Changes Affecting the Private Health Insurance Market

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National Association of Insurance Commissioners
NAIC

• NAIC is a membership organization of state insurance commissioners
• The mission of the NAIC is to assist state insurance regulators in achieving these goals:
  – Protect the public interest;
  – Promote competitive markets;
  – Facilitate the fair and equitable treatment of insurance consumers;
  – Promote the reliability, solvency and financial solidity of insurance institutions; and
  – Support and improve state regulation of insurance.
2019 Marketplace Participation

<table>
<thead>
<tr>
<th>2019 Changes in Exchange Participation in 39 Healthcare.gov States:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net New Exchange Issuers</td>
<td>23</td>
</tr>
<tr>
<td>Issuers Expanding Service Area</td>
<td>29</td>
</tr>
</tbody>
</table>
2019 Premiums

Stable premiums nationally

- 1.5% reduction in federal exchange premiums

Wide variation across states

- 13% reduction in Maryland to +14% increase in Washington
Changes for 2019

• End of individual mandate penalty
• Expansion of short-term plan maximum length
• Re-definition of employer for association health plan
• In a few states: Reinsurance
• Greater waiver flexibility
Challenges for 2019

• Cost of Coverage for Unsubsidized
  – What actions can be taken to reduce premiums for all?
  – What alternatives can be provided for the unsubsidized population?

• Possible Federal Actions
  – Change in “Silver Loading” Options? Other Changes?
  – Stability Package?
  – Federal Court Decisions?

• Other Issues:
  – Balance Billing
  – Air Ambulance
  – Network Adequacy
  – PBM Regulation
State Innovation Waiver Activity

- Approved Sec. 1332 Waiver
- Application submitted, not approved
- Legislation enacted
- Legislation passed and vetoed
# State Innovation Waiver Activity

<table>
<thead>
<tr>
<th></th>
<th>Reinsurance</th>
<th>Other Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Coming Soon</td>
<td>Several</td>
<td>?</td>
</tr>
</tbody>
</table>
Reinsurance Premium Changes

Change in Average Premium Relative to No Reinsurance, 2019

<table>
<thead>
<tr>
<th>State</th>
<th>Change in Average Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>-20%</td>
</tr>
<tr>
<td>Maine</td>
<td>-10%</td>
</tr>
<tr>
<td>Maryland</td>
<td>-30%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>-24%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>-15%</td>
</tr>
<tr>
<td>Oregon</td>
<td>-8%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>-11%</td>
</tr>
</tbody>
</table>

Premium Reduction
## Changes to Short-Term, Limited Duration Plans

<table>
<thead>
<tr>
<th>Previous Federal Rule</th>
<th>Current Federal Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforced after April 1, 2017</td>
<td>Effective October 2, 2018</td>
</tr>
<tr>
<td>Contract limited to 90 days</td>
<td>Contract limited to less than 12 months</td>
</tr>
<tr>
<td>No renewals beyond 90 days</td>
<td>Renewals up to 36 months</td>
</tr>
<tr>
<td>Required notice regarding Minimum Essential Coverage</td>
<td>Broader notice requirement</td>
</tr>
</tbody>
</table>
Association Health Plans

• New Dept. of Labor regulation expands what groups can be considered an ‘employer’ under federal rules

• Associations may be united by a common geography or common trade
  – Any small business in the Baton Rouge area
  – Any restaurant in any state

• Associations including ‘sole proprietors’ may be considered an employer
Association Health Plans

Associations have two choices:

- Use the older rules
- Tighter definition of common bond
- No sole proprietors
- May price groups based on health status

- Use the newer rules
- Expanded definition of ‘employer’
- May include sole proprietors
- May not price groups based on health status
Other Alternative Coverage Options

• Transitional Plans
  – Plans issued after 2010 but before 2014
  – Federally permitted through 2019
  – 36 states allow them
  – Will there be any changes to federal or state decisions?
Other Alternative Coverage Options

- Health Care Sharing Ministries
  - Not insurance, but enrollment can affect risk pool
  - 30 states offer safe harbor from insurance regulation
  - Strong growth in last decade
  - How much more growth?
- “Non-Insurance” Health Plans
  - Farm Bureau Plans (TN, IA)
- State Plans
  - Idaho Proposal
Balance Billing

• Roughly 1 in 5 emergency department visits results in a balance bill
• Can also occur with out-of-network provider at in-network facility
• Several States and Federal government are considering action
Air Ambulance

- Some do not participate in insurer networks
- Can balance bill $50K+
- State regulation preempted because AA operators are ‘air carriers’ regulated by Federal Aviation Administration
FAA Reauthorization Act of 2018

- Advisory Committee on air ambulance
- Federal Dept. of Transportation may issue regulations or guidance
- Creates Aviation Consumer Advocate to assist consumer with complaints
- No change to federal preemption
Questions