State Strategies for Improving Affordability of Marketplace Coverage

Joint Committee on Health Coverage, Insurance, and Financial Services

Maine State Legislature

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Jennifer Tolbert
Director, State Health Reform
Kaiser Family Foundation

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Figure 1

The ACA marketplaces are stabilizing, but challenges remain

I. 2014 – 2015: Coverage Expansion

- People with preexisting conditions gained coverage
- Many enrollees receive premium subsidies, some receive cost-sharing subsidies
- Premiums were low and increases were modest

II. 2016 – 2017: Market Correction

- Premiums did not cover costs, insurers lost money
- Many insurers exited the market
- Remaining insurers raised premiums substantially

III. 2018 – 2019: Undermining & Adverse Selection

- Termination of cost-sharing subsidy payments to insurers
- Reduced advertising, outreach, in-person assistance, and shortened open enrollment period
- Individual mandate repealed
- Expansion of short-term plans

IV. 2020: Stabilizing

- Premiums declining slightly, but still high

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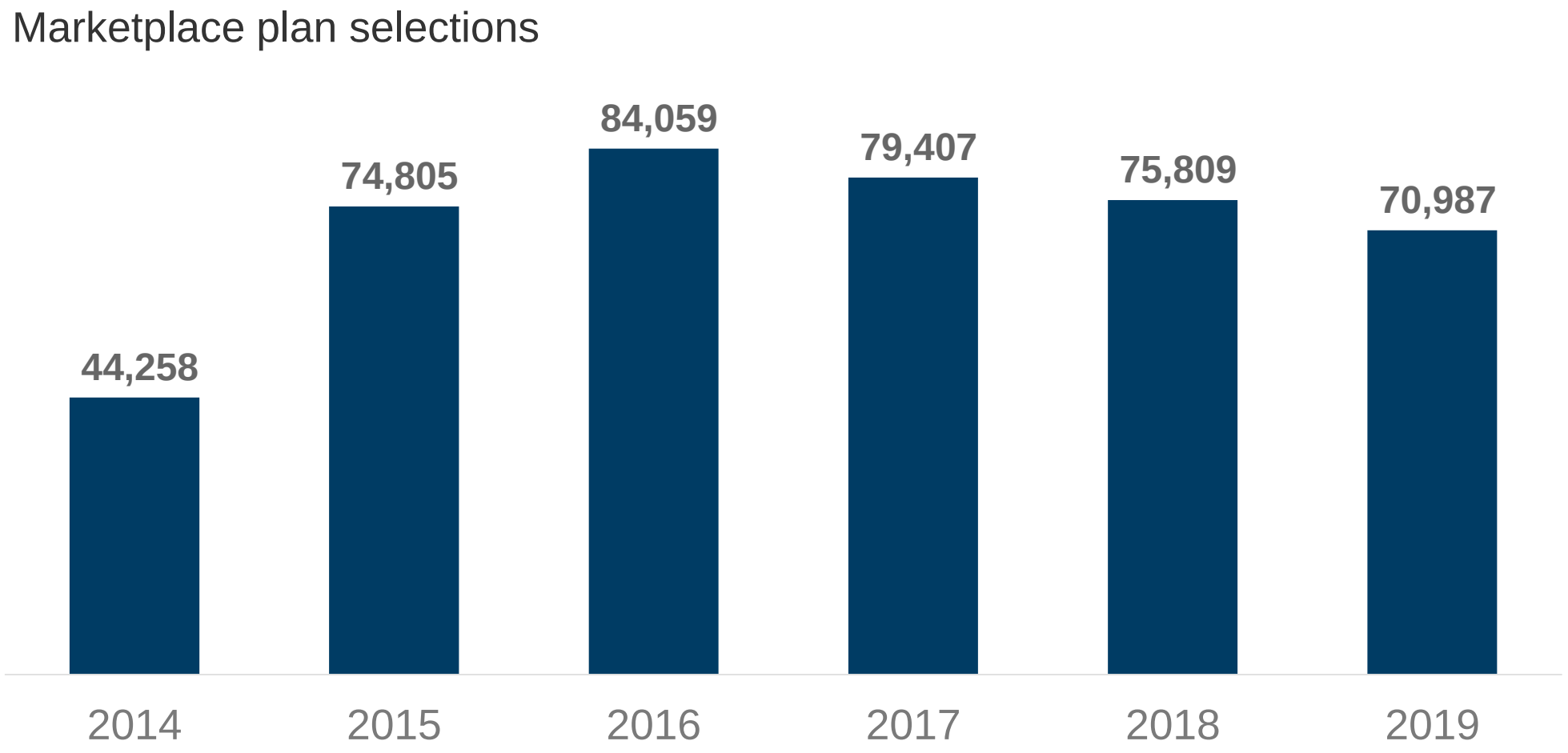
Figure 2

Marketplace enrollment in Maine peaked in 2016 and declined slightly through 2019



Source: Kaiser Family Foundation analysis of data from Centers for Medicare & Medicaid Services

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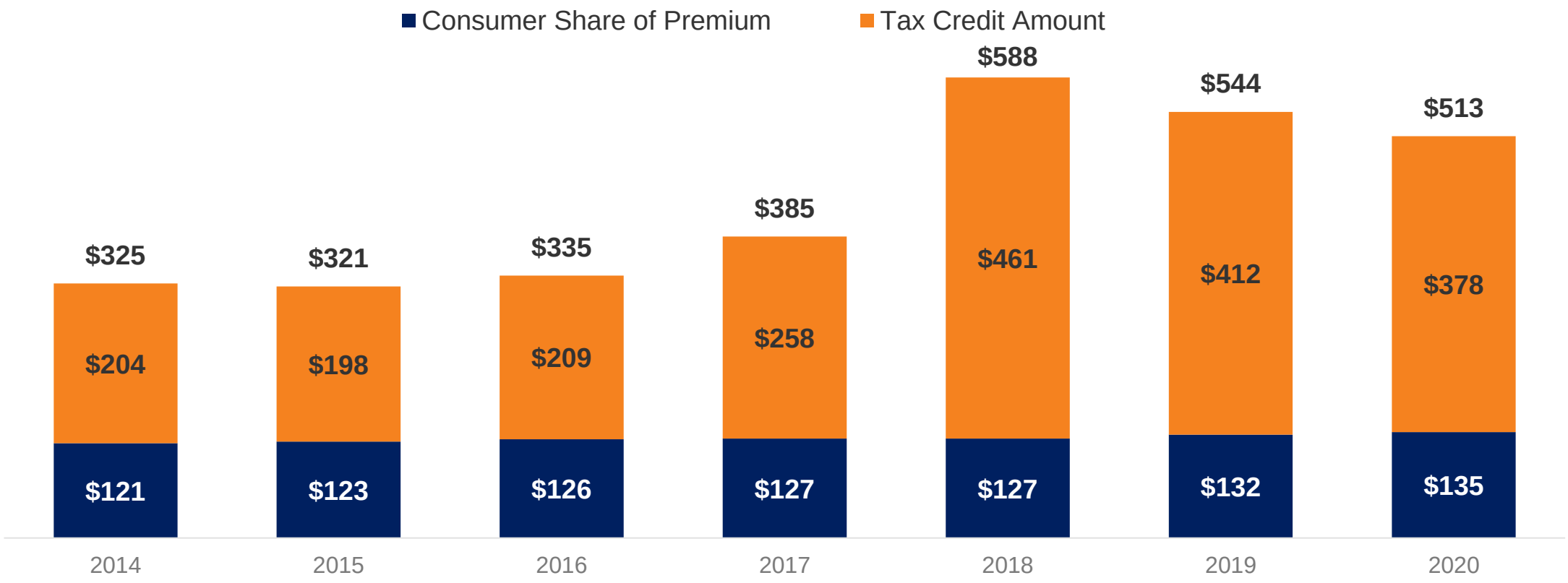
Figure 3

Marketplace benchmark plan premiums in Maine have increased, but are stable for those with subsidies

Maine average monthly premiums, tax credit amounts, and individual contributions for the benchmark Silver plan for a 40-year old consumer with income at 200% FPL, 2014-2019



SOURCE: Kaiser Family Foundation Health Insurance Marketplace Calculator

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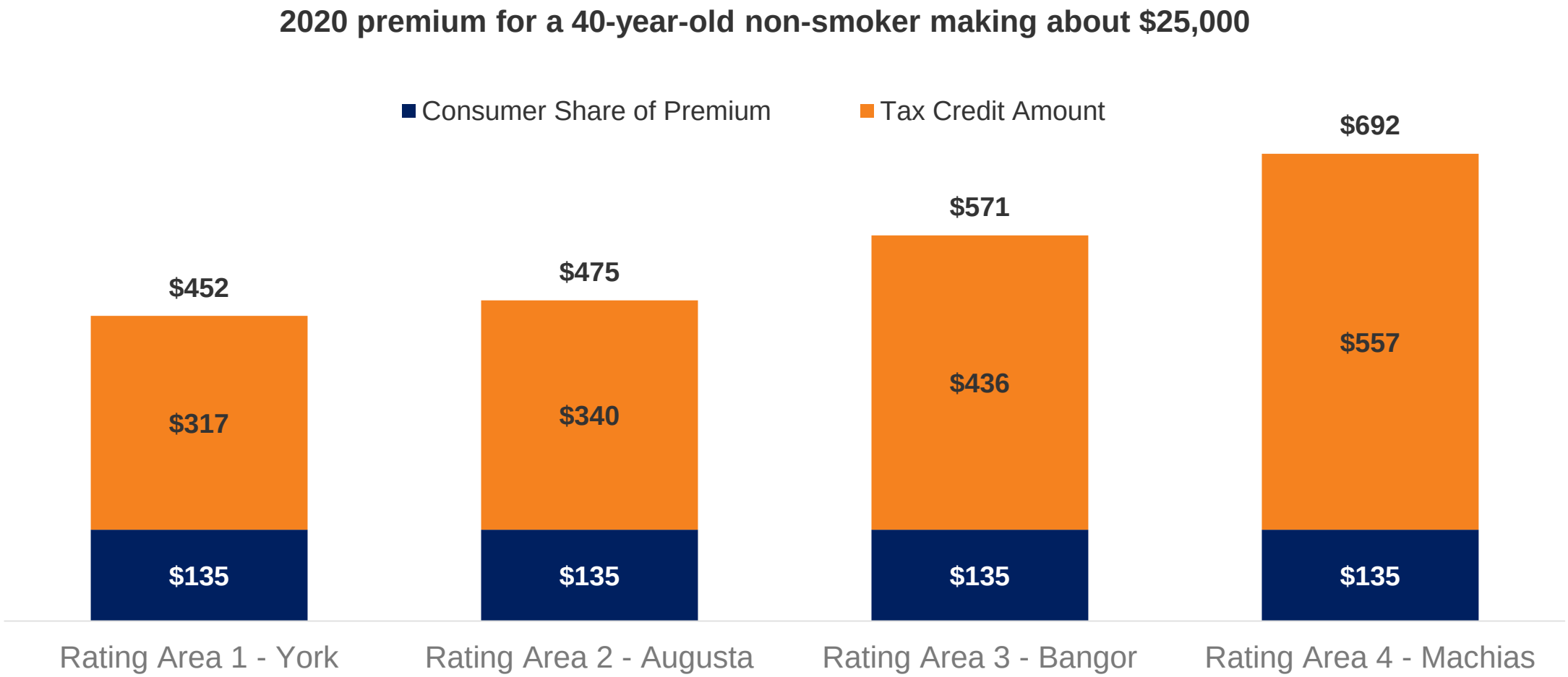
Figure 4

Premiums vary substantially across rating areas within the state



SOURCE: Kaiser Family Foundation Health Insurance Marketplace Calculator

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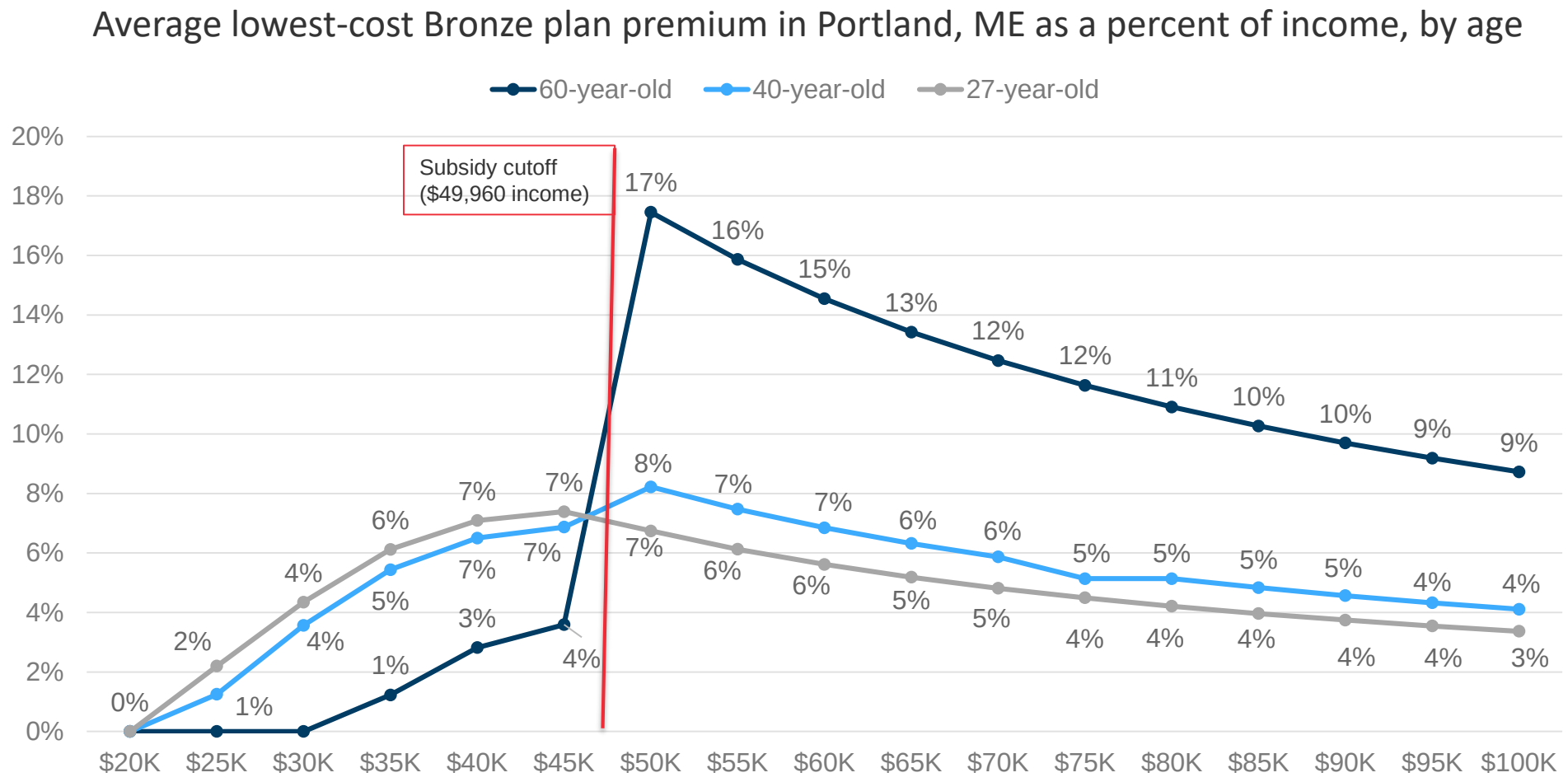
Figure 5

Subsidy cliff is significant for older adults in the marketplace



SOURCES: Kaiser Family Foundation Health Insurance Marketplace Calculator

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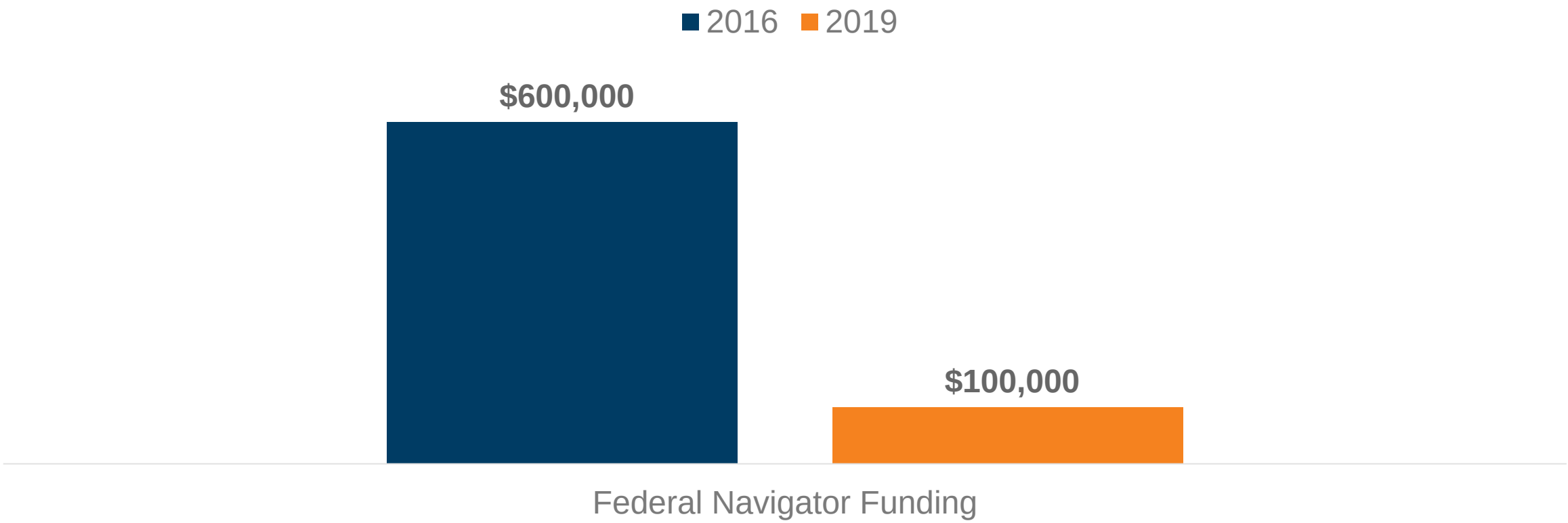
Figure 6

Federal funding for in-person assistance in Maine dropped 83% from 2016 to 2019



Source: Kaiser Family Foundation analysis of data from Centers for Medicare & Medicaid Services

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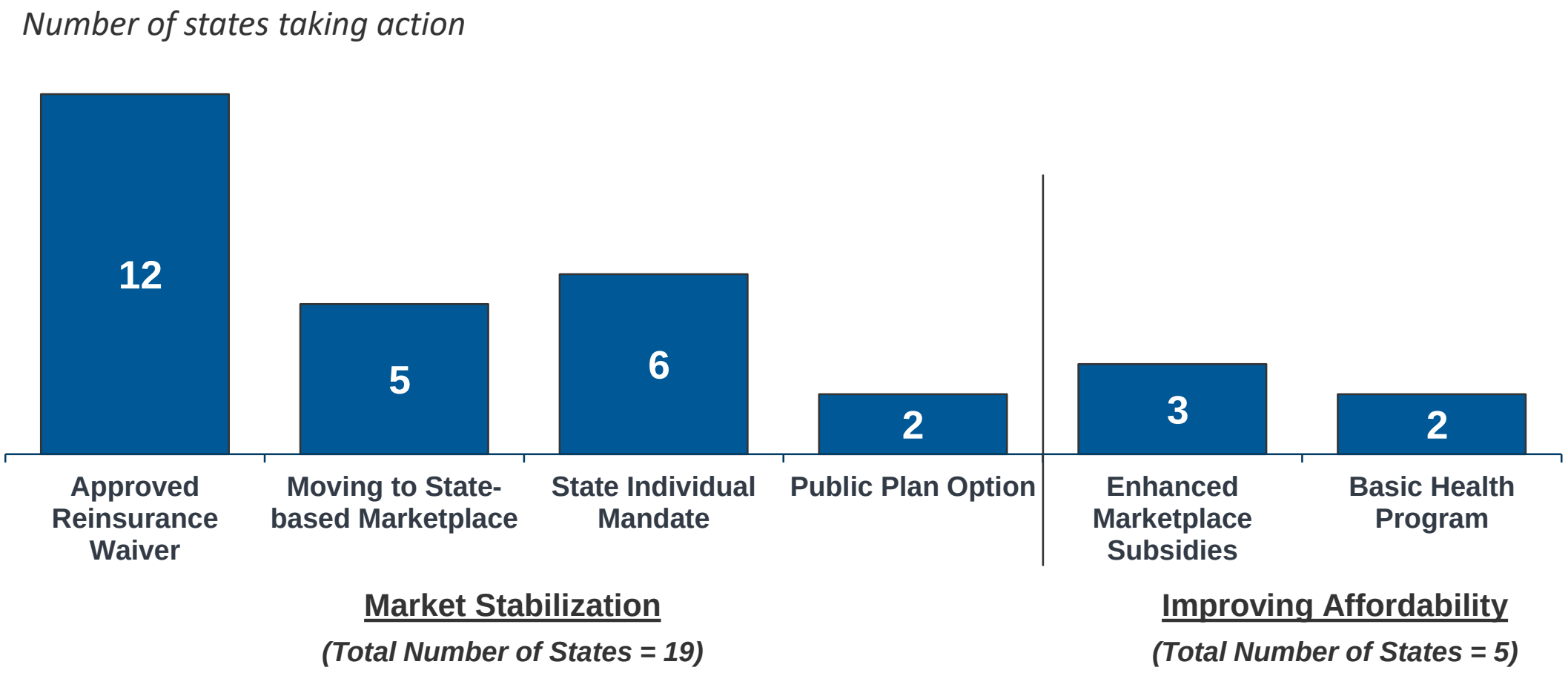
Figure 7

In the absence of federal action, states have taken steps to stabilize markets and address affordability



Notes: States taking steps to stabilize marketplaces are AK, CA, CO, DC, DE, MA, MD, ME, MN, MT, ND, NJ, NV, OR, PA, RI, VT, WA, WI. States taking steps to improve affordability are CA, MA, MN, NY, VT.

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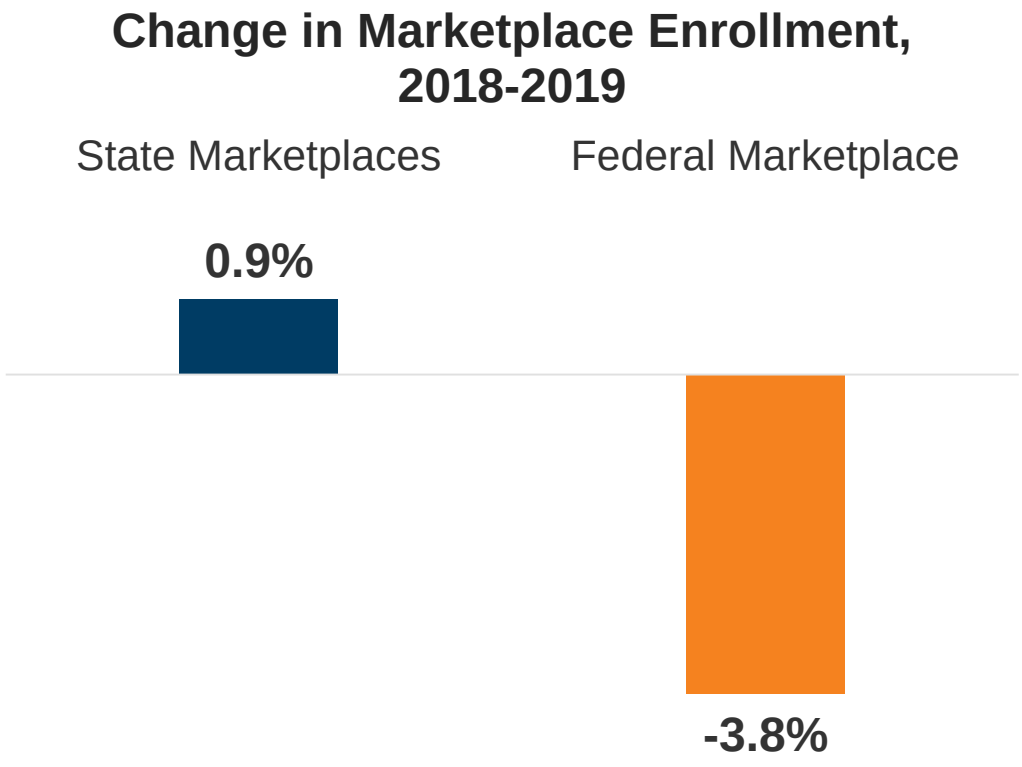
Figure 8

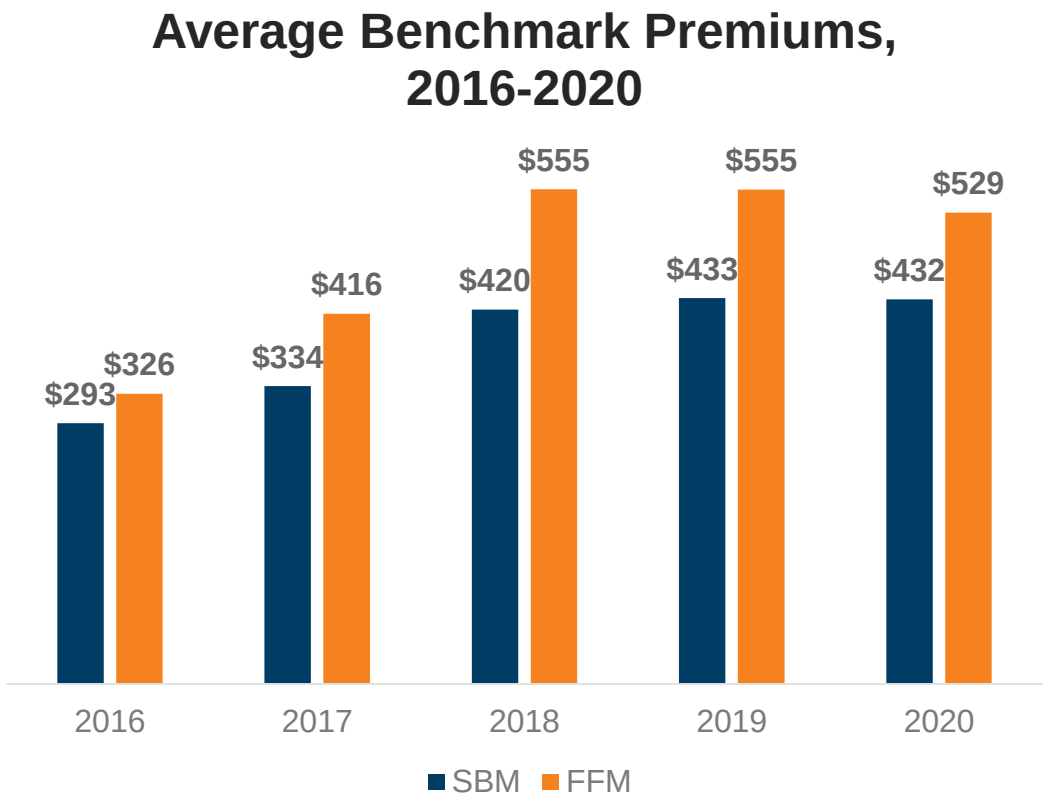
There are advantages, but some risks to running a state-based marketplace

- Nevada (2020), New Jersey (2021), Pennsylvania (2021), and New Mexico (2022) are moving to SBMs; other states considering
- States cite several advantages
  - Increased control over policy levers to promote coverage and control costs
  - Improved user experience
  - Better integration with Medicaid
  - Potential cost savings
- Challenges
  - IT build and customization requires planning, technical expertise, and resources
  - Adverse federal policy changes can undermine the marketplace

Figure 9

State-based marketplaces have more leverage to sustain marketplace enrollment and limit premium increases





Source: Kaiser Family Foundation analysis of data from Centers for Medicare & Medicaid Services

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Figure 10

Several states enacted state individual mandate requirements

State	Effective Year	Penalty	Outreach to Uninsured
California	2020	Reinstates ACA penalty with maximum penalty equal to average yearly premium of bronze-level plan in CA	Requires Covered CA to conduct annual outreach to individuals who were subject to the individual mandate penalty or who indicated on their tax return that they were exempt.
DC	2019	Reinstates ACA penalty with maximum penalty equal to average yearly premium of bronze-level plan in DC	Creates the Individual Insurance Market Affordability and Stability Fund to provide outreach to uninsured DC residents
Massachusetts	2007	Income 150-300% FPL: half of lowest cost ConnectorCare premium Income >300% FPL: half lowest-cost Bronze plan	State analyzes tax data to understand demographics of uninsured and to contact uninsured with tailored outreach materials
New Jersey	2019	Reinstates ACA penalty with maximum penalty equal to average yearly premium of bronze-level plan in NJ	N/A
Rhode Island	2020	Reinstates ACA penalty with maximum penalty equal to average yearly premium of bronze-level plan in RI	N/A

Figure 11

Maryland and Vermont have adopted alternatives to individual mandate penalties

Vermont: Targeted outreach to uninsured individuals

- Requirement to maintain coverage and report on state tax return, but no penalty imposed
- State will use information from the Department of Taxes about Vermont residents without minimum essential coverage to provide targeted outreach to help these individuals to enroll in appropriate and affordable health coverage

Maryland Easy Enrollment Health Insurance Program

- Consumers can check box on their tax return requesting information from the tax return be shared with the state marketplace to determine eligibility for coverage.
- If determined eligible, uninsured individuals will have a SEP to enroll in coverage.
- May add penalty in the future

Figure 12

Standardized plans can help lower consumer out-of-pocket costs and enhance consumer choice

- Several states have adopted or are considering establishing standard plans
- Marketplaces set deductibles, copayments and out-of-pocket limits; forces insurers to compete on price and provider networks
- Generally designed to lower deductibles and exempt some services from the deductible

	CoveredCA Patient-Centered Silver	Maryland Value Silver	Washington Proposed Silver Standard
Deductible	$4,000/$300*	$2,500	$2,000
MOOP	$7,800	$7,750	$7,900
Primary Care	$40	$35	$25
Specialist	$80	$55	$60
Urgent Care	$40	$55	$60
Emergency Room	$400	N/A	$750
Generic Drugs	N/A	$20	$20

*CA plan has both a medical and pharmacy deductible.
Copayments listed are not subject to plan deductibles

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Figure 13

To lower premiums and to address subsidy cliff, California will provide temporary state-funded subsidies

State will provide subsidies for those with income less than 138% FPL and 200%-600% FPL for 2020-2022

Subsidies are applied to second-lowest cost Silver plan, but can be used to purchase lower-cost Bronze plans

Household Income	ACA Premium Percentage Range	California Premium Percentage Range
At or below 138% FPL	2.06%	0%
150% - 200% FPL	4.12% - 6.49%	N/A
200% - 250% FPL	6.49% - 8.29%	6.24% - 7.80%
250% - 300% FPL	8.29% - 9.78%	7.80% - 8.90%
300% - 400%FPL	9.78%	8.90% - 9.68%
400% - 450% FPL	N/A	9.68% - 14.00%
450% - 500% FPL	N/A	14.00% - 16.00%
500% - 600% FPL	N/A	16.00% - 18.00%

Source: Covered California Policy and Action Items, June 26, 2019 Board Meeting

Figure 14

Public option proposals have garnered attention at the federal and state levels

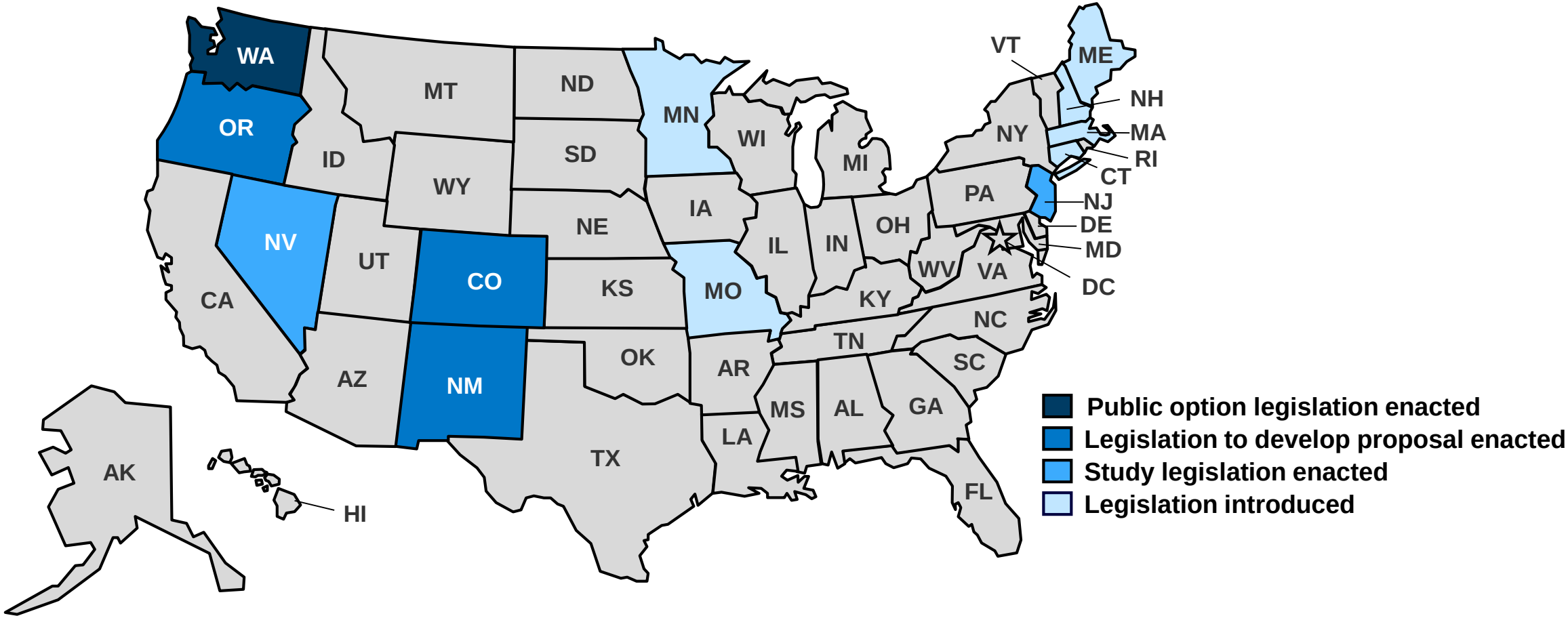

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Figure 15

State goals for public option will drive structure of the plan

Key Issues

- Structure—administer through private market or public program
- Where will plans be sold and who can purchase
- Setting provider payment rates and other cost control mechanisms
- Ensuring adequate provider networks—what leverage can be used to ensure adequate provider participation
- Minimizing impact of lower premiums on tax credits/costs for lower income individuals
- Financing—self-sustaining or state-subsidized

Figure 16

Public option plans in Washington and Colorado take similar approaches

WA Cascade Care
Implementation: January 1, 2021
Insurers will offer new standard and public option plans; insurers must offer standard plans, but no requirement to offer public option plan
Standard and public option plans will be offered through the WA marketplace
Provider payment rates for public option plan capped at 160% of Medicare rates, with special payment rules for rural hospitals and primary care services
Public option plan will cover Essential Health Benefits and must meet additional quality and value requirements
Estimated premium savings: 10%

Proposed CO State Option
Proposed implementation: January 1, 2022
Insurers administer State Option; every carrier in state over certain size required to offer State Option
State Option plan will be offered in the individual market, inside and outside the marketplace (subsidies only available through marketplace)
Provider payment rates set at 175%-225% of Medicare rates
State Option plan will cover Essential Health Benefits, with some services (preventive care, primary care, behavioral care) available pre-deductible
State will apply for a 1332 waiver to recoup federal savings from lower premiums to add benefits (e.g., dental care) or lower consumer out-of-pocket costs
Estimated premiums savings: 9-18%

Questions

Jennifer Tolbert
jennifert@kff.org
kff.org/healthreform