

# 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.

# Craig Palosky



Director of Communications

# Cynthia Cox



Director, Program for the Study of  
Health Reform and Private Insurance

# Karen Pollitz



Senior Fellow

# Jennifer Tolbert



Director, State Health Reform  
Associate Director, Program on Medicaid and the Uninsured

Figure 5

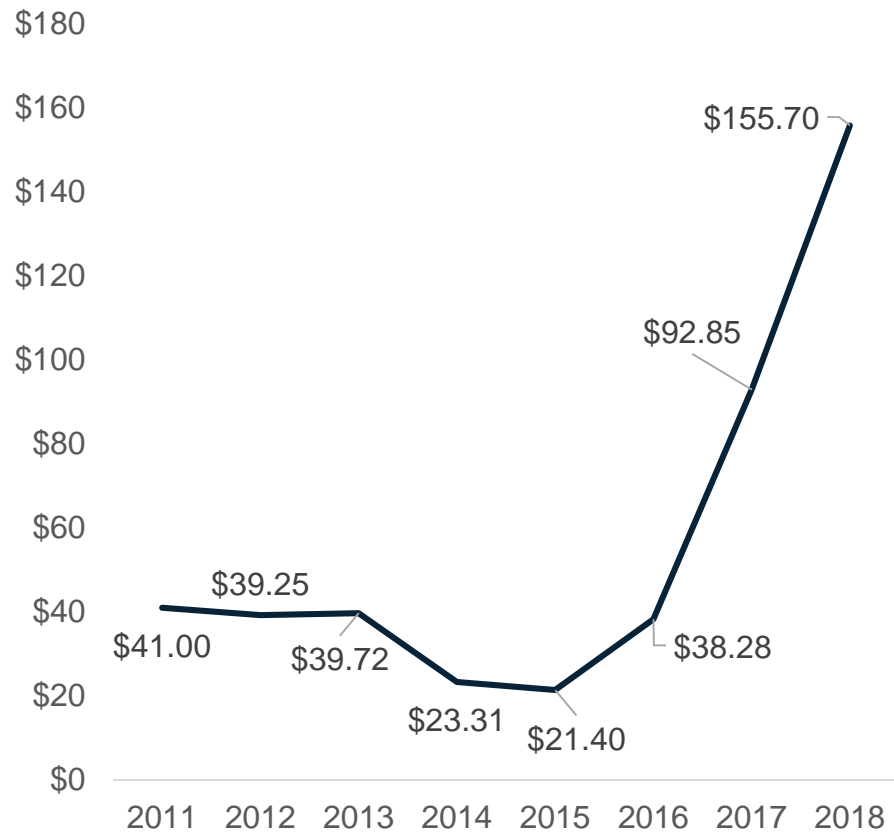
The market is starting to look more attractive to insurers and over a dozen states will see a new or returning insurer

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

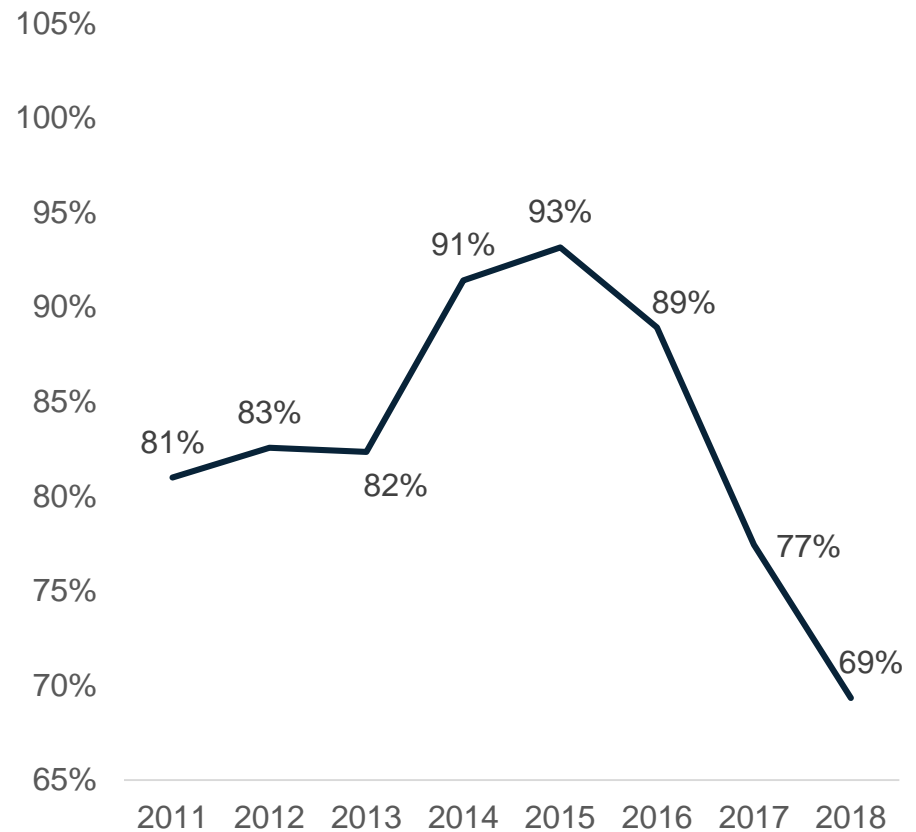
Figure 6

# 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



Average 2nd Quarter Individual Market Medical Loss Ratios



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 Portal TM

Figure 7

On average benchmark silver premiums are dropping in 2019 by -1.5%, but there is significant geographic variation

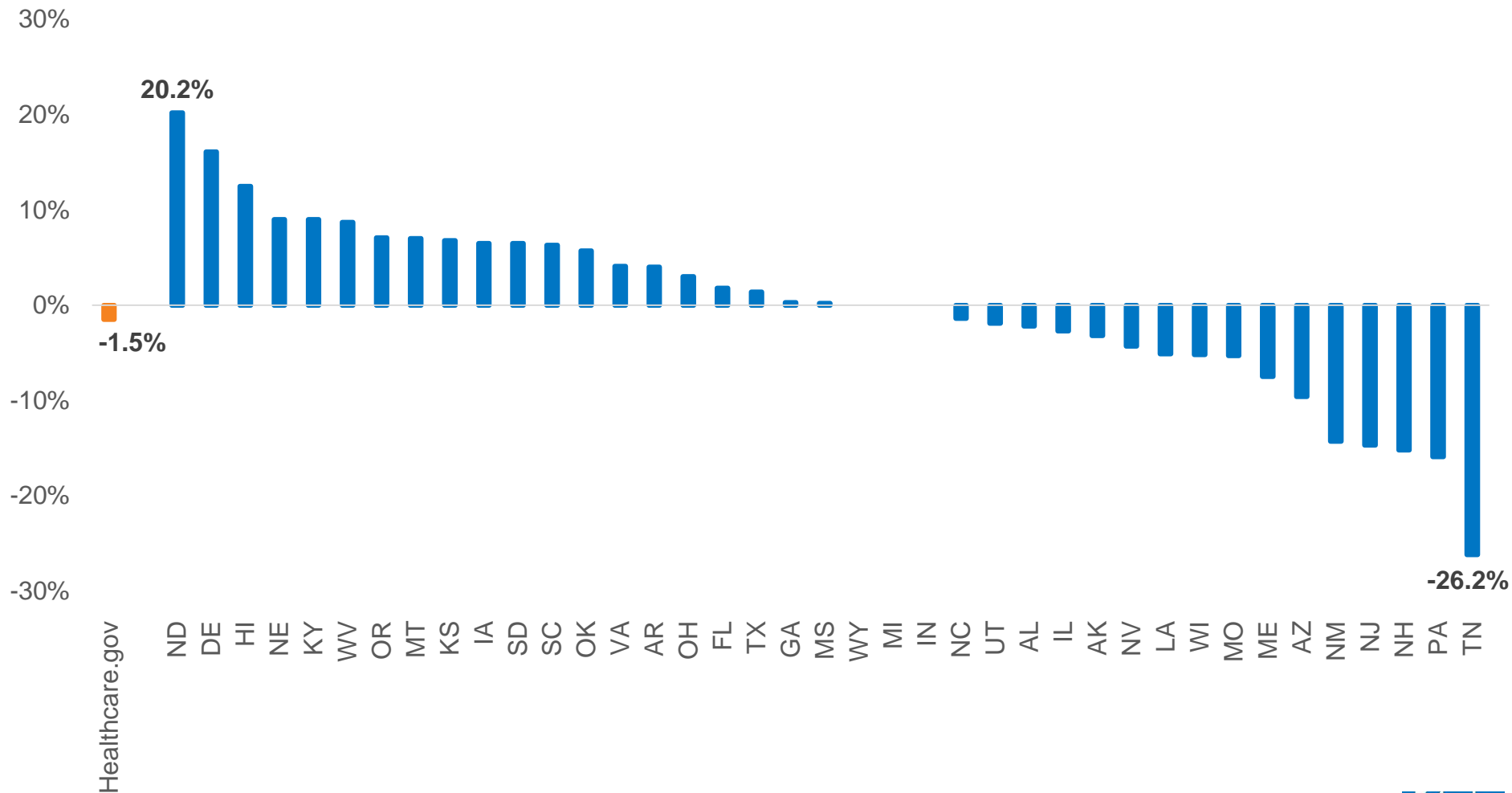




Figure 8

# ACA premiums are higher than they would otherwise be due to individual mandate repeal, loosely regulated plans, CSRs

Premium Impacts from Legislative and Policy Changes to the ACA	
Legislative or Policy Change	Average percent by which 2019 unsubsidized premiums are higher than would be the case without change
<ul style="list-style-type: none"> <li>Individual mandate penalty repeal</li> <li>Expansion of AHP / STLD plans</li> </ul>	6% (all premiums on/off exchange)
<ul style="list-style-type: none"> <li>Loss of Cost Sharing Reduction (CSR) payments</li> </ul>	10% (silver exchange premiums)*
<b>Combined Impact:</b> <ul style="list-style-type: none"> <li>Individual mandate penalty repeal</li> <li>Loss of CSR payments</li> <li>Expansion of AHP / STLD plans</li> </ul>	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 ( $1.06 \times 1.1 = 1.166$ , 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](http://ratereview.healthcare.gov). Premium impact due to CSR loss is from Congressional Budget Office (CBO) estimate.

Figure 9

# Benchmark silver premiums in 2019 will be 16% higher due regulatory and legislative changes

**\$68**



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

**+ \$427**



Premium in absence of policy and legislative changes

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**\$495**



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

Figure 10

# 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

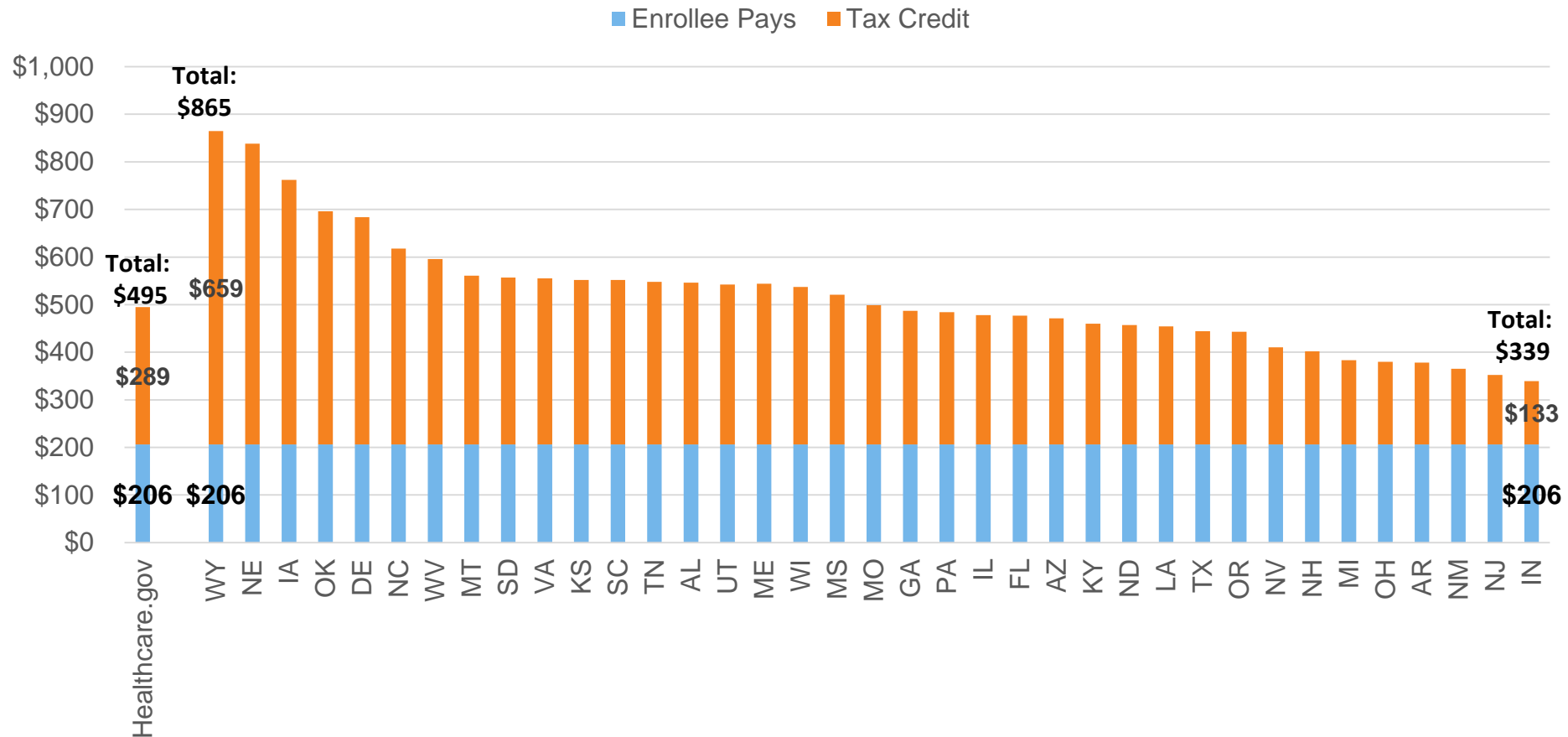
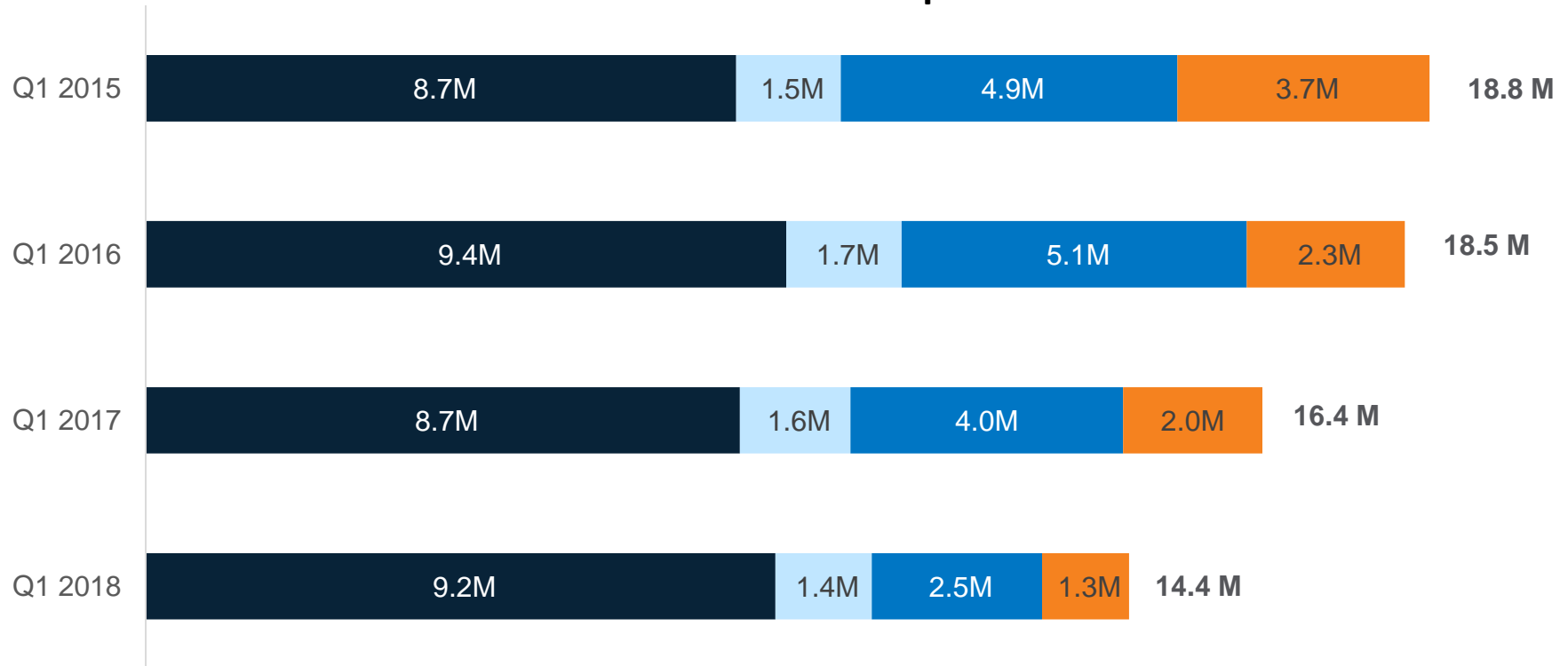


Figure 11

# Most individual market participants buy through the marketplace and are eligible for subsidies

## Individual market enrollment first quarter 2015-2018



■ On-Exchange (Subsidized) ■ On-Exchange (Unsubsidized) ■ Off-Exchange (Compliant) ■ Off-Exchange (Non-Compliant)

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 12

# 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

The image shows a screenshot of the 2018 U.S. Individual Income Tax Return (Form 1040) as viewed in a web browser. The browser address bar shows the URL: <https://www.irs.gov/pub/irs-dft/f1040--dft.pdf>. The form is titled "Form 1040 U.S. Individual Income Tax Return 2018" and includes the Department of the Treasury - Internal Revenue Service logo. A red arrow points to the "Presidential Election Campaign" section on the right side of the form, which includes checkboxes for "You" and "Spouse" and a note about the full-year health care coverage exemption.

- 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

Figure 13

## 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

Insurance Company	✕	» Insurance Company
12 Months Short Term Medical Value Select A		6 Months Short Term Medical Value Select A
<a href="#">Add to Cart</a>		<a href="#">Add to Cart</a>
Overview		
Monthly Cost <b>\$350.50/mo</b>		Monthly Cost <b>\$242.80/mo</b>
Plan Type EPO		Plan Type EPO

- 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 14

# Short-term policies are medically underwritten

Applications ask about health status, health history

Denial likely for people with pre-existing conditions

\*Required

### Eligibility Questions

2. Is the Applicant or any Proposed Insured:

\* a. Now pregnant, an expectant parent, in process of adoption or undergoing infertility treatment?

\* 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?

\* 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)

### 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](#)

Figure 15

# Short-term policies cover less than ACA-compliant plans

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

## Doctor Visits

[Find Doctors](#)

**Primary Doctor:** \$30 copay, maximum 3

**Specialist:** \$30 copay, maximum 3

## 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.

## Out-of-Pocket Limit

Individual: \$10,000

Does not include deductible

## 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.

Network



## 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

\* Center for Medicare and Medicaid Services, "Marketplace Open Enrollment Wrap Up and Tips to Assist Clients to Stay Enrolled," webinar presented January 18, 2018.

# ACA Open Enrollment Ends Dec. 15 in Most States, But Some State-Run Marketplaces Have Set Later Deadlines

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- This map illustrates the distribution of health insurance marketplaces across the United States. States are color-coded based on their marketplace type:
- HealthCare.gov State (39 States):** Shown in orange. These states include: AK, HI, ME, NH, MA, CT, RI, NJ, DE, MD, VA, NC, SC, GA, FL, AL, MS, LA, TX, NM, AZ, UT, NV, CA, OR, WA, MT, ND, SD, NE, KS, OK, AR, TN, KY, WV, OH, IN, MI, WI, IL, MO, IA, MN, WI, and DC.
  - State-Based Marketplace (12 States including DC):** Shown in dark blue. These states include: WA, ID, CO, NY, VT, NH, MA, CT, RI, NJ, DE, MD, VA, NC, SC, GA, FL, AL, MS, LA, TX, NM, AZ, UT, NV, CA, OR, WA, MT, ND, SD, NE, KS, OK, AR, TN, KY, WV, OH, IN, MI, WI, IL, MO, IA, MN, WI, and DC.
- Legend:
- 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

Figure 20

# 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*

■ Consumer Share ■ Premium Tax Credit

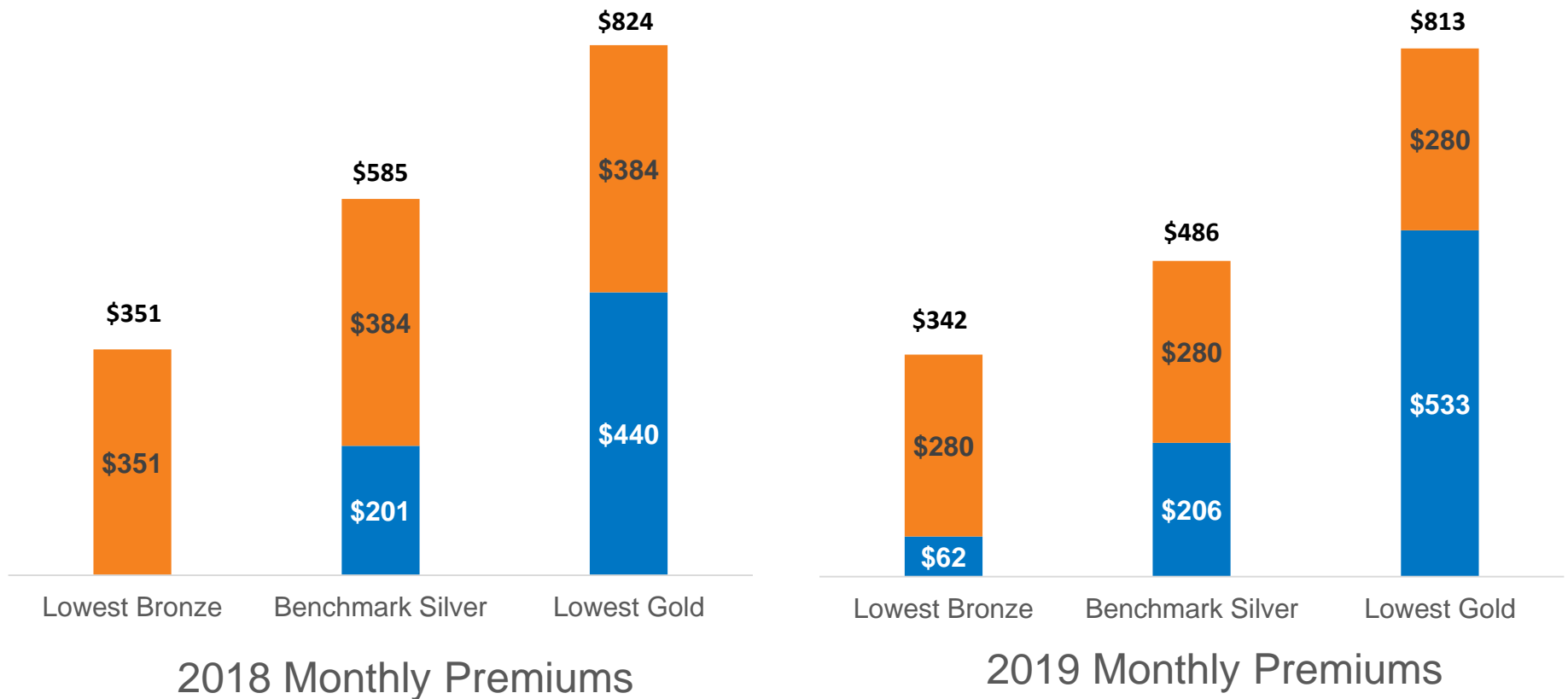
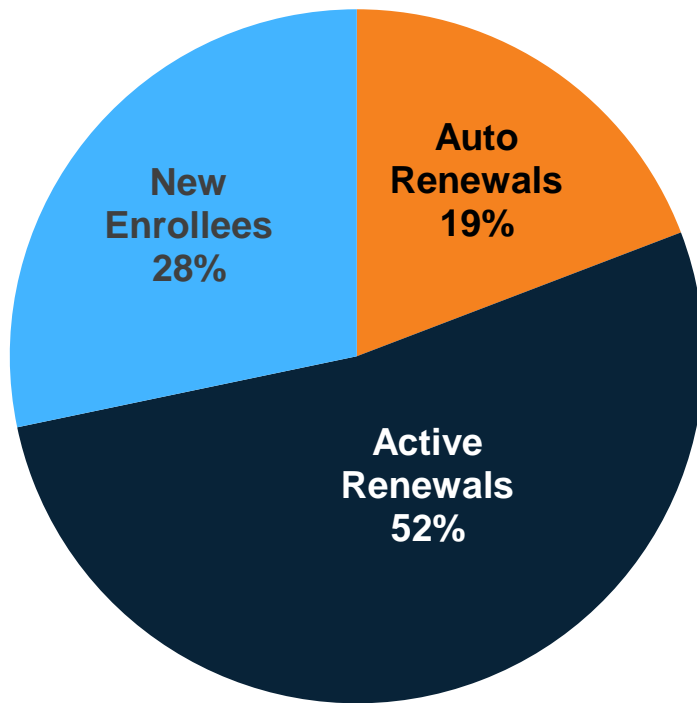


Figure 21

# Nearly one in five federal marketplace enrollees auto-renewed for 2018 coverage

## 2018 Federal Marketplace Plan Selections by Enrollment Type



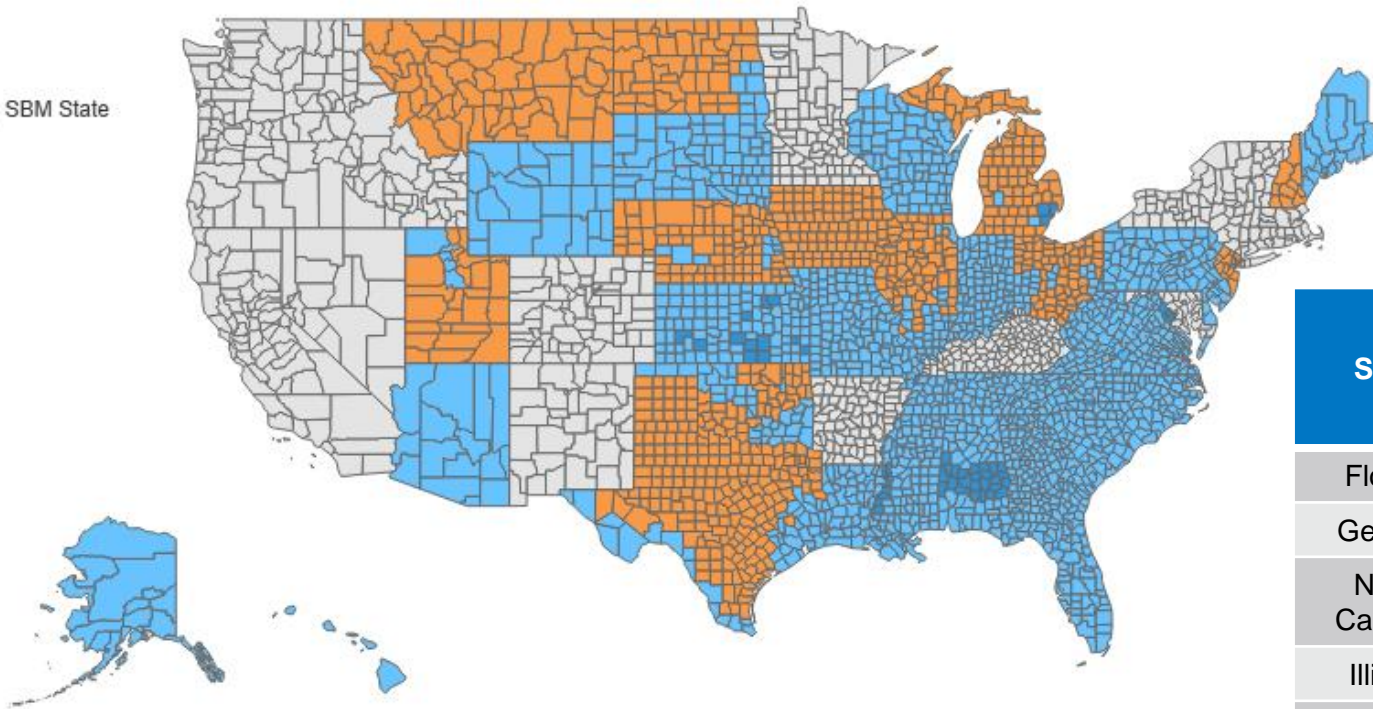
- Auto-renewal will still be an option in 2019, but active shopping is strongly recommended
- Changes in 2019 premiums and participating insurers could substantially change subsidy amounts
- Consumers will not have the opportunity to change plans in January if they do not like the auto-renewal results

Figure 22

# 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

Number of Navigators  
 0  
 1  
 2  
 N/A, SBM State



State	Nav Grant Award 2016	Nav Grant Award 2018
Florida	\$9.5 m	\$1.3 m
Georgia	\$3.7 m	\$0.5 m
North Carolina	\$3.4 m	\$0.5 m
Illinois	\$2.6 m	\$0.4 m
Virginia	\$2.2 m	\$0.5 m
Total - All FFM States	\$67 m	\$10 m

Figure 23

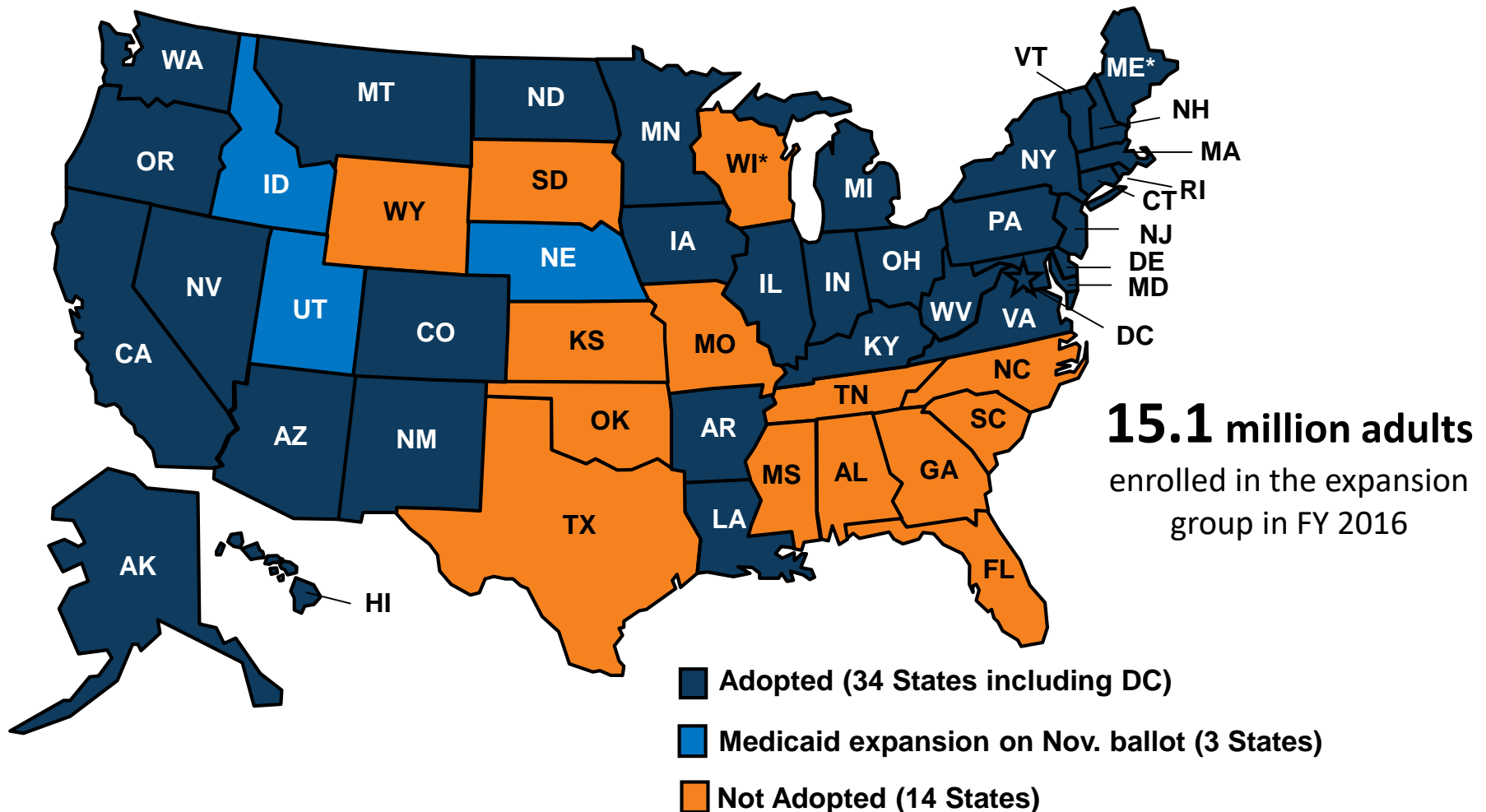
# Again this year, consumers should enroll early to avoid last-minute delays

- “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



Figure 24

# Medicaid coverage is available for low-income adults throughout the year in Medicaid expansion states



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.

SOURCE: "Status of State Action on the Medicaid Expansion Decision," KFF State Health Facts, updated January 1, 2017.

<http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

# 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  
<https://www.kff.org/health-reform/faq/preguntas-frecuentes-mercado-seguros-salud-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>

# Contact Information

**Ashley Joyce**

Communications Associate

Email: [ashleyj@kff.org](mailto:ashleyj@kff.org)

Phone: 202-347-5270



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