

Centers for Medicare and Medicaid Services Releases Reports on the Performance of the Exchanges and Individual Health Insurance Market

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Title

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Centers for Medicare and Medicaid Services Releases Reports on the Performance of the Exchanges and Individual Health Insurance Market *Reports show individual market erosion and increasing taxpayer liability*

Today, the Centers for Medicare and Medicaid Services (CMS) released three reports that provide important information on the current condition of the Federal and State-based Exchanges and state individual health insurance markets. Taken together, these reports show that state markets are increasingly failing to cover people who do not qualify for federal subsidies even as the Exchanges remain relatively stable. Steps taken by CMS in 2017, as the reports show, improved the performance of the Exchanges and began addressing market stability issues. However, serious problems persist. Rising premiums have left unsubsidized people with poor health coverage options and dramatically increased the federal cost of premium subsidies.

“As the Trump Administration took office, there were warning signs that we were dealing with a crisis in the individual health insurance market and Obamacare was failing its consumers. These reports show that the high price plans on the individual market are unaffordable and forcing unsubsidized middle class consumers to drop coverage,” said CMS Administrator Seema Verma. Additionally, these reports represent the current state of the market, as well as confirm our Agency’s efforts to stabilize the market. The three reports released today include the [Early 2018 Effectuated Enrollment Snapshot](#), [Exchange Trends Report](#), and new for this year, [Trends in Subsidized and Unsubsidized Enrollment](#). The reports include data on effectuated Exchange enrollment for 2017 and 2018, overall trends on the operational and programmatic performance of the Exchange, and trends in subsidized and unsubsidized individual market enrollment from 2014 to 2017. These data provide a number of insights on how well state individual health insurance markets and Exchanges are serving the American consumer.

Serious problems in the individual health insurance market emerged in 2016.

- The subsidized and unsubsidized enrollment report shows enrollment began to decline in some states between 2015 and 2016, and in particular among the unsubsidized portion of the market. Over that period, 23 states experienced a decline in unsubsidized enrollment, with 10 states experiencing double-digit declines.
- For plan year 2017, for which enrollment began in November 2016, the report shows an alarming 20 percent drop in the number of people nationwide who enrolled in the individual health insurance market without federal premium subsidies. By comparison, subsidized enrollment dropped by just 3 percent, or 223,000 people.
- This enrollment drop occurred at the same time average monthly premiums spiked by 21 percent.
- The unsubsidized portion of some state individual markets have clearly entered a death spiral, with unsubsidized enrollment dropping by more than a third in 14 states, including an astonishing 73 percent decline in Arizona.
- These dramatic drops in enrollment occurred under the insurance rules and rates established under the previous Administration.

Immediate actions taken by CMS improved the performance of the Federal platform Exchanges and began addressing market stability issues.

- CMS took immediate steps in 2017 to address market stability issues and to improve the performance of the Exchanges using the Federal platform in order to mitigate the deterioration of the individual health insurance market for consumers. The Exchange trends report shows a number of these initiatives are already improving the Federal platform Exchanges.
- The Exchange Call Center reported an all-time high customer satisfaction rate of 90 percent.
- CMS increased efforts to leverage the capabilities of the private sector by expanding the role of health insurance agents and brokers who supported 3,660,668 health plan enrollments, 42 percent of plan year 2018 open enrollments on Federal platform Exchanges. In contrast, Navigators enrolled less than 1 percent of total enrollees.
- CMS also added new changes to Special Enrollment Periods (SEPs) to improve the risk pool by requiring people to verify their eligibility for an SEP. As a result, the volume of exceptional circumstance SEPs granted by CMS declined by 56 percent for plan year 2017.
- Consumer requests for SEPs continued to be served at a high level. Average response times for SEP verifications were one to three days and 90 percent of SEP applicants were able to satisfy SEP verification and begin coverage.

With enhancements to the Federal platform, enrollment through the Federal and State-based Exchanges remained steady into 2018.

- Effectuated enrollment is when a person has selected or is automatically reenrolled in a plan and paid the first month's premium, if applicable. The effectuated enrollment report

shows that enrollment through the Exchanges remained steady for subsidized people moving into plan year 2018. In February 2018, 10.6 million individuals had effectuated their coverage through the Exchanges. This is approximately 3 percent higher than the 10.3 million people who had effectuated their coverage at the same time last year.

- Those who enroll through the Exchanges increasingly rely on federal subsidies. The report shows 87 percent of enrollees rely on Advance Premium Tax Credits up from 84 percent for plan year 2017.
- People who made a plan selection during open enrollment were more likely to have effectuated coverage in 2018. Nine percent of people failed to follow through with effectuating their coverage in 2018, compared to 15 percent in 2017.

Rising premiums dramatically increase the federal cost of subsidies and leave unsubsidized people with few if any coverage options.

- The effectuated enrollment report also shows that average monthly premiums for coverage purchased through Exchanges rose another 27 percent in 2018 on top of the 21 percent increase consumers experienced in 2017.
- This premium increase resulted in an even sharper increase in the average federal premium subsidy, which jumped by 39 percent in 2018, rising from \$373 in 2017 to \$520 in 2018.
- This increase in average premiums subsidy, as well as higher enrollment, will likely increase federal spending on premium subsidies by more than \$17 billion in 2018.
- Coverage options for the unsubsidized portion of the market were already bad in 2017 when 20 percent dropped coverage. Another 27 percent increase in premiums leaves unsubsidized people with few if any coverage options and likely resulted in another substantial decline in unsubsidized coverage for 2018.

It is clear that many Americans are being priced out of the health insurance market, especially for employed people who earn too much to qualify for tax credits and have no access to employer-sponsored coverage. This underscores the need for CMS to continue efforts to stabilize the market and provide all consumers—including those who do not qualify for large premium subsidies—with more affordable health coverage options.

CMS will continue to build on the significant steps already taken by the Administration to promote healthcare choice and competition and decrease costs. Americans should not be forced to choose between coverage they cannot afford and no coverage at all.

To see the reports, click the links below:

Early 2018 Effectuated Enrollment Snapshot: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/2018-07-02-Trends-Report-1.pdf>

Trends in Subsidized and Unsubsidized

Enrollment: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/2018-07-02-Trends-Report-2.pdf>

Exchange Trends Report: <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/Downloads/2018-07-02-Trends-Report-3.pdf>

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