Health Plans View: What’s Next for Health Insurance Markets

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AHIP’s Vision

We will shape and drive market-based solutions and public policy strategies to improve health, affordability and financial security by:

- Promoting consumer choice and market competition
- Simplifying the health care experience for individuals and families
- Supporting constructive partnerships with all levels of government
- Partnering with health care providers on the journey from volume to value
- Addressing the burden of chronic disease and social factors that impact health
- Pursuing the promise of clinical innovations while ensuring value
- Harnessing data and technology to drive quality, efficiency and consumer satisfaction
Health Insurance Markets and Populations

Medicaid
64 million
(Source: CMS 2015)

Individual Market and Exchanges
18 million
(Source: HHS, 2016)

Employer Sponsored
155 million <65yo
(Source: CNBC, 2016)

CHIP
8.4 million Children
(Source: CMS 2015)

TRICARE
9.4 million
(Source: DoD 2015)

Medicare
55 million
(Source: CMS 2015)
# 2019 Individual Market Rates: Key Dates

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**Development of 2019 products and rates based on current market rules**

**State and Federal deadlines to submit rates**

**CMS releases preliminary rate changes**

**Final issuer decisions on market participation**

**CMS releases final rate changes**

**Consumers receive notices if an insurer is fully exiting individual market**

**Consumers receive 90-day discontinuation notices**

**Consumers receive 60-day renewal notices**

**Open Enrollment**

11/1 – 12/15

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1 Federal deadline for rates is July 25. State deadlines can be found on the following slide.
Connected Issues Drive Health Care Narrative

- Affordability
  - Entitlement Spending / Budgets
  - Medicaid Buy-In
  - Medicaid Expansion
- Access
  - US Unit Prices
  - Medicare Buy-In
  - Individual Market Stability
- Consolidation
  - Medicare For All
  - Rx Pricing
  - Single Payer
Factors Affecting Health Insurance Premiums

1. Prescription Drug Prices
   Drug prices, particularly for specialty medications and brand-name medicines, continue to soar. When the cost of medical care and treatment goes up, so does your premium.

2. Who Is Covered
   Who else is covered by your plan is critical to determining the cost of your coverage.
   To keep costs lower for everyone, there should be a balance between those who utilize medical care and those who have coverage in case they get sick or injured.

3. Which Care Providers Participate
   A provider network is the group of doctors, nurses, hospitals, and other clinicians that treat patients with certain insurance plans. When they charge lower prices for their

4. Value-based Models
   The fee-for-service system pays for the number of services provided. Value-based systems reward quality and value – providers earn more by bringing better care to consumers while lowering costs.

5. Taxes and Fees
   One way to control premiums is to get rid of taxes and fees that hit consumers’ pocketbooks. Those include the health insurance tax and marketplace user fees.

Source: https://www.ahip.org/5-factors-that-impact-your-health-insurance-premium/
Where Does Your Health Care Dollar Go?

- **23.3¢**: Prescription Drugs
- **22.2¢**: Doctor Services
- **20.2¢**: Office & Clinic Visits
- **16.1¢**: Hospital Stay
- **4.7¢**: Taxes
- **3.3¢**: Other Fees & Business Expenses
- **1.8¢**: Customer Engagement
- **1.6¢**: Finance, Claims, & Special Investigations
- **1.6¢**: Care Management
- **1.6¢**: Technology & Analytics
- **0.7¢**: Administration
- **0.5¢**: Provider Management
- **2.3¢**: Net Profit

Source: https://www.ahip.org/wp-content/uploads/2017/03/HealthCareDollar_FINAL.pdf
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Federal Activity

- *Texas v. United States (ACA Repeal)*
- Bipartisan Opioid Package
- Presidential Blueprint to Lower Drug Prices
- CReATES Act
- Stop the HIT 2020
- *NM Health Connections v CMS (Risk Adjustment Payments)*
State ACA Reforms & Universal Coverage

**Universal Coverage**
- CA, FL, HI, IA, MD, MA, NH, NJ, OH, RI, VT, WA

**Mandate Alternatives**
- CT, DC, HI, MD, NJ, VT, and WA; Potential: CA

**Association Health Plans**
- HI, IA, MD, MO, NJ, UT, VT, VA, WI

**Short Term Policies**
- CA, GA, HI, IL, MA, MD, MN, MO, VT, VA, WA

**Sec 1332 & Reinsurance**
- CO, CT, HI, ID, IA, MA, MD, ME, NH, NJ, OH, RI, VA, WI
  (Reinsurance already in place: AK, OR, and MN)