



Factsheet: 2018 ACA Insurance Exchange Premiums

Overview

- As states release them, HHS is posting proposed 2018 plan rate filings for the ACA insurance exchanges on <https://ratereview.healthcare.gov/>, searchable by state and insurance carrier.
- Premiums for many 2018 ACA insurance plans are expected to increase significantly, with uncertainty being a key driver.

Why Are Premiums Increasing?

- 1) **Medical Cost Trends:** Health spending in 2018 projected to grow by 6.5%—similar to 2017—well above wage growth and inflation.ⁱ
 - a. Driven by increasing utilization, hospital and physician prices, prescription drug costs, and higher rates of chronic diseases.
- 2) **Legislative and Regulatory Uncertainty:** As they face uncertainty on the future of the ACA and federal funding for cost-sharing reductions subsidies, insurers are pressured to either hike their premium prices or exit the marketplace.ⁱⁱ
- 3) **Resumption of the Health Insurer Fee:** Without an extended moratorium, resumption of the fee is expected to increase premiums by 1 to 3 percent.ⁱⁱⁱ
- 4) **Risk Pool Adjustments:** As insurers acquire greater information, they continue to revise premiums to account for enrollee risk pools that are likely sicker and costlier than initially expected.
- 5) **Lower Enrollment:** Approximately 8.8 million enrollees on Healthcare.gov were confirmed as of December 28, 2017, down from 9.2 million in 2017^{iv}—despite higher rates of single week sign-ups than in previous years.^v
 - a. Though currently short of the 12.2 million signups in 2017, some states' insurance exchanges remains open for enrollment.

Key Factors to Keep in Mind

- **Initial Issuer Rate Filings:** The proposed premiums do not account for rate review, consumer shopping behavior, or premium subsidies, which can significantly affect the actual premiums enrollees pay.
 - In 2017, approximately 84 percent of exchange plan enrollees received subsidies of an average \$371, reducing their premiums by an average 78 percent and shifting those costs to taxpayers.^{vi}
- **High Variation:** Proposed premium changes vary substantially from state to state, county to county, and insurer to insurer.

Policy Considerations

- **Affordability:** Availability of affordable health plan choices remains a top issue for individuals and families as rising premiums outpaces the growth of income.
- **Reinsurance Funding:** Federal funding for state-based reinsurance programs can help stabilize state's individual market risk pools by blunting rising premiums and creating greater access to affordable coverage.
- **Plan Flexibility:** Providing state flexibility to design plan structure on essential health benefits, actuarial value, and age and community rating would support increased competition and choices that reduce costs.
- **Transparency:** Improving access to accurate and actionable comparative information on health plan and provider choices will help consumers to make more informed decisions that lower health costs.
- **Medication Adherence:** Policies that improve medication adherence can help patients improve outcomes while lowering systemic costs by avoiding unnecessary, expensive hospitalizations and emergency room visits.

ⁱ "Medical Cost Trends: Behind the Numbers 2018." PwC Health Research Institute, June 2017. <https://www.pwc.com/us/en/health-industries/health-research-institute/behind-the-numbers/reports/hri-behind-the-numbers-2018.pdf>

ⁱⁱ "Obamacare Premiums Are Set to Rise. Thank Policy Uncertainty." New York Times, 10 August 2017. <https://www.nytimes.com/2017/08/10/upshot/obamacare-premiums-are-set-to-rise-thank-policy-uncertainty.html>

ⁱⁱⁱ "Drivers of 2018 Health Insurance Premium Changes." American Academy of Actuaries, July 2017. http://actuary.org/files/publications/Premium_Drivers_2018_071017.pdf

^{iv} "Final Weekly Enrollment Snapshot For 2018 Open Enrollment Period." Center for Medicaid and Medicare Services, December 2017.

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-12-28.html>

^v "Pace of Sign-Ups Under Affordable Care Act Blows Past Prior Years." New York Times, 09 November 2017. <https://www.nytimes.com/2017/11/09/us/politics/obamacare-enrollment-health-insurance-sign-up-trump.html>

^{vi} "Health Insurance Marketplaces 2017 Open Enrollment Period Final Enrollment Report: November 1, 2016 – January 31, 2017." Center for Medicaid and Medicare Services, December 2017. <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-03-15.html>