Individual Markets Nationally Face High Premium Increases in Coming Years Absent Federal or State Action, With Wide Variation Among States

Executive Summary

Every state is at risk of significant cumulative premium increases in 2019-2021 due to continued federal uncertainty in the individual market. The uneasy conditions in many states have been exacerbated by recent decisions made at the national level, such as the removal of the federal penalty for being uninsured; the introduction of association health plans and short-term, limited-duration plans that could promote higher costs and the siphoning of healthy consumers; and the potential of continued underinvestment in marketing and outreach to consumers eligible for coverage in those states that rely on federal marketplace.

A new Covered California analysis finds that absent any federal policy action, premium increases for every state could range from 12 to 32 percent in 2019, with cumulative increases from 2019-2021 potentially ranging from 35 to 90 percent.

Health care is local, and conditions and market environments are unique to each state. There are, however, key indicators of a state being more likely to be on the high or low range of the forthcoming premium increases. The two factors reflected in this analysis are the 2016 risk mix of the state and the trend in marketplace enrollment from 2017 to 2018. The report also includes data on other factors that provide important context regarding each state's situation, including the percent of consumers with more than one insurer option and the premiums consumers pay for individual market coverage in those states. Based on this analysis, 17 states could be at a higher risk of experiencing cumulative premium increases of 90 percent or more, and 19 states could be at a higher risk of experiencing hikes of 50 percent.

Highlights:

- **All states' individual markets risk higher than normal premium increases — ranging from 35 to 90 percent over three years — due to continued uncertainty at the federal level, but state variation informs understanding of local risks.**
- **Premium increases in the individual markets will likely range from 12 to 32 percent in 2019, and cumulative increases from 2019-2021 will range from 35 percent to more than 90 percent.**
- **Increases are on average more than double the rate of medical inflation as a result of healthier consumers leaving the individual market.**
- **The report identifies 17 states that are more likely — because of their historic risk mix and enrollment — to have cumulative premium increases of 90 percent or more and 19 additional states are at a higher risk of experiencing hikes of 50 percent.**
- **Policy actions could both lower premiums and promote more plan competition by reducing uncertainty — with independent actuarial analysis finding that reinsurance or similar programs could cut premium increases in half, bringing them to single digits in many states.**

This report is a national economic analysis of potential premium increases, state-by-state impacts and estimates of positive effects of federal policies, informed by actuaries, economists and Milliman, which developed estimates on the potential impact of a national reinsurance program. The analysis was sponsored by Covered California as part of its efforts to understand future trends and inform the national policy discussion.

The report also identifies several policy actions at the federal or state level that could ease the uncertainty in the market, provide stability and mitigate the impacts of any rate changes. These policy actions include instituting an invisible high-risk pool or reinsurance program, directly funding cost-sharing reduction subsidies, providing additional subsidies to consumers to purchase insurance, increasing marketing and outreach investments, and introducing state-level policies. Just as the potential premium increases are subject to wide state-level variation, the potential impacts of different stabilization policies will vary by state. The analysis in this report shows that a federally funded, state-based invisible high-risk pool or reinsurance program would reduce premiums in 2019 between 10 and 20 percent. Other policies that could reduce premiums that are modeled in this report include the moratorium on the health insurance tax for 2019 (which is projected to reduce premiums in 2019 by 1 to 3 percent), and enhanced marketing and outreach (which is projected to reduce premiums between 6 and 8 percent over three years).

Introduction

Recent health care actions taken by Congress and the federal administration — elimination of the insurance mandate penalty, proposing greater flexibility to allow for association and short-term, limited-duration plans — are expected to draw consumers out of the individual market, sowing market instability and raising the specter of large premium increases in 2019 and beyond. At the same time, the Continuing Resolution passed on Jan. 22, 2018 (PL 115-120), included a one-year moratorium on the health insurance tax for 2019, which will lower revenue to the federal government from all lines of health insurance business, but will have the effect of reducing premiums in the individual (and other) markets between 1 and 3 percent.

The effects of these policies will vary by state. However, absent federal policies to stabilize the individual marketplace, a previous Covered California report[1] found the statewide average premium increases in 2019 could range from 12 to 32 percent — with some carriers in certain states having even higher rate increases, depending on state factors.

Since then, a wide range of organizations has analyzed the potential sources and impacts of premium increases in the individual market for 2019 and beyond, including America's Health Insurance Plans, Avalere Health, the Harvard Medical School and The Urban Institute.[2]

This issue brief and the associated actuarial analysis of reinsurance considers these new reports, along with expert consultation, to update estimates of statewide average premium increases for the years 2019 through 2021, reviews policies that could mitigate those increases and analyzes data that helps assess which states are more or less likely to be hardest hit by the potentially large premium spikes.

Potential Impact of Uncertainty on Premiums in 2019-2021

This updated analysis indicates that statewide average premium increases could range from 12 to 32 percent in 2019, with additional increases of 10 to 21 percent expected in both 2020 and 2021 (see Table 1: Projections of Individual Market Premium Changes Nationally in 2019, 2020 and 2021). Cumulatively, these premium increases would average 50 percent over the three-year period, with a projected range of 36 percent to 94 percent. As will be described further, we use indicators of marketplace stability to provide state-level estimates of potential risk for cumulative premium increases based on the ranges for 2019 through 2021.

Table 1: Projections of Individual Market Premium Changes Nationally in 2019, 2020 and 2021[3]

Factors Affecting Premiums	2019	2020	2021
Medical Trend for Individual Market	**7%**	**7%**	**7%**
Elimination of Individual Mandate Penalty	**+7 to 15%**	**+2.5 to 10%**	**+ 2.5 to 10%**
Enrollment effect due to decreases in federally facilitated marketplace states due to less marketing/ shortened open-enrollment period	**-2% to +9%**	**0% to +2%**	**0% to +2%**
Association Health Plans and Short-Term Policies	**+0.3% to 1.3%**	**+0.5 to 2%**	**+0.5 to 2%**
Total Increase Effect	**Range of 12% to 32%**	**Range of 10% to 21%**	**Range of 10% to 21%**
Total Cumulative Effect			**Range of 36% to 94%**

While most consumers who receive financial assistance through their marketplace could be insulated from these dramatic hikes, unsubsidized consumers would have no such protections. A previous Covered California analysis found there are an estimated 6 million Americans in the individual market, with a median income of $75,000, who do not receive financial help. Increases of this level could drive many consumers, especially healthy consumers, out of the market, fueling a cycle of continuing premium increases in future years.

Federal and State Policies That Could Affect Premiums and Promote Stability

The individual market is dynamic, and state and federal policy makers may consider a myriad of policies to help mitigate the effects of the factors described above. These include strategies to balance insurance risk pools, support for markets where there is disproportionate negative risk mix, and direct support to consumers to help make coverage more affordable.

Some of these policies include:

- **Institute a Reinsurance Program:** A Milliman analysis estimated a reinsurance program with annual nominal funding of $15 billion would result in a range of premium reductions from 10 to 20 percent depending on program design, circumstances of the state and the efficiency of the health plan. Previous Covered California analysis had shown that, because reinsurance programs result in lower premiums and lower expenditures for premium subsidies, the net cost to the federal government would be only $5 billion after the offset for reduced Advanced Premium Tax Credit spending.[4]

- **Directly Fund Cost-Sharing Reduction (CSR) Subsidies:** While funding CSRs would not directly reduce premiums, it would help provide certainty to participating insurers and reduce federal spending for Advanced Premium Tax Credits due to the workaround that was implemented during 2018. For states that broadly loaded the cost of the CSR program onto all metal tiers or onto both on- and off-exchange products, unsubsidized consumers would experience a one-time benefit from the return to the prior premium strategy.

- **Provide Additional Subsidies to Consumers to Purchase Insurance:** Increasing the financial assistance that is available to consumers — by either raising the amount of Advanced Premium Tax Credit available to consumers or increasing the number of consumers who would be eligible to receive the credits — would help more Americans afford coverage and increase the overall health of the consumer pools.
- **Increase Marketing and Outreach:** Consumers have biases that influence their perception about having insurance coverage (e.g., the research on optimism bias shows that the young and healthy frequently underestimate their risk of illness or injury).[5] To overcome these biases, increasing spending on targeted marketing can help persuade consumers that health insurance coverage is important. By achieving enrollment among healthier individuals, the improved risk mix is likely to have a very positive return on investment, with the beneficiaries of that investment being federal taxpayers — who benefit from reduced per-person Advanced Premium Tax Credits — and unsubsidized individual market enrollees, who benefit from lower premium increases.
- **State-Based Penalties for Non-Coverage:** As displayed in Table 1: Projections of Individual Market Premium Changes Nationally in 2019, 2020 and 2021, the elimination of the federal mandate penalty is expected to increase premiums in a range of 7 to 15 perecent in 2019 and an additional 2.5 to 10 percent in 2020 and 2021. Institution of alternative policies, such as a state-based mandate, could mitigate some of these increases and the overall disruption the elimination of the penalty will cause for markets.[6]
- **State Regulations on Association Health Plans or Short-Term, Limited-Duration Plans:** States could adopt regulations that prohibit carriers from offering plans that do not provide comprehensive coverage or protect consumers with pre-existing conditions, or provide oversight of these offerings.
- **Auto-Enrollment:** State or federal policies could promote automatic enrollment of eligible individuals, such as for those who lose employer-based coverage, earn too much for Medicaid or "age out" of coverage eligibility from parents' plans.[7]

Federal and state action is needed to ensure the existence of healthy, stable markets (see Table 2: Recommended Policies to Reduce Premiums). The issues affecting markets are multi-faceted and vary across states, and policymakers should consider a mix of policy options that, in combination, can achieve the goal of ensuring that individuals have access to quality, affordable choice of coverage. In tandem with the policies outlined above, policymakers must also ensure that they are balancing consideration of other goals, including managing health care costs and ensuring that consumers continue to receive protections that are universally agreed upon, such as guaranteed issue and prohibition of lifetime limits.

Table 2: Potential Policies to Reduce Premiums

Proposed Policy Action	Estimated Reduction[8]
Create a multiyear reinsurance program with $15 billion in annual federal funding starting in 2019 (premiums would increase by about the value of reinsurance when the program halted)	10 to 20 percent
Fund CSR payments for 2017, 2019 and 2020	Unlikely to lower premiums for most consumers, see discussion on page 3
Moratorium on health insurance tax for 2019 (premiums would increase when "holiday" ends)	1 to 3 percent
Fund comprehensive marketing and outreach for 2019 to 2021 (premium reductions tied to success at enrolling healthier population)	6 to 8 percent

Projecting Potential Impacts on States: Applying Known Factors to Predict Potential Market Stability and Premium Increases

Insurance markets vary: Demographics, market penetration, policy objectives and costs differ across states. While no single indicator or even a compilation of many indicators can predict with precision the impact on premiums state by state, this report examines underlying risk mix and marketplace enrollment trends across the 50 states and the District of Columbia as indicators of market stability (Table 3: State-by-State Summary of Risk for Instability and Premium Increases). All states will see significant premium increases in the future if efforts are not made to address these factors. Data shows variance in the intensity of these factors across states, illustrating the need for urgent and multifaceted solutions to balance markets and offset premium increases.

While many factors influence premium costs, premiums are ultimately driven by the overall "health" of states' individual markets, meaning the likelihood that each state's market is stable, competitive and provides coverage at lower cost. Such factors include (1) the risk mix or overall health of those participating in the market and (2) recent enrollment trends. Each indicator has some limitations but, taken together, they provide a signal of the potential impact on premiums.

The degree to which each factor, and others not listed here, will influence premiums requires additional data and is beyond the scope of this snapshot. Still, to underscore the reality that all states are at risk of major — and in some cases, dramatic — rate increases, the summary score of marketplace risk reflecting the CMS risk scores from 2016 (as a measure of risk mix achieved from 2014 to 2016), and the recent open enrollment performance (as the latest indicator of risk trend) are used to group states into three categories: significant, high, and catastrophic marketplace risk (see Table 3: State Indicators of Individual Premium Increases and Market Instability and Figure 1: National Overview — State-by-State Interactive Mapping of Premium Increase and Instability Risk. The data interactive on http://hbex.coveredca.com/data-research/data-viz/individual-market-risks-by-state-2019/ allows users to view a composite or "summary" score for the two indicators.

- **CMS Risk Score:** The risk score is a standardized measure used by the federal Centers for Medicare and Medicaid Services (CMS) to evaluate the overall health, or risk mix, of the consumer pool in the state's individual market, inclusive of both on-and off-marketplace enrollees. The risk score is calculated based on demographic and health status information of those enrolled in coverage. Based on the most recent available risk score data, states' risk ranges from ~1.3 (lower risk) to ~2.1 (higher risk).[9] Generally, health insurers must price their products based on the anticipated risk mix of their enrollees, with a sicker risk mix translating directly to higher premiums. This analysis assumes that states with higher risk scores are likely to see higher premiums rates overall.

  This analysis calculates the difference between the states' risk scores and the national average risk score to determine the relative risk mix in each state compared to the national average — negative values correspond to a healthier risk mix and positive values correspond to a less-healthy risk mix. Estimates are based on 2016 enrollees, and may not fully account for any major changes to states' market composition since then; however, CMS reports that risk scores have largely remained consistent across states between 2014 and 2016.[10]

- **Recent Enrollment Trend:** This analysis focuses on plan-selection trends seen on the health insurance marketplaces between the 2017 and 2018 coverage years. Many changes took place during the 2017 and 2018 coverage years that may have affected these trends, including consumer confusion over repeal of the insurance marketplaces and the individual mandate prompted by ongoing federal debates over repeal of the Affordable Care Act, large premium increases and shortened open-enrollment periods. This analysis considers enrollment growth or consistency as an indication of market stability, and it is probable that states with larger declines in enrollment have less-stable individual markets. However, data is not inclusive of off-insurance marketplace enrollment and so only provides a partial picture of overall enrollment trends.[11] Additional data is necessary to ascertain definitively the weight of these enrollment trends on overall market health.

These factors provide signals of likely premium trends and market stability in 2019. However, it is important to note that these indicators are not perfect predictors of premium rates and market stability due to changes in markets that have occurred since data was reported (e.g., implementation of new state or federal policies, shifts in market composition) which may impose additional influence over markets in 2019. Other factors that are not part of the summary score, but are displayed in the data interactive to provide additional context include:

- **Percent of Consumers With More Than One Insurer Option:** Availability of insurer choice varies across and within states, pending insurer decisions to sell coverage in defined regions within states. Since 2014, most states have seen declines in the number of insurers offering individual market products, particularly those offering coverage through the health insurance marketplaces. In 2018, states averaged 3.5 insurers participating on their health insurance marketplaces, compared with an average of five insurers per state in 2014.[12] Issuers have cited various reasons for exiting the markets, including a higher-than-anticipated risk score, underfunding of the federal risk-corridor program and uncertainty over implementation of policies affecting insurance markets (e.g., cost-sharing reduction payments, enforcement of the federal mandate).[13]

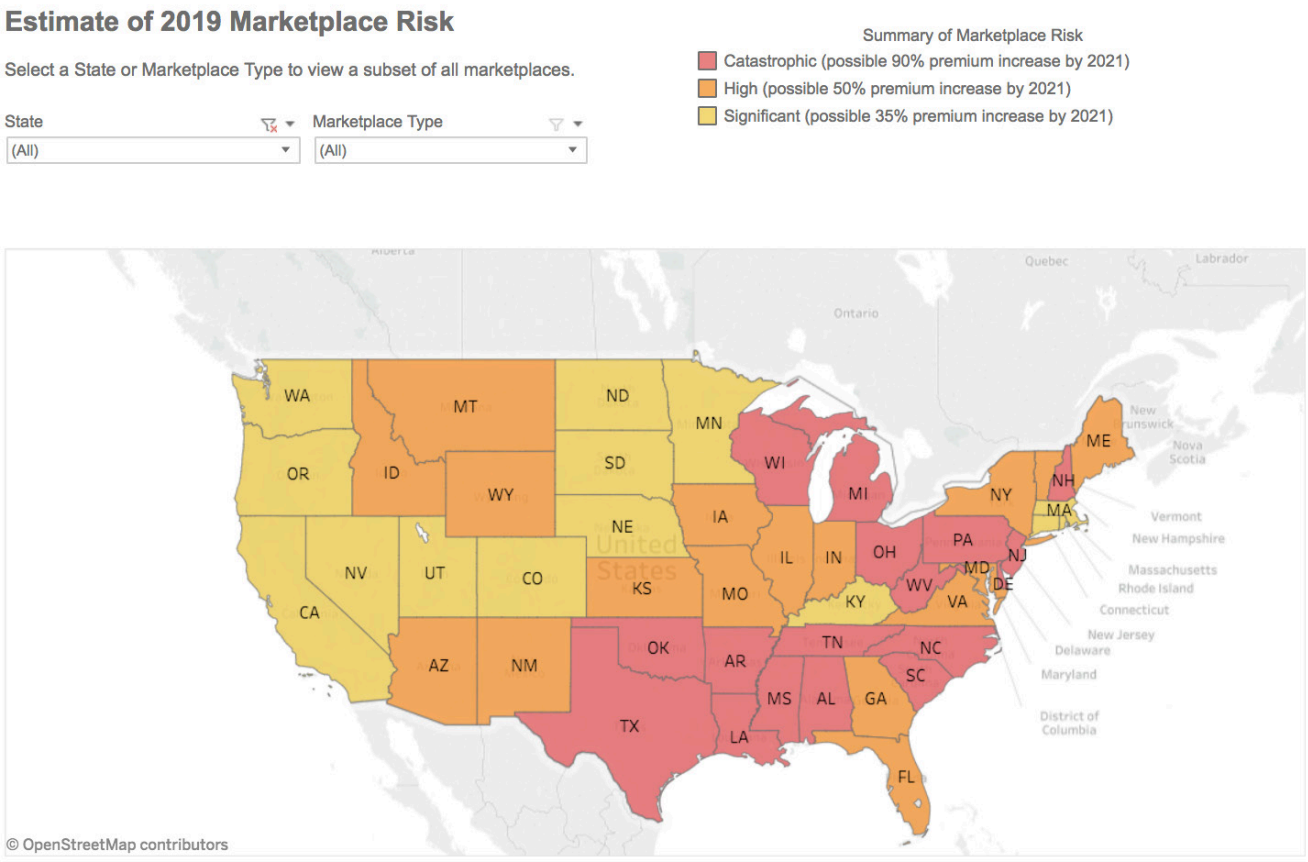
  Existence of insurer choice is important not only in providing consumer options, but because choice is directly correlated with lower premiums.[14] To understand current prevalence of market choice, this data interactive uses Kaiser Family Foundation data to calculate the proportion of marketplace enrollees with more than one insurance issuer available to them in 2018.[15] Since granular plan-selection data at the county

level will not be available until spring 2018, the Kaiser Family Foundation data relied on 2017 plan selections by county to weight overall share of consumers with more than one choice available. This approach provides a reliable estimate, but can be refined further when final open enrollment data for 2018 is available.[16]

- **Premiums and Tax Credits for 2017:** As policymakers consider the trends for 2019, it is useful to anchor the marketplace instability risk to the cost of coverage. Table 3 provides data on gross premiums (the cost for the unsubsidized), average tax credits, and net premiums (the premium paid by the consumer after tax credits, for those with subsidies only) from 2017.[17] Data from 2017 is used because premium rates are not distorted by the workaround by states for funding the cost-sharing reduction program through 2018 premiums, and also due to the unavailability of 2018 state-level data from CMS for calculating the average cost of coverage based on the plans consumers selected.

Consumers in much of the nation already face high premiums, particularly those who do not receive federal assistance in the form of the Advanced Premium Tax Credit or benefit from federal tax-supported employer-based coverage. These high premiums are a reflection of underlying health care costs and insurer pricing to reflect current market conditions and the risk mix of those in the individual market, including some of the factors mentioned above. However, even states with high premium rates can expect to see increases in the ranges projected in this issue brief, which would exacerbate the price sensitivity of consumers and increase their likelihood of going uncovered due to lack of affordability.

Figure 1: National Overview — State-by-State Interactive Mapping of Premium Increase and Instability Risk



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Based on this analysis, every state has a high risk level of seeing significant premium increases over the next three years:

- Significant marketplace risk of three-year cumulative premium increases of ~35 percent: These are states that have historic enrollment or market characteristics that indicate their individual markets are likely to be have "lower than average" premium increases above medical trend. Given the range of premium-increase forecasts from other analyses for 2019 and beyond, these states are likely to have a cumulative increase over the next three years of ~35 percent.
- High marketplace risk of three-year cumulative premium increases of more than 50 percent: These are states that have historic enrollment or market characteristics that indicate their individual markets are likely to have "market average" premium increases above medical trend. Given the range of premium-increase forecast for 2019 and beyond, these states are likely to have a cumulative increase over the next three years of more than 50 percent.
- Catastrophic marketplace risk of three-year cumulative premium increases of 90 percent or more: These are states that reflect historic enrollment or market characteristics that indicate their individual markets are likely to be subject to higher premium increases or instability in the form of risk of market exit by carriers. Given the range of premium increases forecast for 2019 and beyond, these states are likely to have a cumulative increase over the next three years of 90 percent.

In addition to providing an indication for each state's likelihood of having significant, high or catastrophic risks for premium increases and instability, the data interactive map function allows each state's comparative data to be easily reviewed (see for example Figure 2, which shows the state profiles for Oregon and Pennsylvania).

Figure 2: **State Profiles of Premium Increase and Instability Risk for Oregon and Pennsylvania**

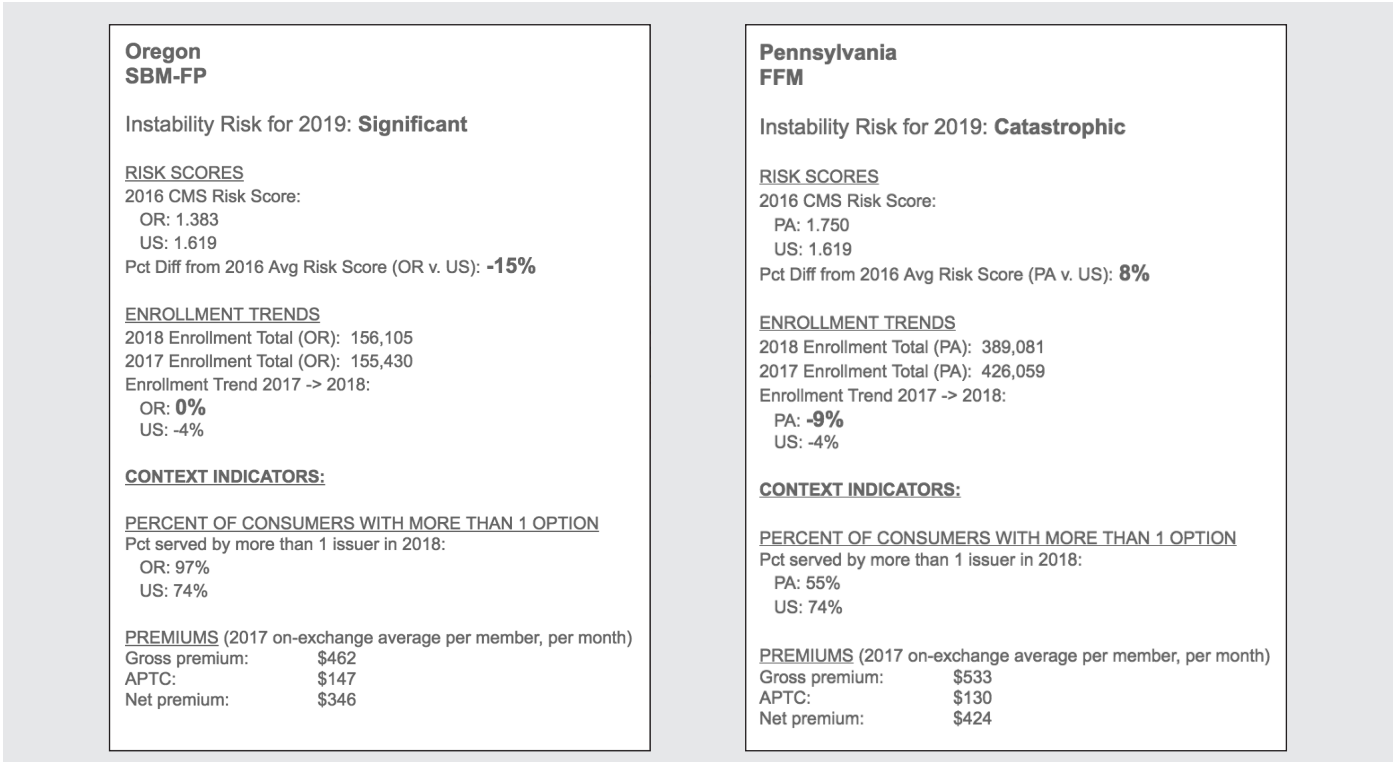

Table 3: **State-by-State Cumulative Summary of Risk for Instability and Premium Increases**

	Key Indicators for Premium / Instability				Marketplace Context Data			
State	2016 CMS Risk Score Difference from National Average	Trend in Marketplace Plan Selections 2017->18	Summary Cumulative Premium Risk	Type	Percent of Enrollees served by more than 1 QHP in 2018	Average On-Exchange Gross Premium for 2017 ($)	Average On-Exchange APTC for 2017 ($)	Average On-Exchange Net Premium for 2017 ($)
AK	-9%	-4%	High	FFM	0%	1,041	958	93
AL	24%	-5%	Catastrophic	FFM	19%	575	515	72
AR	27%	-3%	Catastrophic	SBM-FP	100%	420	272	159
AZ	-6%	-16%	High	FFM	0%	611	521	104
CA	-16%	-2%	Significant	SBM	97%	448	325	131
CO	-22%	3%	Significant	SBM	94%	454	366	129
CT	-5%	2%	Significant	SBM	100%	537	608	134
DC	-4%	0%	Significant	SBM	100%	NR	NR	NR
DE	8%	-11%	Catastrophic	FFM	0%	569	418	162
FL	7%	-3%	High	FFM	87%	442	360	84
GA	-2%	-3%	High	FFM	61%	431	355	87
HI	18%	5%	High	FFM	100%	477	357	141
IA	6%	3%	High	FFM	0%	526	422	132
ID	-7%	-6%	High	SBM	100%	426	573	94
IL	-4%	-6%	High	FFM	82%	517	364	174
IN	3%	-5%	High	FFM	64%	420	262	170
KS	2%	-1%	High	FFM	100%	476	378	110
KY	7%	10%	Significant	SBM-FP	0%	406	289	144
LA	11%		Catastrophic	FFM	100%	552	435	127
MA		2%	Significant	SBM	100%	290	127	126
MD	-3%	-3%	High	SBM	89%	431	404	147
ME	-7%	-5%	High	FFM	100%	518	414	118
MI	2%	-9%	Catastrophic	FFM	96%	402	264	152
MN	-15%	6%	Significant	SBM	99%	566	NR	185
MO	7%	0%	High	FFM	55%	483	398	100
MS	19%	-5%	Catastrophic	FFM	0%	455	373	88
MT	-16%	-9%	High	FFM	100%	581	481	115
NC	6%	-5%	Catastrophic	FFM	15%	662	589	87
ND	-12%	2%	Significant	FFM	35%	399	288	124
NE	-4%	5%	Significant	FFM	0%	595	507	100
NH	0%	-7%	Catastrophic	FFM	100%	399	249	171
NJ	4%	-7%	Catastrophic	FFM	100%	479	349	148
NM	-4%	-9%	High	SBM-FP	100%	366	279	111
NV	-5%	2%	Significant	SBM-FP	91%	379	286	105
NY	12%	4%	High	SBM	100%	NR	NR	NR
OH	8%	-4%	Catastrophic	FFM	86%	413	265	168
OK	13%	-4%	Catastrophic	FFM	0%	620	550	79
OR	-15%	0%	Significant	SBM-FP	97%	462	346	147
PA	8%	-9%	Catastrophic	FFM	55%	533	424	130
RI	-1%	12%	Significant	SBM	100%	365	344	136
SC	15%	-6%	Catastrophic	FFM	100%	512	418	101
SD	-2%	0%	Significant	FFM	100%	541	444	108
TN	17%	-2%	Catastrophic	FFM	34%	587	529	79
TX	0%	-8%	Catastrophic	FFM	89%	404	328	85
UT	-12%	-2%	Significant	FFM	100%	319	234	89
VA	1%	-3%	High	FFM	44%	405	318	97
VT	-6%	-12%	High	SBM	100%	488	333	159
WA	-10%	8%	Significant	SBM	88%	NR	NR	NR
WI	5%	-7%	Catastrophic	FFM	86%	514	399	131
WV	27%	-19%	Catastrophic	FFM	64%	702	559	161
WY	1%	-1%	High	FFM	0%	614	506	113
National Average	N/A	- 4%	N/A	ALL	74%	468	370	111

Key: **Catastrophic** (premium increases of more than 90%) **High** (premium increases of ~ 50%) **Significant** (premium increases of ~ 35%)

Methods for Summarizing Marketplace Risk by State

For this analysis, states were ranked on both of the indicators (CMS risk score and marketplace enrollment trend) and for each area scored on a percentile basis compared to all other states. A composite score was then made by summing each indicator percentile. Adjustments were made wherever a metric was not valid for a state in that year (e.g., Louisiana was still expanding its Medicaid program in 2018, explaining part of the "loss" of marketplace enrollment compared to 2017).

Based on this methodology, the worst possible "score" a state could get would be zero if it were the lowest ranked state on both indicators. If it were the highest ranked state in each of the indicators, the best possible "score" a state could get would be 200. To group states by rough marketplace risk, the 200-point range was divided into three groups: Zero to 75 (catastrophic risk), 75 to 125 (high risk) and 125 to 200 (significant risk). While these categorizations cannot be considered predictors of specific premium increases for 2019 and beyond, they serve as important indicators of potential range of future premiums.

[1] Covered California - "The Roller Coaster Continues — The Prospect for Individual Health Insurance Markets Nationally for 2019: Risk Factors, Uncertainty and Potential Benefits of Stabilizing Policies"

[2] America's Health Insurance Plans –Factors Influencing 2019 Premiums in the Individual Market. February 2018 - https://www.ahip.org/wp-content/uploads/2018/02/FactorsInfluencing2019Premiums_IssueBrief_2.7.18.pdf; Mendelson, Dan, Chris Sloan, and Chad Brooker. Association Health Plans Projected to Enroll 3.2 Million Individuals. February 28, 2018 - http://avalere.com/expertise/managed-care/insights/association-health-plans-projected-to-enroll-3.2m-individuals; Hsu, John, Vicki Fung, Michael E. Chernew, Alan M. Zaslavsky, William Dow, and Joseph P. Newhouse. Eliminating the Individual Mandate Penalty in California: Harmful But Non-Fatal Changes in Enrollment and Premiums. March 1, 2018 - https://www.healthaffairs.org/do/10.1377/hblog20180223.551552/full/; and Blumberg, Linda J., Matthew Buettgens, and Robin Wang. The Potential Impact of Short-Term Limited-Duration Policies on Insurance Coverage, Premiums, and Federal Spending. February 26, 2018 - https://www.urban.org/research/publication/potential-impact-short-term-limited-duration-policies-insurance-coverage-premiums-and-federal-spending.

[3] The projections reflected in Tables 1 is the product of expert review, informed by a review of the literature, and engaging actuaries and academic experts. Among those who informed the development of this table were actuaries at AHIP member companies, Covered California's Chief Actuary and actuaries with Milliman.

[4] Covered California. Reducing Premiums and Maximizing the Stabilization of Individual Markets for 2019 and Beyond: State Invisible High Risk Pools/Reinsurance. January 10, 2018. http://hbex.coveredca.com/data-research/library/CoveredCA_Reducing_Premiums_1-10-18.pdf

[5] Covered California. Marketing Matters: Lessons from California to Promote Stability and Lower Costs in National and State Individual Insurance Markets. September 2017. See Table 4 - http://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf

[6] Massachusetts Health Connector. The Massachusetts Individual Mandate: Design, Administration, and Results. November 2017 - https://www.mahealthconnector.org/wp-content/uploads/Individual-Mandate-Report-Nov2017.pdf.

[7] American Enterprise Institute. June 5, 2017 - http://www.aei.org/publication/the-senate-should-build-automatic-enrollment-into-health-reform-heres-how/

[8] The projections in the Report are the product of expert review, informed by a review of the literature, and engaging actuaries and academic experts, with the leadership on the analysis provided by Covered California's Chief Actuary, John Bertko. Among those who informed the development of the report were actuaries at health plans, and academics at the University of California Los Angeles and Harvard University. In addition, Milliman provided actuarial modeling related to the potential impact of the instituting a federal state-based invisible high risk pool or reinsurance (Milliman's complete report related to the potential impact of reinsurance is available at http://hbex.coveredca.com/data-research/library/Milliman_Reinsurance_Program_Estimates_2-14-2018.pdf.

[9] Centers for Medicare and Medicaid Services. Appendix A to June 30, 2017 Summary Report – HHS Risk Adjustment Program State-Specific Data - https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Appendix-A-2017-Summary-Report-Data.xlsx

[10] Centers for Medicare and Medicaid Services. Summary Report on Transitional Reinsurance Payments and Permanent Risk Adjustment Transfers for

the 2016 Benefit Year. https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Summary-Reinsurance-Payments-Risk-2016.pdf

[11] Data on off-marketplace enrollment in 2018 was not available at the time of publication of this report.

[12] Kaiser Family Foundation. Number of Issuers Participating in the Individual Health Insurance Marketplaces, 2014-2018 - https://www.kff.org/other/state-indicator/number-of-issuers-participating-in-the-individual-health-insurance-marketplace/

[13] https://www.washingtonpost.com/national/health-science/aetna-exiting-all-aca-insurance-marketplaces-in-2018/2017/05/10/9dedbeea-35d4-11e7-b373-418f6849a004_story.html

[14] Holahan, John, Linda J. Blumberg, and Erik Wengle. What Characterizes the Marketplaces With One or Two Insurers. May 2017 - https://www.rwjf.org/en/library/research/2017/05/what-characterizes-marketplaces-with-one-or-two-insurers.html

[15] Kaiser Family Foundation. Insurer Participation on ACA Marketplaces, 2014-2018 - https://www.kff.org/health-reform/issue-brief/insurer-participation-on-aca-marketplaces/

[16] Note: For the purpose of this analysis, the percent of consumers with more than one insurer option is used to broadly examine state risks. In some areas of the country a single insurer option may be the the result of concentrated provider markets where reduced provider competition allows certain providers to have greater leverage in setting favorable reimbursements. In these types of situations, more plan competition might not lead to lower premiums on its own.

[17] To demonstrate the state-by-state variation in premiums, we present on-exchange marketplace average premiums from 2017: Centers for Medicaid and Medicare Services, Center for Consumer Information and Insurance Oversight (2017). "2017 Marketplace Open Enrollment Period Public Use Files: 2017 OEP State-Level Public Use File (tab 5)" (modified May 11, 2017): https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/Plan_Selection_ZIP.html 2018 data was not yet available at the time of publication. Note that this data is for on-exchange enrollees only; premiums paid by off-exchange members may differ, but no comprehensive source for off-exchange premium data is publicly available at this time.

About Covered California

Covered California is an independent part of the state government whose job is to make the health insurance marketplace work for California's consumers. It is overseen by a five-member board appointed by the governor and the Legislature. For more information about Covered California, please visit CoveredCA.com.