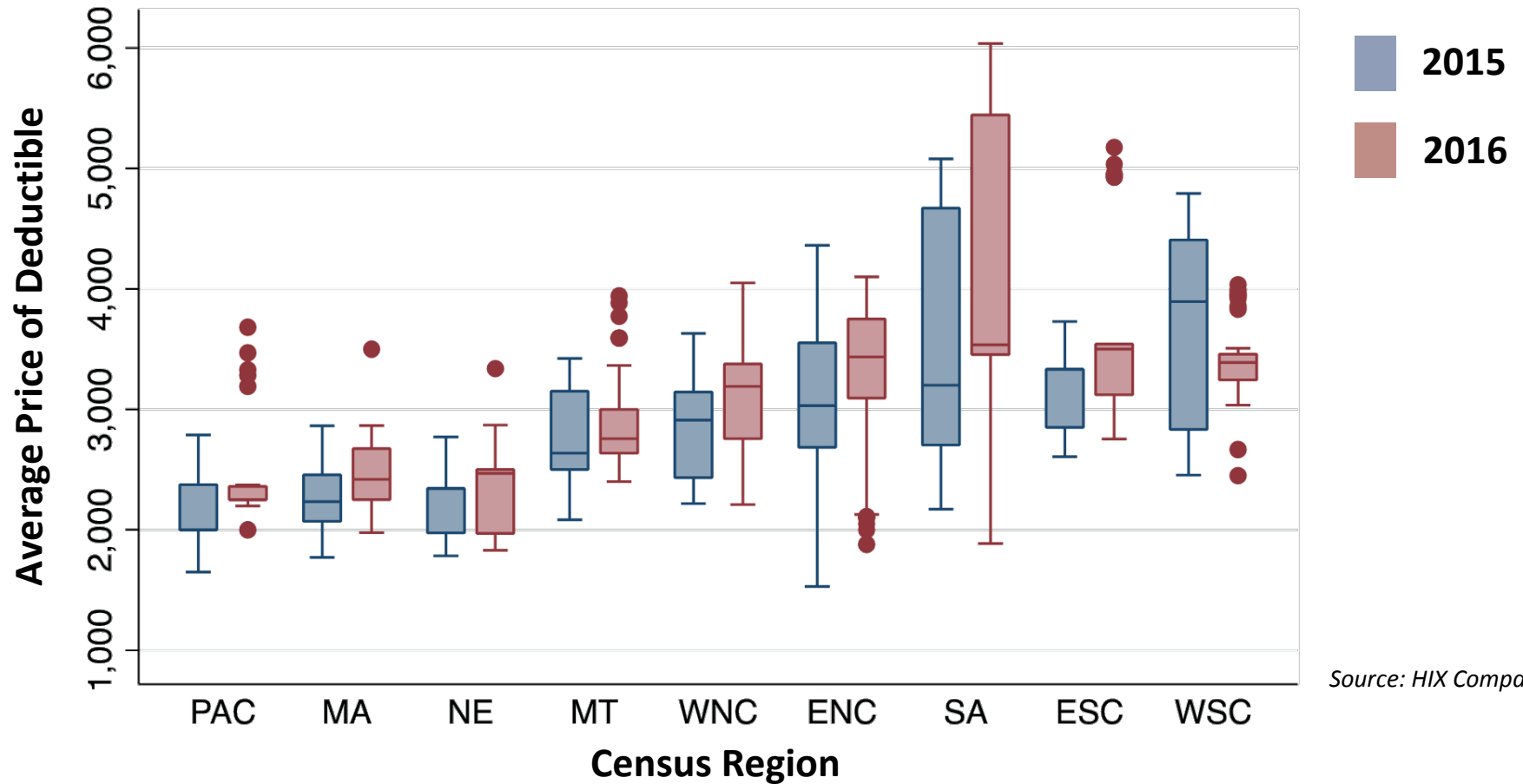
Geographic convergence in bronze deductibles



Source: HIX Compare

Average Silver Deductible by Census Region

Silver deductibles do not converge



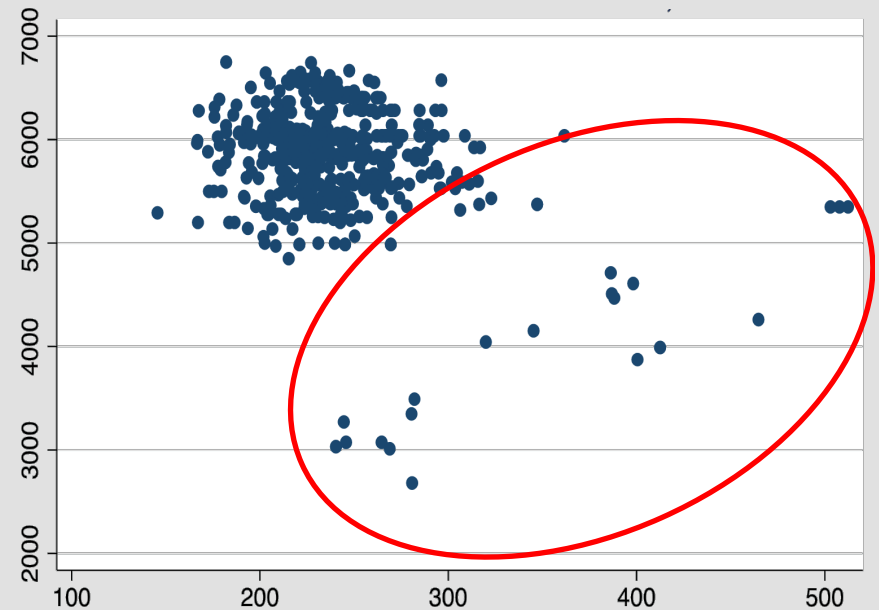
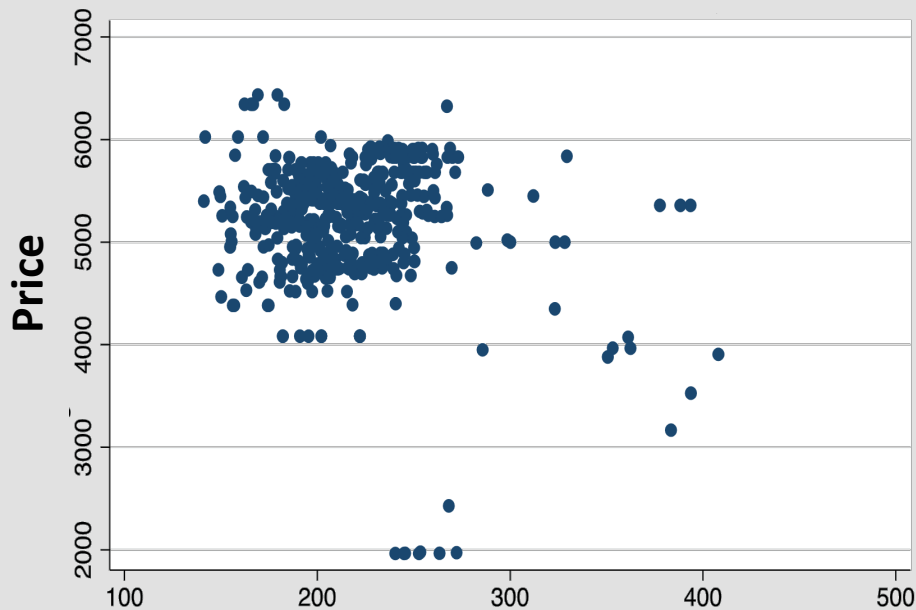
Source: HIX Compare

Bronze Premiums and Deductibles

Mixed outliers among bronze plans

2015

2016

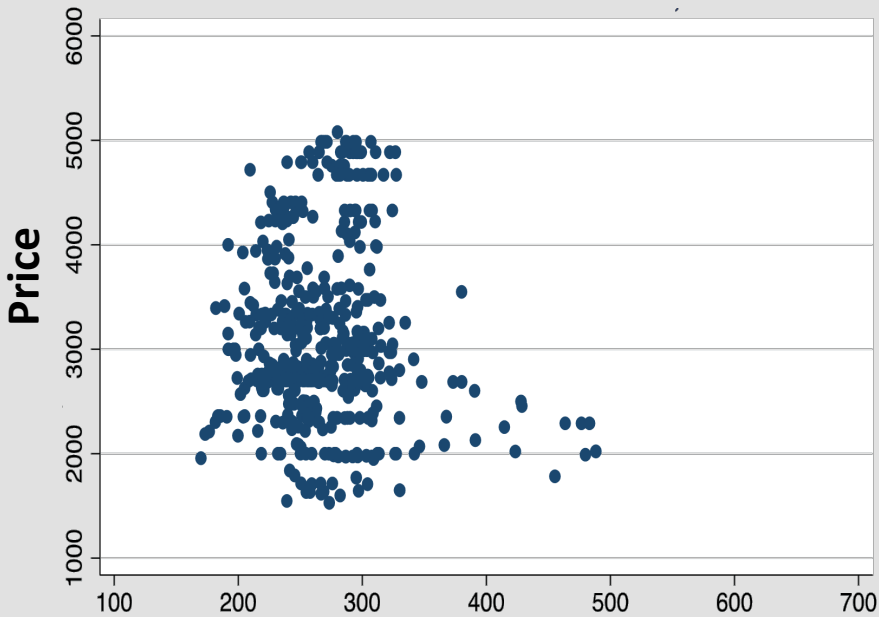


Average Bronze Premium

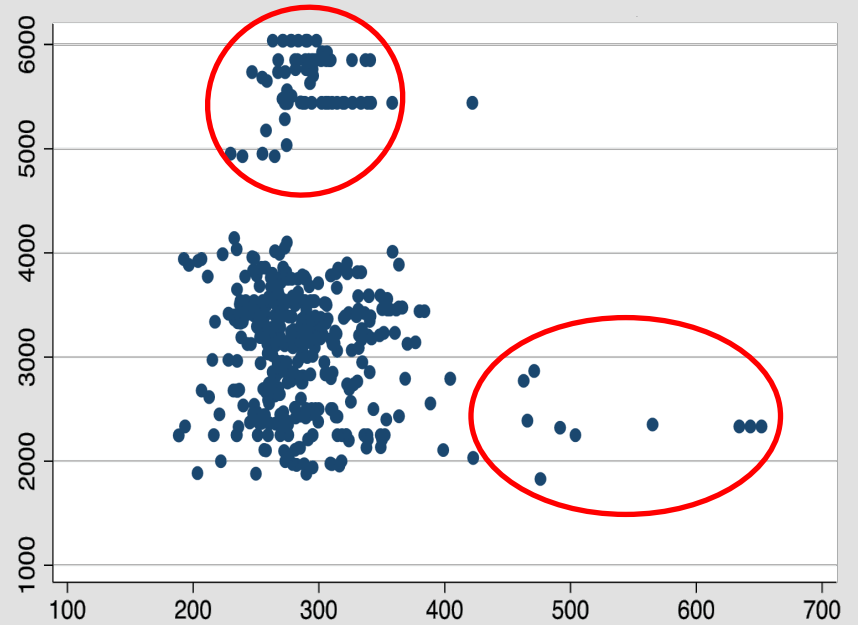
Source: HIX Compare

High deductible and high premium outliers in silver plans

2015



2016

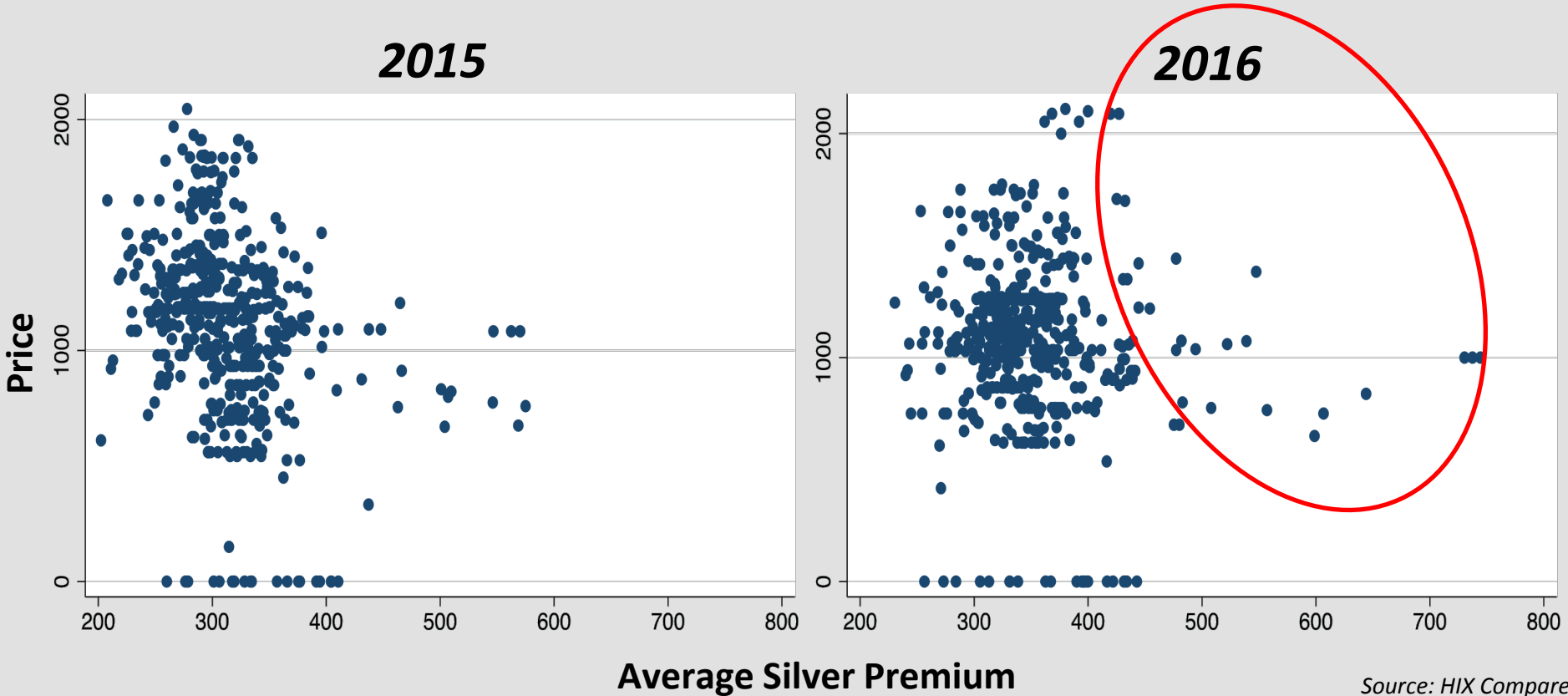


Average Silver Premium

Source: HIX Compare

Gold Premiums and Deductibles

Less convergence in gold plans, but high premium outliers emerge



Source: HIX Compare

Convergence Between, but not Within Markets

Variation decreased between markets, but increased within markets
Percent change in the inter-quartile range

	Bronze	Silver	Gold
<i>Between Markets</i>			
Premiums	-8.9%	-7.5%	-3.1%
Deductibles	-11.4%	No change	-16.7%
<i>Within Markets</i>			
Premiums	56.3%	32.9%	52.3%
Deductibles	17.7%	39.5%	8.7%

Overview of HIX Compare dataset

	A	B	C	D	E	F	G	H	I	J
1	PLANID	ST	CARRIER	PLANNAME	NETWK	AREA	PREMI27	PREMI50	PREMC2C30	PREMI2C30
23	73836AK07	AK	Moda Health	Be Driven (Select)	1	1	400	683	1354	920
24	38344AK05	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Plus 2500 HSA High, a Multi-State Plan	1	3	459	783	1552	1054
25	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Select 2000, a Multi-State Plan	1	3	526	896	1778	1208
26	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Select 3000, a Multi-State Plan	1	3	526	896	1778	1208
27	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Select 2500 HSA High, a Multi-State Plan	1	3	459	783	1552	1054
28	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Plus 2000, a Multi-State Plan	1	3	459	783	1552	1054
29	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Plus 3000, a Multi-State Plan	1	3	459	783	1552	1054
30	38344AK06	AK	Premera Blue Cross Blue Shield of Alaska	Blue Cross Blue Shield Plus 2500 HSA High, a Multi-State Plan	1	3	459	783	1552	1054
31	73836AK07	AK	Moda Health	Be Equipped (Providence)						
32	73836AK07	AK	Moda Health	Be Equipped (Select)						
33	73836AK07	AK	Moda Health	Be Driven (Providence)						
34	73836AK07	AK	Moda Health	Be Driven (Select)						
35	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Value Silver						
36	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Saver Silver						
37	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 2000						
38	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 4000						
39	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass HSA 3600						
40	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 5000						
41	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Value Silver						
42	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Saver Silver						
43	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 2000						
44	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 4000						
45	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass HSA 3600						
46	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 5000						
47	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Value Silver						
48	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Saver Silver						
49	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 2000						
50	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 4000						
51	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass HSA 3600						
52	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 5000						
53	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Value Silver						
54	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Saver Silver						
55	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 2000						
56	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 4000	2	1	228.24	388.97	770.98	523.79
57	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass HSA 3600	2	1	211.14	359.83	713.2	484.53
58	68259AL00	AL	UnitedHealthcare	UnitedHealthcare Silver Compass 5000	2	1	222.75	379.61	752.42	511.18
59	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Value Silver	1	7	199.45	339.9	673.7	457.7
60	46944AL04	AL	Blue Cross and Blue Shield of Alabama	Blue Saver Silver	1	7	211.56	360.54	714.64	485.51

What is HIX Compare?

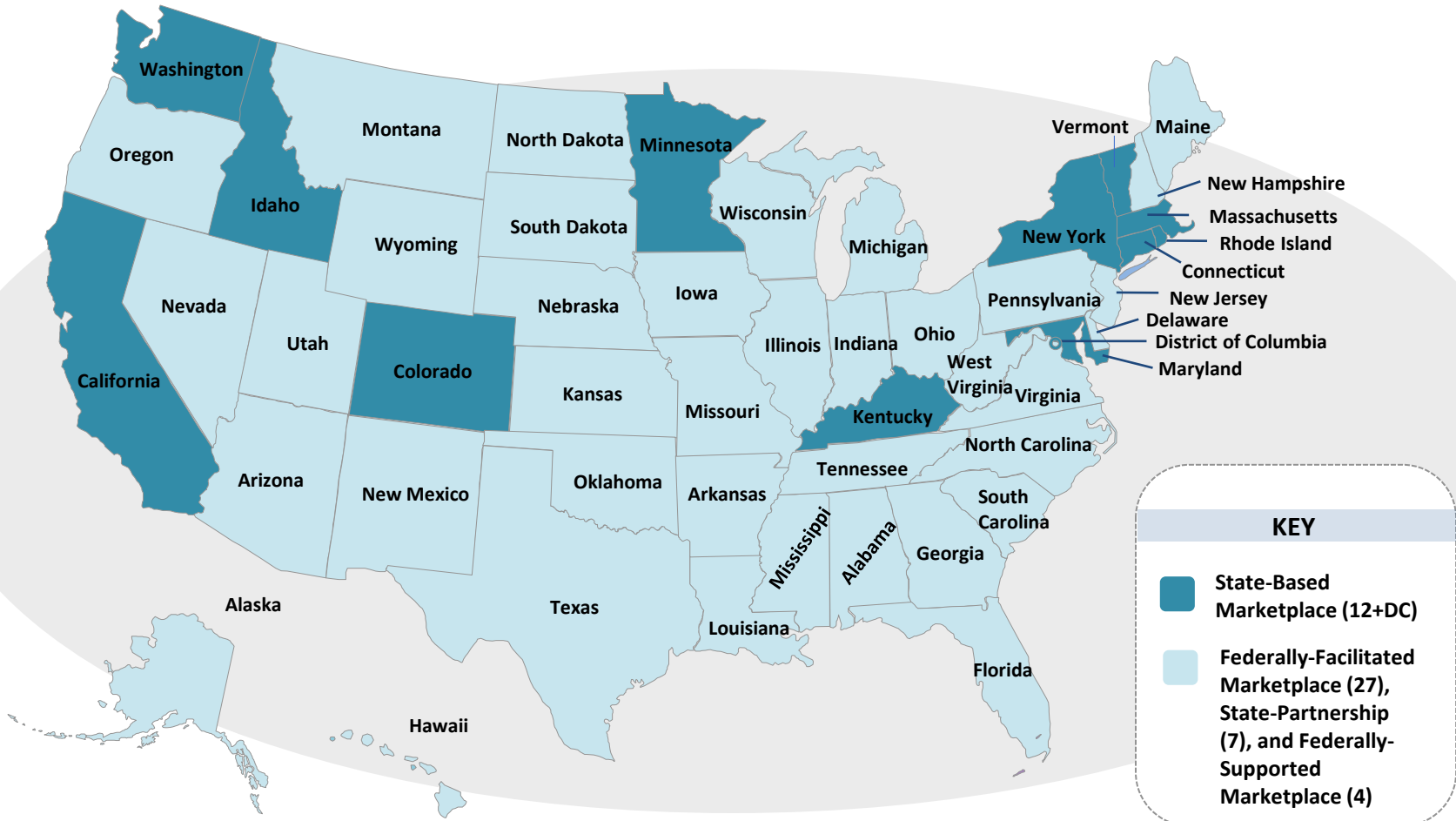
- HIX Compare is the only open access database containing benefit design data for Marketplace plans for all states.
- The database includes:
 - Premium information for four household types
 - Deductibles and Out-Of-Pocket Maximums
 - Information on Covered Benefits (e.g., primary care visits, specialist visits, drugs (all tiers), ER services, facility fees for outpatient surgeries and hospital stays)

What are the benefits of HIX Compare?

- Enables plan-to-plan comparisons across rating areas
- Spotlights benefit design trends for plans and consumers
- Integrates federal and state-based exchange data



HIX Compare – Only Single Dataset of All 50 States and DC



REGULATORY RESPONSES

CMS is balancing providing flexibility to plans to control costs with helping consumers understand their plan choices

Premiums – scrutiny and some mitigation efforts:

- Increased rate review
- Some risk adjustment modifications, more anticipated for 2018
 - *March 31 risk adjustment forum*
- Stricter Special Enrollment Period documentation

Network adequacy – flexibility:

- Fewer requirements than originally proposed
- FFM will use same “reasonable access” standard and states given time to adopt NAIC recommendations
- Transition requirements for those currently in treatment
- Plans can still have narrow networks

Cost sharing: limiting variation to improve transparency for consumers

- **Voluntary standardization of plan design**
 - Plans retain flexibility but favored status on *Healthcare.gov*
- **Minor out-of-network rule changes focus on transparency rather than stricter standards**
 - Notice is required if an in-network facility has out-of-network ancillary providers or else in-network cost sharing applies
- **Further improvements to *Healthcare.gov* expected for 2017 Open Enrollment**
 - Quality star rating
 - Likely improved provider and formulary search and easier to use plan comparison tools

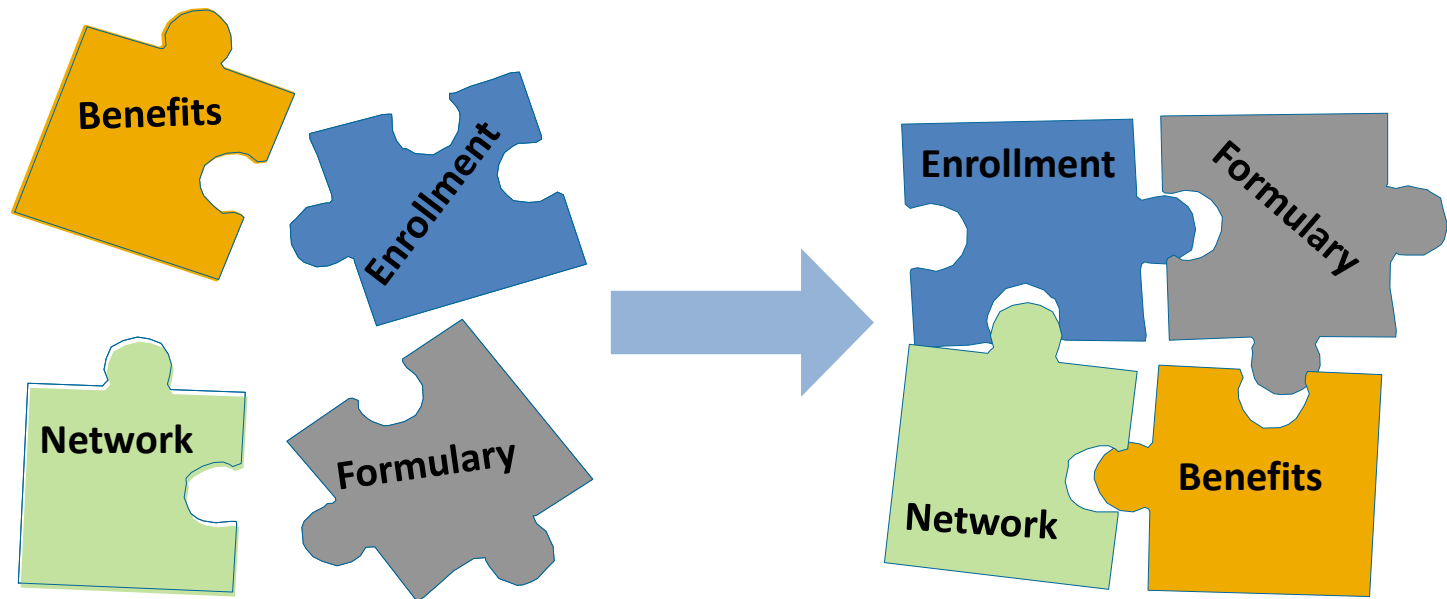


LOOKING AHEAD TO A TRANSPARENT MARKET FOR CONSUMERS

Transparency should be a Priority

35

Public release of market-wide benefit, formulary, network, and enrollment data will present a full picture of the individual and small-group marketplaces, allowing consumers to make better choices and regulators to perform more effectively.



Read more in Manatt white paper -- Roadmap to Transparency: Enabling consumer choice in the new health care Marketplace



Plan Choice

Ideal Future State



Recommendation for achieving Future State

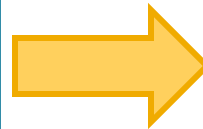
Information

Full plan data (e.g., premiums, deductibles, cost sharing) for all individual and small group plans, on and off the Marketplace

Technology

Plan choice tools (e.g., mobile apps) that allow consumers to rank and sort plans by different variables:

- Doctors
- Drugs
- Disease type
- Utilization patterns



Regulators should make full plan information available in a standardized format 60 days prior to open enrollment or market introduction

Roadmap to Transparency: Care Choice & Individualized Recs



Ideal Future State



Recommendations for achieving Future State

Care Choice

Information

Price and quality information on medical services

Technology

Care choice tools that allow consumers to compare treatment options before services are rendered



Insurers and providers should post price and quality data

Individualized Recommendations

Information

Electronic medical records and biometric data from wearables

Technology

Consumer tools that can be used in conjunction with plan and care choice tools to get personalized recommendations



Consumers should be given full access to their medical records in a usable format

Joel Ario

Managing Director

Manatt Health

JArio@manatt.com

Katherine Hempstead

Director

Robert Wood Johnson Foundation

KHempstead@rwjf.org

Chiquita Brooks-LaSure

Managing Director

Manatt Health

CBrooks-LaSure@manatt.com