Fifty States, Fifty Stories: A Decade of Health Care Reform Under the Affordable Care Act

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March 23, 2010

The Dallas Morning News

Health Care Overhaul
New law, old divisions collide

With bill passed, November is now
Bill parties plan to use
November as a key election issue

President Barack Obama, celebrating Congress’ vote Sunday night with Vice President Joe Biden and others at the White House, was an inch away from victory in the battle over health care. But the battle isn’t over.

Change coming, but essence of plan is years off

The Washington Post

Senate panel passes financial regulation bill

http://www.washingtontimes.com

61 days from near-defeat to victory
How Obama renewed his health-care bill

The Senate on Tuesday approved a $787 billion stimulus package to boost the economy and avoid a recession. The bill was approved with a 60-37 vote in the Senate, with 14 Republicans joining the Democrats in support. The bill includes $125 billion for education, $75 billion for health care, $275 billion for infrastructure, and $200 billion for state and local governments.

Google to stop Web censoring in China

President Barack Obama, with China’s President Hu Jintao at the White House, said Tuesday that the US will not “engage in a relationship with a country that censors the Internet.” The US has long criticized China’s efforts to control the Internet, including blocking access to popular websites and censoring content.

How VIPs lobbied schools

The Chicago Tribune

Senate panel passes financial regulation bill

http://www.chicagotribune.com

WHAT’S IN IT FOR YOU?

Cemtes trade-offs are key
Policat shifts
Dissecting vote from Illinois
Strength in numbers

President Obama signs bill; US to offer financial aid

The US Treasury Department has announced a $700 billion bailout package for the banks and financial institutions. The package will help the banks to recapitalize and reduce their risk, and it will also provide financial aid to states and municipalities.

Milliman
STAGES OF THE ACA IN ITS FIRST DECADE

Preparation and Implementation (2010–2013)
These were the years leading up to the full implementation of the ACA’s market and rating rules. States were preparing for coverage expansions through Medicaid and the insurance exchanges, and insurers were preparing to comply with new market rules.

Rollout and Disruption (2014–2016)
These were the early years of the ACA’s exchanges, when many markets experienced large shifts in insurer market share and many insurers endured financial losses.

Repeal and Replace (2017–2018)
These years saw many insurers exit the exchange markets, followed by substantial premium rate volatility as insurers adjusted to emerging experience and regulatory changes led to greater uncertainty.

Patchwork Quilt (2019–2020)
There were signs of increased stability as data matured, competition became more steady and more states used waivers to implement reinsurance programs.
### Outcome measures associated with the ACA’s stated goals

<table>
<thead>
<tr>
<th>ACA Goal</th>
<th>Outcome Metrics</th>
<th>Assessment Criteria</th>
</tr>
</thead>
</table>
| Reducing the uninsured rate             | ▪ Uninsured rate—percentage of the population that does not have comprehensive health insurance coverage  
▪ Enrollment in Medicaid and the individual market | Reductions in the uninsured rate and increases in Medicaid and individual market enrollment would suggest improvements in access and/or the affordability of coverage. |
| Competition in the exchanges            | ▪ Change in the number of insurers participating in the exchanges                | More insurers participating in the exchange fosters competition and more coverage options for consumers. Reductions in the number of insurers signals instability and fewer choices for consumers. |
| Premium rate level and volatility       | ▪ Individual market premium rate levels  
▪ Changes in individual market premium rates over time | Substantial increases or variability in premium rates indicate growth in health care spending, lack of market stability, or both. Low or moderate premium changes (reflecting changes in health care costs more than changes in the risk profile of consumers or the competitive landscape) are indicative of more stable markets. |
ACA outcomes associated with stated goals

<table>
<thead>
<tr>
<th>Preparation and Implementation</th>
<th>Rollout and Disruption</th>
<th>Repeal and Replace</th>
<th>Patchwork Quilt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured Rate</td>
<td>2013: 17.0%</td>
<td>2017: 10.5%</td>
<td>2019: 10.7%</td>
</tr>
<tr>
<td>Premium Rate Levels (Average Lowest Silver Premium)</td>
<td>2013: $256</td>
<td>2017: $340</td>
<td>2019: $452</td>
</tr>
</tbody>
</table>

Notes: Premium rate levels reflect the nationwide average monthly premium for the lowest premium on-exchange silver plan for a person age 40. Insurer counts reflect the count of parent insurance companies, where each company is counted once for each state exchange it participates in. The uninsured rate is for individuals under age 65.
Distribution of under age 65 population: 2013 - 2018
Public opinion of the ACA

Larger Share Of Public View ACA Favorably Than Unfavorably

Do you have a generally favorable or generally unfavorable opinion of the 2010 heath reform law?

SOURCE: KFF Health Tracking Polls. See topline for full question wording and response options.
Observation #1

Medicaid expansion played a bigger role than expected in reducing the uninsured rate

- CBO estimated non-elderly uninsured rate would be 10% in 2018
- While estimated actual uninsured rate was 11%, Medicaid has played a significantly greater role in reducing the uninsured rate relative to the exchanges
Observation #1

Medicaid expansion played a bigger role than expected in reducing the uninsured rate
Medicaid and exchanges role during COVID pandemic

U.S. unemployment rate

Source: https://data.bls.gov/timeseries/LNS14000000
Medicaid and exchanges role during COVID pandemic

Eligibility for Medicaid and premium assistance among population losing employer coverage

Eligibility for ACA Coverage Among People Becoming Uninsured Due to Loss of Employer-Sponsored Insurance

Number of People Eligible for Coverage, in Millions:

<table>
<thead>
<tr>
<th></th>
<th>May 2020</th>
<th>January 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>26.8 M</td>
<td>26.8 M</td>
</tr>
<tr>
<td>79% Eligible for Subsidized ACA Coverage</td>
<td>12.7</td>
<td>16.8</td>
</tr>
<tr>
<td>85% Eligible for Subsidized ACA Coverage</td>
<td>0.1</td>
<td>0.5</td>
</tr>
<tr>
<td>Ineligible for Financial Assistance due to Citizenship</td>
<td>3.7</td>
<td>6.2</td>
</tr>
<tr>
<td>Ineligible for Financial Assistance due to ESI Offer</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Ineligible for Financial Assistance due to Income</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>In Medicaid Coverage Gap</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Tax Credit Eligible</td>
<td>0.5</td>
<td></td>
</tr>
<tr>
<td>Medicaid Eligible</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: Medicaid eligible includes people eligible for other public coverage, such as CHIP. Totals may not sum due to rounding.

Observation #2
State decisions to expand Medicaid led to greater reductions in the uninsured rate relative to non-expansion states.
Observation #3
Price is a key consideration for individual market consumers

- Every exchange enrollee is exposed to the total difference in premium among offered plans (excluding cases where subsidy value exceeds plan’s total premium)
- In 2014, 64% of healthcare.gov consumers selected the lowest or second-lowest cost plan across metallic tiers
Observation #4

Insurer competition in the exchanges and insurer profitability were consistent with the underwriting cycle

- What is the underwriting cycle?

- PHASE 1 - New entrants deliberately set premiums lower than their competitors to gain market share.

- PHASE 2 - Existing firms respond by undercutting the new entrants.

- PHASE 3 - Intense competition ensues, pushing premiums below costs, causing poor insurer financial performance and/or market exits.

- PHASE 4 - Remaining insurers turn attention to returning to profitability.
Observation #4

Insurer competition in the exchanges and insurer profitability were consistent with the underwriting cycle

Note: 2014 through 2016 underwriting results do not reflect any risk corridor recoveries as a result of Maine Community Health Options v. United States.
Observation #5
Initial exchange rates were unsustainable

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest state</td>
<td>$397</td>
<td>$488</td>
<td>$684</td>
</tr>
<tr>
<td>Median state</td>
<td>$257</td>
<td>$257</td>
<td>$281</td>
</tr>
<tr>
<td>Lowest state</td>
<td>$175</td>
<td>$178</td>
<td>$202</td>
</tr>
<tr>
<td>Nationwide average</td>
<td>$256</td>
<td>$265</td>
<td>$286</td>
</tr>
</tbody>
</table>

1. Highest, median, and lowest states can change each year.

Nationwide average rate increase was 4% in 2015 and 8% in 2016.
Observation #5
Initial exchange rates were unsustainable

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurer Underwriting Gain/Loss Margin</td>
<td>-10%</td>
<td>-5%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Average MLR was **89%** in 2014, **95%** in 2015, and **94%** in 2016.
Observation #6

Substantial premium rate increases were associated with poor financial experience, decreases in competition, and political uncertainty.

![Graph showing the number of states with one insurer option from 2014 to 2020, along with the percentage of the nationwide individual market and uninsured population with only one insurer option. The graph indicates an increase in the number of states with one insurer option from 2014 to 2016, followed by a decrease in 2017, and a significant increase in 2018. The percentage of the population with only one carrier option also shows a significant increase in 2018.]
Observation #6
Substantial premium rate increases were associated with poor financial experience, decreases in competition, and political uncertainty

<table>
<thead>
<tr>
<th>Lowest silver monthly premiums</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest state</td>
<td>$397</td>
<td>$488</td>
<td>$684</td>
<td>$910</td>
<td>$862</td>
</tr>
<tr>
<td>Median state</td>
<td>$257</td>
<td>$257</td>
<td>$281</td>
<td>$339</td>
<td>$474</td>
</tr>
<tr>
<td>Lowest state</td>
<td>$175</td>
<td>$178</td>
<td>$202</td>
<td>$239</td>
<td>$287</td>
</tr>
<tr>
<td>Nationwide average</td>
<td>$256</td>
<td>$265</td>
<td>$286</td>
<td>$340</td>
<td>$452</td>
</tr>
</tbody>
</table>

1. Highest, median, and lowest states can change each year.

Nationwide average rate increase was 19% in 2017 and 33% in 2018.
Observation #7
With few exceptions, insurer financial results were consistent with national trends.

<table>
<thead>
<tr>
<th>Insurer Underwriting Gain/Loss Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>-10%</td>
</tr>
<tr>
<td>0%</td>
</tr>
<tr>
<td>5%</td>
</tr>
</tbody>
</table>

Average MLR was **87%** in 2017 and **80%** in 2018.
Observation #8

Subsidized exchange consumers experienced lower out-of-pocket premium costs as premium rates increased in 2017 and 2018, while non-subsidized individual market enrollment dropped substantially as a result of decreased coverage affordability.

*Premium reflects the average 40 year old premium by metro and rural regions by state.
Observation #8
Subsidized exchange consumers experienced lower out-of-pocket premium costs as premium rates increased in 2017 and 2018, while non-subsidized individual market enrollment dropped substantially as a result of decreased coverage affordability.

- While subsidy-eligible consumers are insulated from premium rate increases, non-subsidy-eligible consumers bear full impact of premium rate increases.
Observation #9

Premium rates began to plateau in 2018 with implementation of state-based reinsurance programs via Section 1332 waivers and improvements in insurer financials

- Premium rate impacts from state-based reinsurance programs

Note: Premiums reflect the average monthly exchange premium for the silver premium plans available to a person age 40.
Observation #10

Vast majority of the remaining 30 million uninsured persons have income <250% FPL

UNINSURED PERSONS BY CITIZENSHIP STATUS AND HOUSEHOLD INCOME LEVEL

<table>
<thead>
<tr>
<th>Household Income (FPL%)</th>
<th>States That Expanded Medicaid</th>
<th>States That Did Not Expand Medicaid</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013 2018 2013 2018</td>
<td>2013 2018 2013 2018</td>
</tr>
<tr>
<td>&lt;139%</td>
<td>21.4% 9.8% 54.5% 33.8%</td>
<td>28.0% 21.4% 71.3% 59.4%</td>
</tr>
<tr>
<td>139% to 250%</td>
<td>19.0% 10.3% 50.2% 34.3%</td>
<td>22.5% 17.3% 62.7% 49.0%</td>
</tr>
<tr>
<td>251% to 400%</td>
<td>10.3% 6.2% 33.6% 23.1%</td>
<td>12.4% 10.3% 40.5% 33.3%</td>
</tr>
<tr>
<td>400%+</td>
<td>4.0% 2.6% 13.7% 9.6%</td>
<td>5.1% 4.6% 17.7% 15.4%</td>
</tr>
</tbody>
</table>

Notes: Uninsured rates are for the under-age-65 population. The split of states in the table are based on Medicaid expansion status as of 2018. See Appendix A for additional detail.
Observation #11
Medicaid-focused insurers achieved the largest market share gains in the individual health insurance market

TOP 10 INDIVIDUAL MARKET INSURERS IN ENROLLMENT: 2013 AND 2018

<table>
<thead>
<tr>
<th>Top 10 Insurers</th>
<th>Membership (in Thousands)</th>
<th>Growth</th>
<th>Top 10 Insurers</th>
<th>Membership (in Thousands)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2013</td>
<td>2018</td>
<td>Growth</td>
<td>2013</td>
<td>2018</td>
</tr>
<tr>
<td>Anthem</td>
<td>1,773.3</td>
<td>658.1</td>
<td>−1,115.2</td>
<td>Centene Corp</td>
<td>22.9</td>
</tr>
<tr>
<td>UnitedHealth Group</td>
<td>1,000.4</td>
<td>307.4</td>
<td>−693.0</td>
<td>Kaiser Foundation Group</td>
<td>389.6</td>
</tr>
<tr>
<td>HCSC Group</td>
<td>868.9</td>
<td>850.5</td>
<td>−18.3</td>
<td>Blue Cross Blue Shield of FL</td>
<td>385.0</td>
</tr>
<tr>
<td>Aetna</td>
<td>711.3</td>
<td>2.5</td>
<td>−708.8</td>
<td>HCSC Group</td>
<td>868.9</td>
</tr>
<tr>
<td>Humana</td>
<td>502.5</td>
<td>0.0</td>
<td>−502.5</td>
<td>Blue Shield of California</td>
<td>256.8</td>
</tr>
<tr>
<td>Blue Cross Blue Shield of NC</td>
<td>394.7</td>
<td>475.0</td>
<td>80.3</td>
<td>Anthem</td>
<td>1,773.3</td>
</tr>
<tr>
<td>Kaiser Foundation Group</td>
<td>389.6</td>
<td>1,184.1</td>
<td>794.5</td>
<td>Blue Cross Blue Shield of NC</td>
<td>394.7</td>
</tr>
<tr>
<td>Blue Cross Blue Shield of FL</td>
<td>385.0</td>
<td>1,174.7</td>
<td>789.6</td>
<td>Molina</td>
<td>0.0</td>
</tr>
<tr>
<td>Assurant</td>
<td>347.9</td>
<td>0.0</td>
<td>−347.9</td>
<td>Cigna</td>
<td>239.6</td>
</tr>
<tr>
<td>Blue Shield of California</td>
<td>256.8</td>
<td>786.3</td>
<td>529.5</td>
<td>UnitedHealth Group</td>
<td>1,000.4</td>
</tr>
</tbody>
</table>

Top 10 total | 6,630.4 | 5,438.5 |
Total individual market | 10,960.3 | 13,105.0 |
Top 10 market share | 60.5% | 41.5% |

Top 10 total | 5,331.2 | 7,645.0 |
Total individual market | 10,960.3 | 13,105.0 |
Top 10 market share | 48.6% | 58.3% |
Lessons learned
Looking forward, we ask what lessons may be drawn to inform the next 10 years under the ACA—or whatever new programs or reforms follow after it?

- Learn to embrace change
- Insurance markets remain fundamentally local
- Insurers and regulators were able to adapt – eventually
- Actions intended to stabilize markets can destabilize them
Looking forward - Key considerations related to the impact of COVID-19

- Potential impact on **2020** insurer financial results
  - Increases to claim costs due to testing and direct cost of COVID-19 care
  - Reductions in claim costs due to deferred/eliminated services
  - MLR implications (three year impact)

- Potential impact on **2021** individual market commercial rates / premium subsidies
  - Potential pent-up demand
  - Continuation in deferred services / additional waves
  - Direct COVID-19 costs (treatment, testing, vaccines, etc.)
  - Population health
  - Provider reimbursement arrangements
  - Potential impact of economic disruptions leading to population shifts between markets

- Potential impact in **2022** and beyond?
Looking forward – Other regulatory considerations

- Court cases
  - Implications of Supreme Court decision on risk corridors
  - Future CSR lawsuits
  - Texas vs. United States

- 2020 United States Presidential election
  - Protect and build
  - Repeal and replace
  - Medicare for more or for all?
Life of an ACA pricing actuary
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Thank you

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LINK TO FULL REPORT:
https://www.soa.org/resources/research-reports/2020/50-states-50-stories/