

# 2017 Utah Rates



Don't shoot the messenger

# Disclaimer

- ∞ Determining the “average rate increase” over the prior year is non-trivial and has many interpretations. The calculation is complicated by:
  - Discontinued plans and membership crosswalked from one plan to another
  - The granularity of the enrollment data
  - Required benefit changes to keep within the +/- 2% de minimis Actuarial Value calculator metal ranges
  - The Uniform Modification rules (benefit changes that are small enough to say the plan is the same plan as last year and not a “new” plan)
  - Changes in provider contracts that can affect the rates independently of the benefits
  - Changing assumptions in the relativity of the cost of care between rating areas
  - Differing plan availability by county
  - A hundred other things that won't fit on this slide
- ∞ Information in these slides is accurate as of 9/29/2016, but may be subject to change

# 2017 Average Rate Increase

Uses URRT membership combined with consumer justification and rate filing information about the size of the rate increase to calculate the average market increases

**Individual ~ 30.4%**

**Small Group ~ 9.7%**

Salt Lake County – Uses rates for only plans that were in the market on and off exchange both in 2017 and 2016 to calculate the average rate increase by metal level. Straight average of plan increase over prior year – not weighted by enrollment.

Catastrophic	30.0%
Bronze	26.7%
Silver	31.4%
Gold	44.9%
Platinum	N/A

Catastrophic	N/A
Bronze	9.6%
Silver	8.1%
Gold	6.4%
Platinum	2.4%

# 2017 Average Rate Level

## Individual

Catastrophic	\$208
Bronze	\$227
Silver	\$264
Gold	\$346
Platinum	N/A

## Small Group

Catastrophic	N/A
Bronze	\$196
Silver	\$251
Gold	\$284
Platinum	\$340

Salt Lake County, age 21, non smoker, **on and off exchange** - Straight average of rates across metal level

# 2017 Average Rate Level

## Individual

Catastrophic	\$170
Bronze	\$184
Silver	\$235
Gold	\$332
Platinum	N/A

## Small Group

Catastrophic	N/A
Bronze	\$170
Silver	\$213
Gold	\$250
Platinum	N/A

Salt Lake County, age 21, non smoker, **on exchange** - Straight average of rates across metal level

# Changes Since 2016

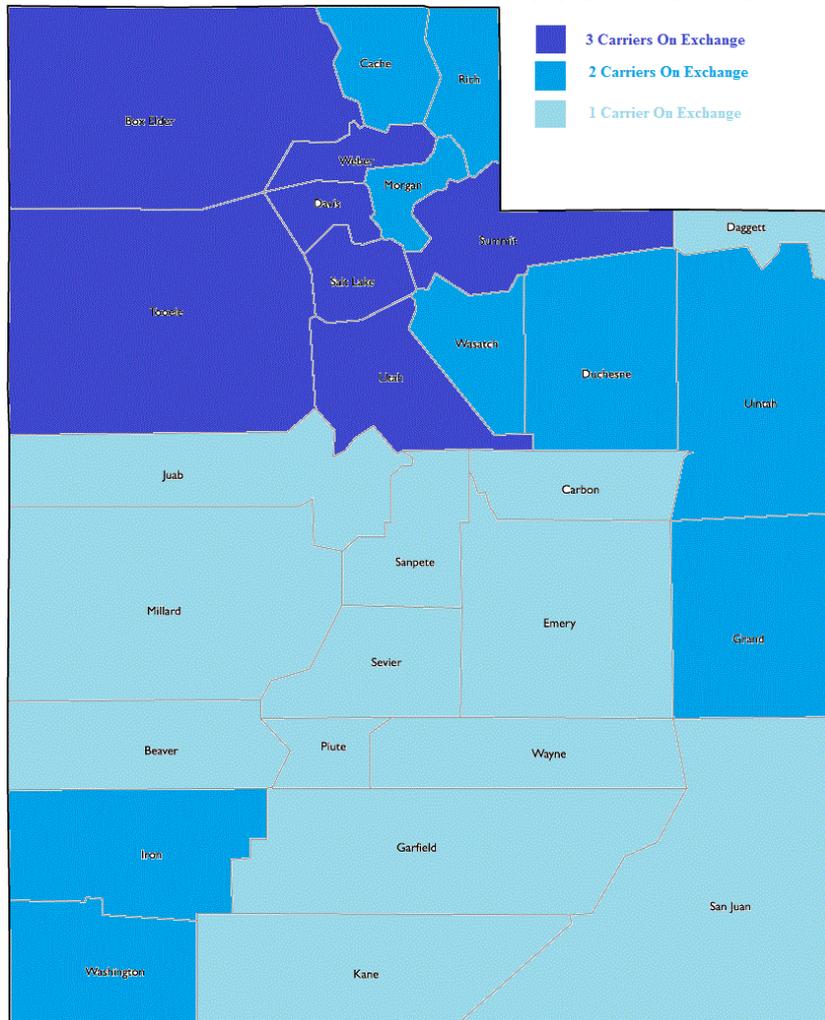
- ∞ No Federal Reinsurance, No Risk Corridor Protection (not that there was much before)
- ∞ Risk adjustment algorithm will be changed to recognize partial year enrollments
- ∞ Number of plans offered reduced significantly
- ∞ Number of carriers reduced, but some expanded service areas
- ∞ Some changes to tighten up Special Enrollment Periods

# Enrollment: Individual

	Individual Market			
	2013	2014	2015	2016
Grandfathered / Transitional				
Off-Exchange	158,047	96,680	66,237	56,470
Total Non-ACA	158,047	96,680	66,237	56,470
			92.4% is Transitional	
ACA Compliant Plans				
Off-Exchange	NA	32,030	45,256	43,004
Federal Health Exchange (FFM)	NA	75,891	115,434	162,123
Total ACA Compliant	NA	107,921	160,690	205,127
Total	158,047	204,601	226,927	261,597
Increase Over Prior Year		46,554	22,326	34,670

# Individual Rates

## 2017 Individual Market – Count of Carriers On Exchange



County	Individual Market
Beaver	SelectHealth
Box Elder	Molina; SelectHealth; UUHP
Cache	SelectHealth; UUHP
Carbon	SelectHealth
Daggett	SelectHealth
Davis	Molina; SelectHealth; UUHP
Duchesne	SelectHealth; UUHP
Emery	SelectHealth
Garfield	SelectHealth
Grand	SelectHealth; UUHP
Iron	SelectHealth; UUHP
Juab	SelectHealth
Kane	SelectHealth
Millard	SelectHealth
Morgan	SelectHealth; UUHP
Piute	SelectHealth
Rich	SelectHealth; UUHP
Salt Lake	Molina; SelectHealth; UUHP
San Juan	SelectHealth
Sanpete	SelectHealth
Sevier	SelectHealth
Summit	Molina; SelectHealth; UUHP
Tooele	Molina; SelectHealth; UUHP
Uintah	SelectHealth; UUHP
Utah	Molina; SelectHealth; UUHP
Wasatch	SelectHealth; UUHP
Washington	SelectHealth; UUHP
Wayne	SelectHealth
Weber	Molina; SelectHealth; UUHP

# Individual Market: How robust were 2014 Rates?

2014 Calendar Year Experience	Total	Fed Reins	Adjusted Total
Premiums (net of MLR Rebate):	322,479,907		322,479,907
Incurred Claims	440,618,890	(79,626,958)	360,991,931
Member Months	1,594,906		1,594,906
Premiums PMPM	202.19		202.19
Incurred Claims PMPM	276.27		226.34
Incurred Loss Ratio	136.6%		111.9%

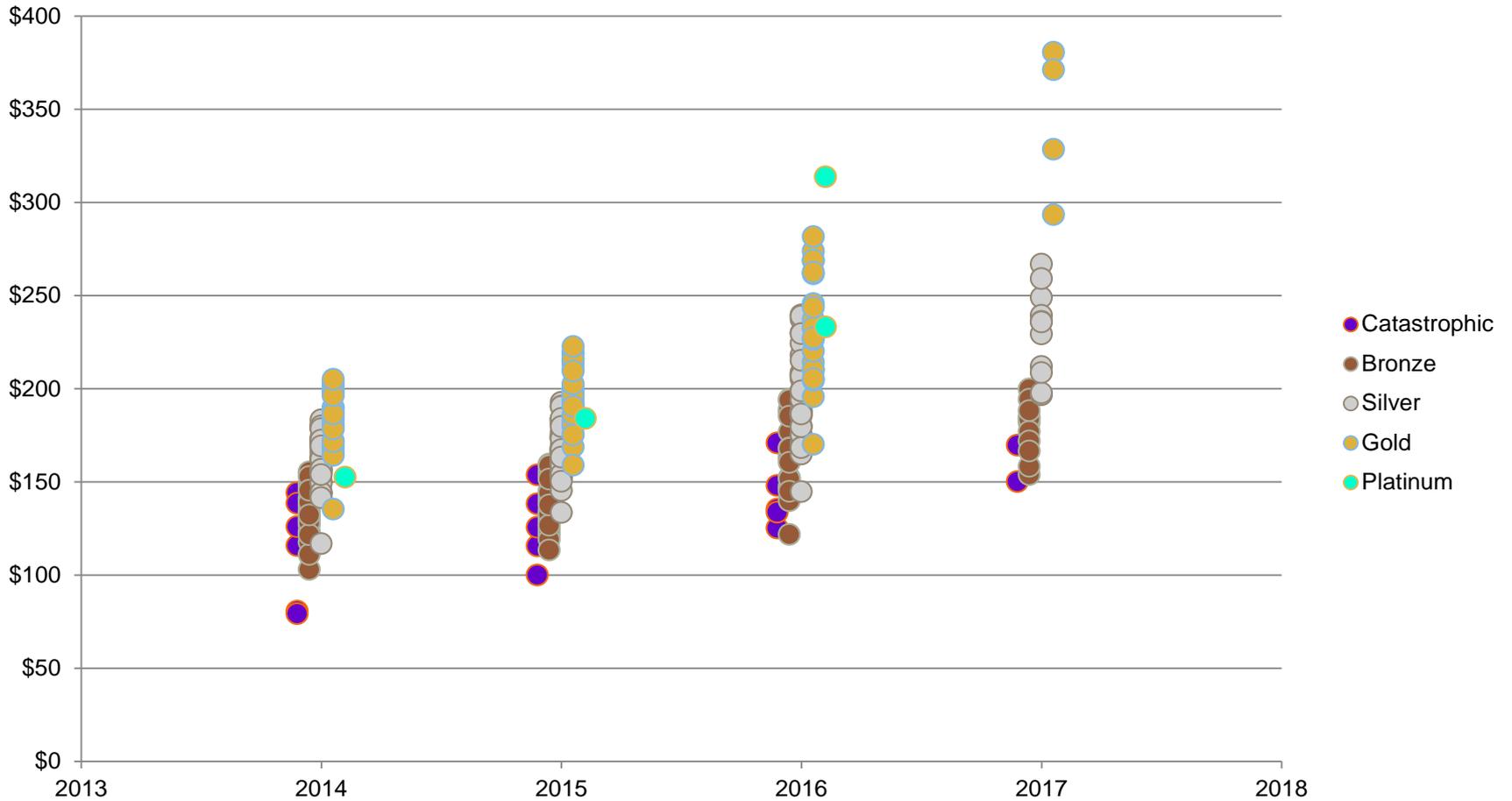
- Without the federal reinsurance, the market experienced a 137% loss ratio
- After taking into account reinsurance, the loss ratio only drops to 112% for the market
  - Target loss ratios are in the 80-85% range
- Risk Corridor – Expecting 87M, got 11M. If full risk corridor was received, loss ratio drops to 88%. (with partial, 108%)

# Individual Market: How robust were 2015 Rates?

2015 Calendar Year Experience	Total	Fed Reins	Adjusted Total
Premiums (net of MLR Rebate):	508,429,840		508,429,840
Incurred Claims	700,794,785	(77,337,869)	623,456,916
Member Months	2,331,358		2,331,358
Premiums PMPM	218.08		218.08
Incurred Claims PMPM	300.60		267.42
Incurred Loss Ratio	137.8%		122.6%

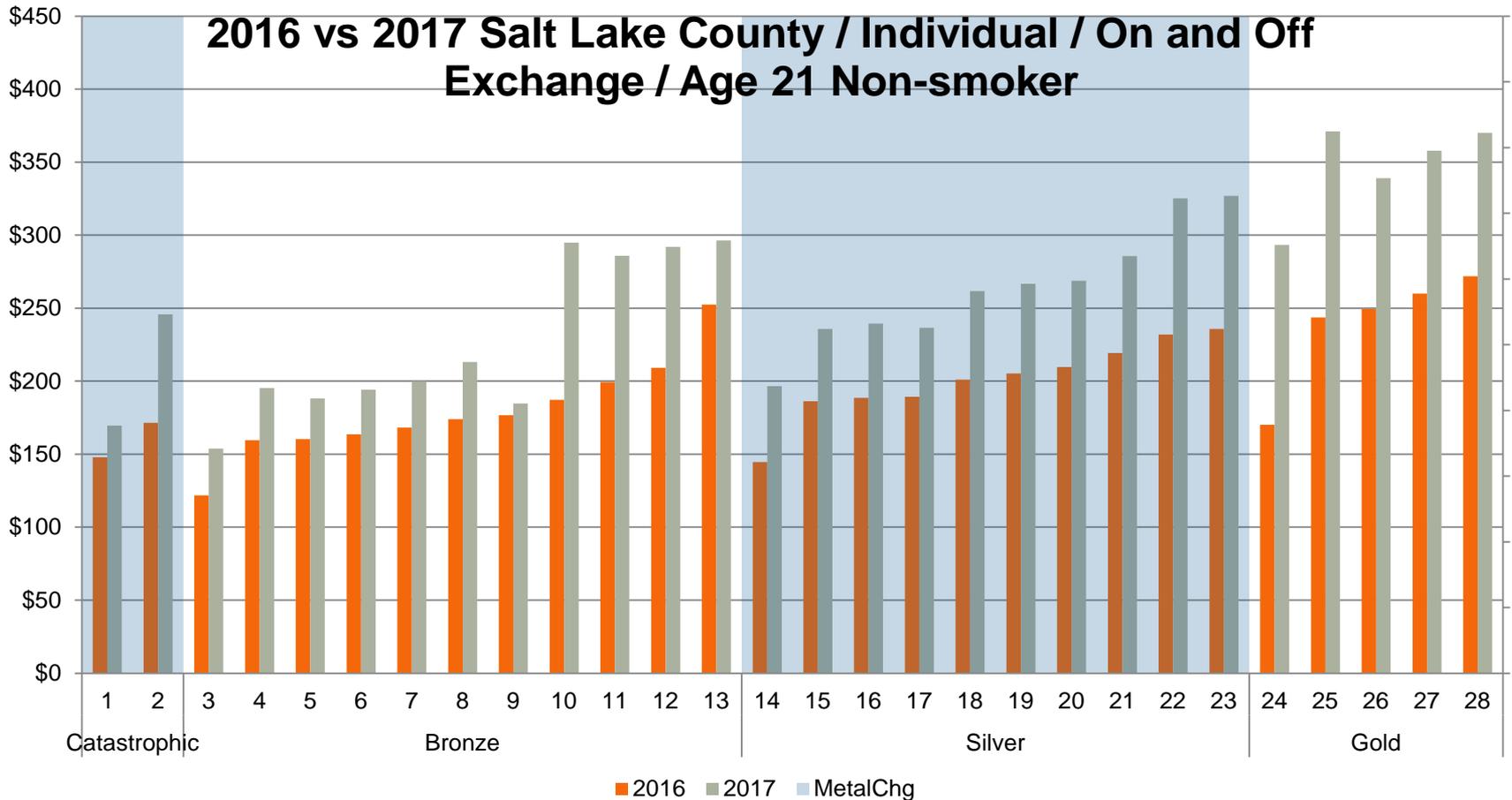
- Without the federal reinsurance, the market experienced a 138% loss ratio
- After taking into account reinsurance, the loss ratio only drops to 122% for the market
  - Target loss ratios are in the 80-85% range

# Individual Rates



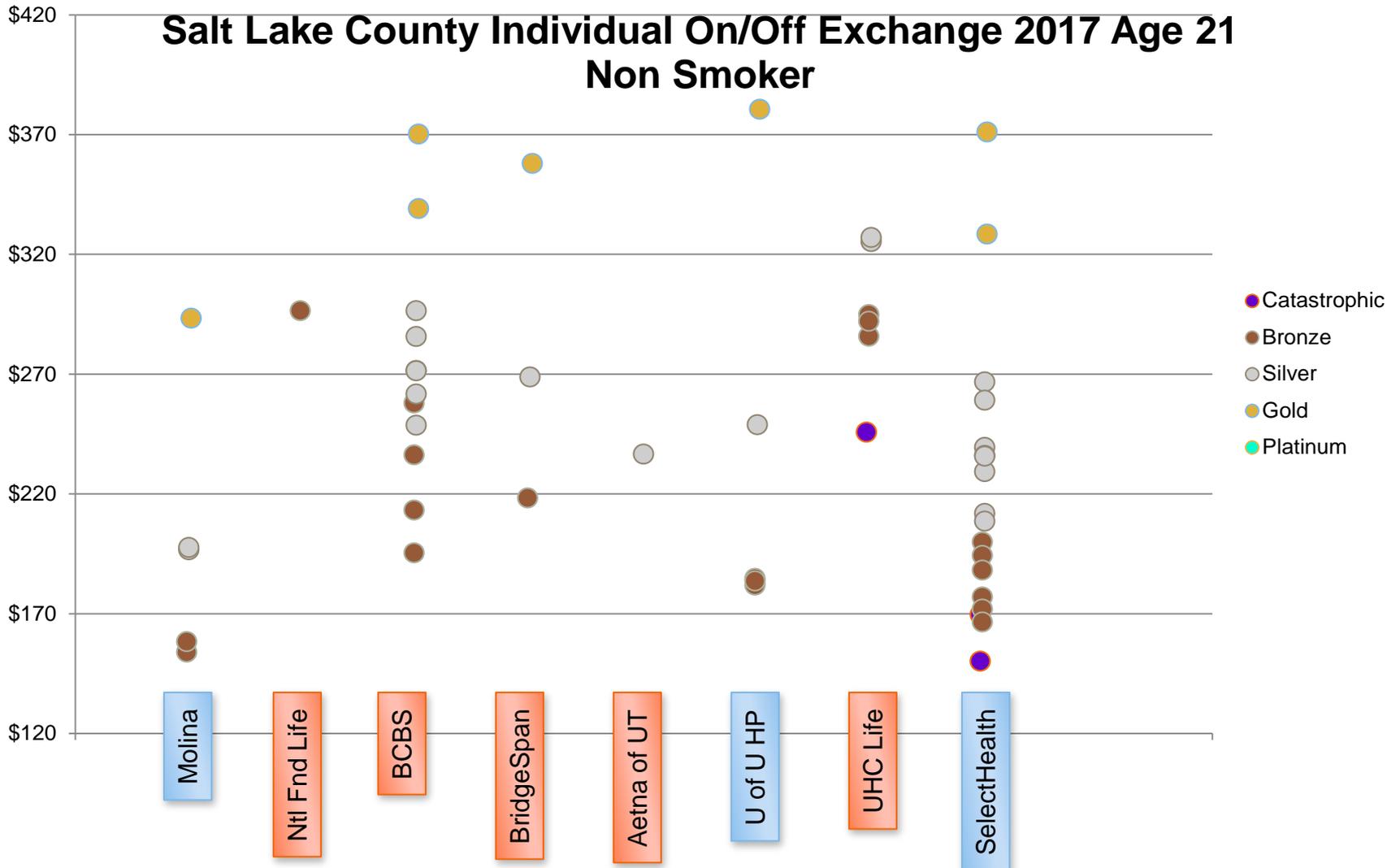
Salt Lake County, Age 21, Non-Smoker – On Exchange

# Individual Rates

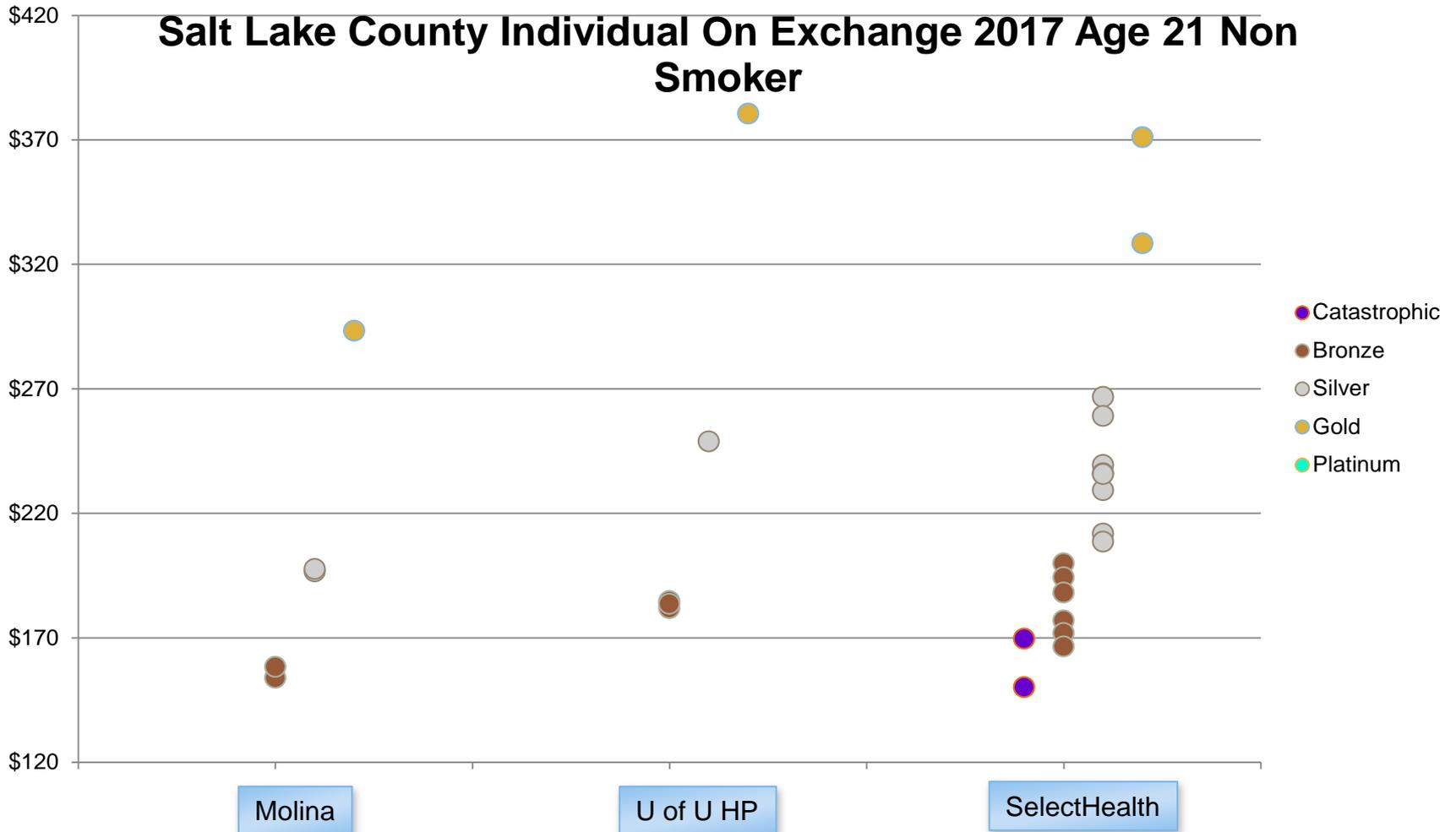


Only compares plans that are offered in 2016 and 2017.

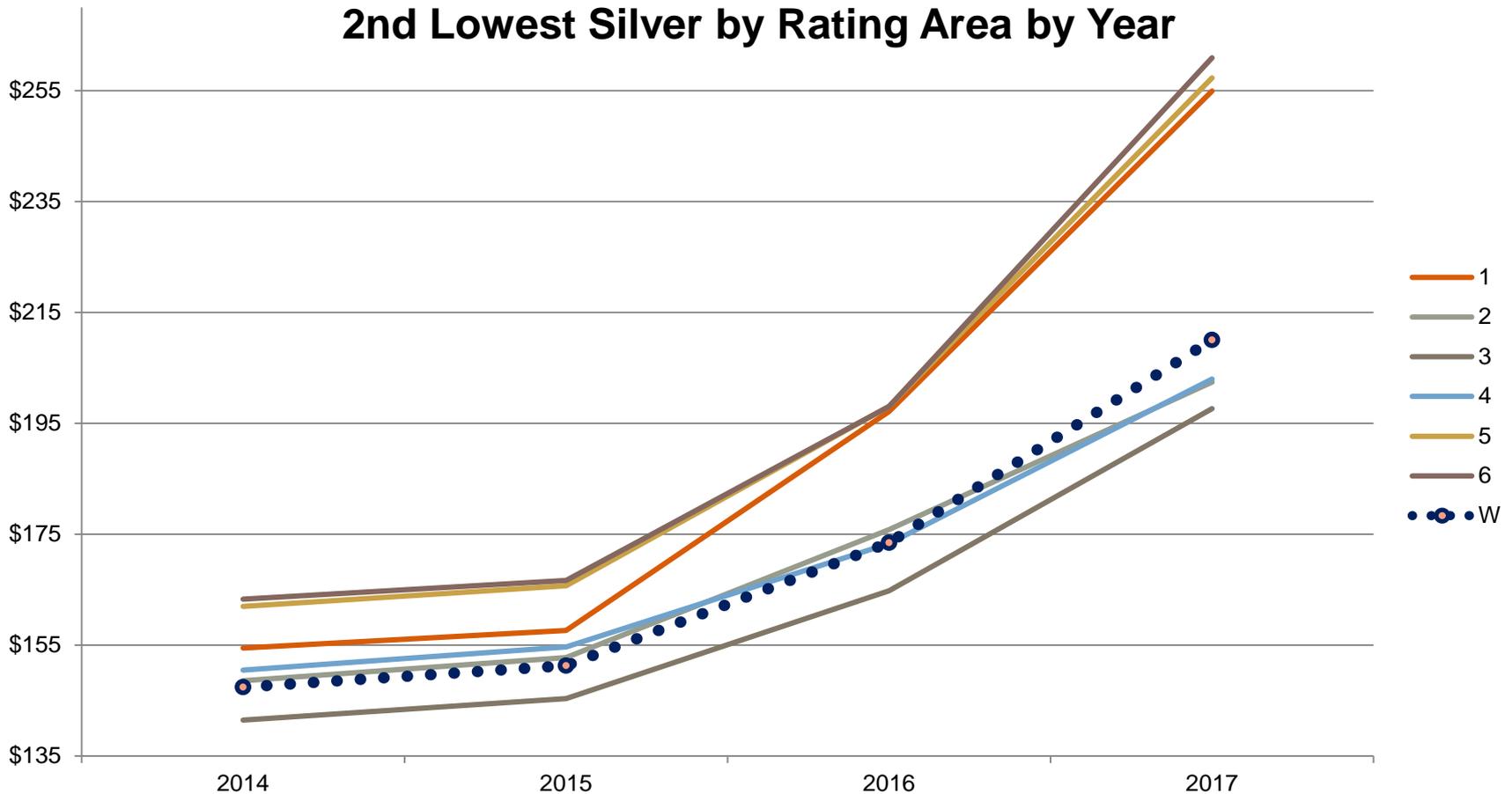
# Individual Rates



# Individual Rates



# 2<sup>nd</sup> Lowest Silver Plan



W – shows a population weighted rate change in 2<sup>nd</sup> lowest silver

# 2<sup>nd</sup> Lowest Silver Plan

CountyName	Rating Area	Carrier_Name_Short	Plan_ID	Silver	Increase
Cache	1	SelectHealth	68781UT0020005	254.89	31.7%
Rich	1	SelectHealth	68781UT0020005	254.89	2.7%
Box Elder	2	Molina	18167UT0010004	202.41	29.3%
Morgan	2	SelectHealth	68781UT0020005	250.10	14.0%
Weber	2	Molina	18167UT0010004	202.41	14.0%
Davis	3	Molina	18167UT0010004	197.62	19.9%
Salt Lake	3	Molina	18167UT0010004	197.62	31.7%
Summit	3	Molina	18167UT0010004	197.62	14.0%
Tooele	3	Molina	18167UT0010004	197.62	31.7%
Wasatch	3	SelectHealth	68781UT0020005	239.33	14.0%
Utah	4	Molina	18167UT0010004	202.96	29.9%
Iron	5	SelectHealth	68781UT0020005	257.28	31.7%
Washington	5	SelectHealth	68781UT0020005	257.28	14.0%
Beaver	6	SelectHealth	68781UT0020005	260.87	31.7%
Carbon	6	SelectHealth	68781UT0020005	260.87	26.9%
Daggett	6	SelectHealth	68781UT0020005	260.87	31.7%
Duchesne	6	SelectHealth	68781UT0020005	260.87	12.0%
Emery	6	SelectHealth	68781UT0020005	260.87	19.9%
Garfield	6	SelectHealth	68781UT0020005	260.87	14.0%
Grand	6	SelectHealth	68781UT0020005	260.87	31.7%
Juab	6	SelectHealth	68781UT0020005	260.87	31.7%
Kane	6	SelectHealth	68781UT0020005	260.87	6.1%
Millard	6	SelectHealth	68781UT0020005	260.87	6.1%
Piute	6	SelectHealth	68781UT0020005	260.87	31.7%
San Juan	6	SelectHealth	68781UT0020005	260.87	17.1%
Sanpete	6	SelectHealth	68781UT0020005	260.87	26.9%
Sevier	6	SelectHealth	68781UT0020005	260.87	29.9%
Uintah	6	SelectHealth	68781UT0020005	260.87	31.7%
Wayne	6	SelectHealth	68781UT0020005	260.87	15.1%

- ☞ Age 21 – non smoker rate
- ☞ Molina has 1<sup>st</sup> and 2<sup>nd</sup> lowest silver in all counties where they have a presence
- ☞ SelectHealth has 1<sup>st</sup> and 2<sup>nd</sup> lowest silver everywhere else

# 2<sup>nd</sup> Lowest Silver Plan

- ∞ Difference between 2<sup>nd</sup> and 3<sup>rd</sup> lowest silver increased a lot
- ∞ Same carrier has both 1<sup>st</sup> and 2<sup>nd</sup> lowest. Different carrier has 3<sup>rd</sup>
- ∞ Could cause more shifting this year than in prior years
- ∞ Difficult to gauge risk of newcomers to plans

## Example Box Elder County

Difference between 2<sup>nd</sup> and 3<sup>rd</sup> Silver

Year	Difference
2014	\$0.86
2015	\$6.37
2016	\$5.72
2017	\$43.90

(difference for age 21 non-smoker)

# Enrollment: Small Group

	Small Group Market			
	2013	2014	2015	2016
Grandfathered / Transitional				
Off-Exchange	187,127	84,221	62,848	58,109
Avenue H (SHOP)	8,271	2,567	2,396	2,360
Total Non-ACA	195,398	86,788	65,244	60,469
ACA Compliant Plans			98.8% is Transitional	
Off-Exchange	NA	92,364	114,545	116,083
Avenue H (SHOP)	NA	8,428	12,517	12,439
Total ACA Compliant	NA	100,792	127,062	128,522
Total	195,398	187,580	192,306	188,991
Increase Over Prior Year		-7,818	4,726	-3,315

# Small Group Market: How robust were 2015 Rates?

2015 Calendar Year Experience	Total
Premiums (net of MLR Rebate):	564,252,334
Incurred Claims	516,752,023
Member Months	2,060,609
Premiums PMPM	273.83
Incurred Claims PMPM	250.78
Incurred Loss Ratio	91.6%

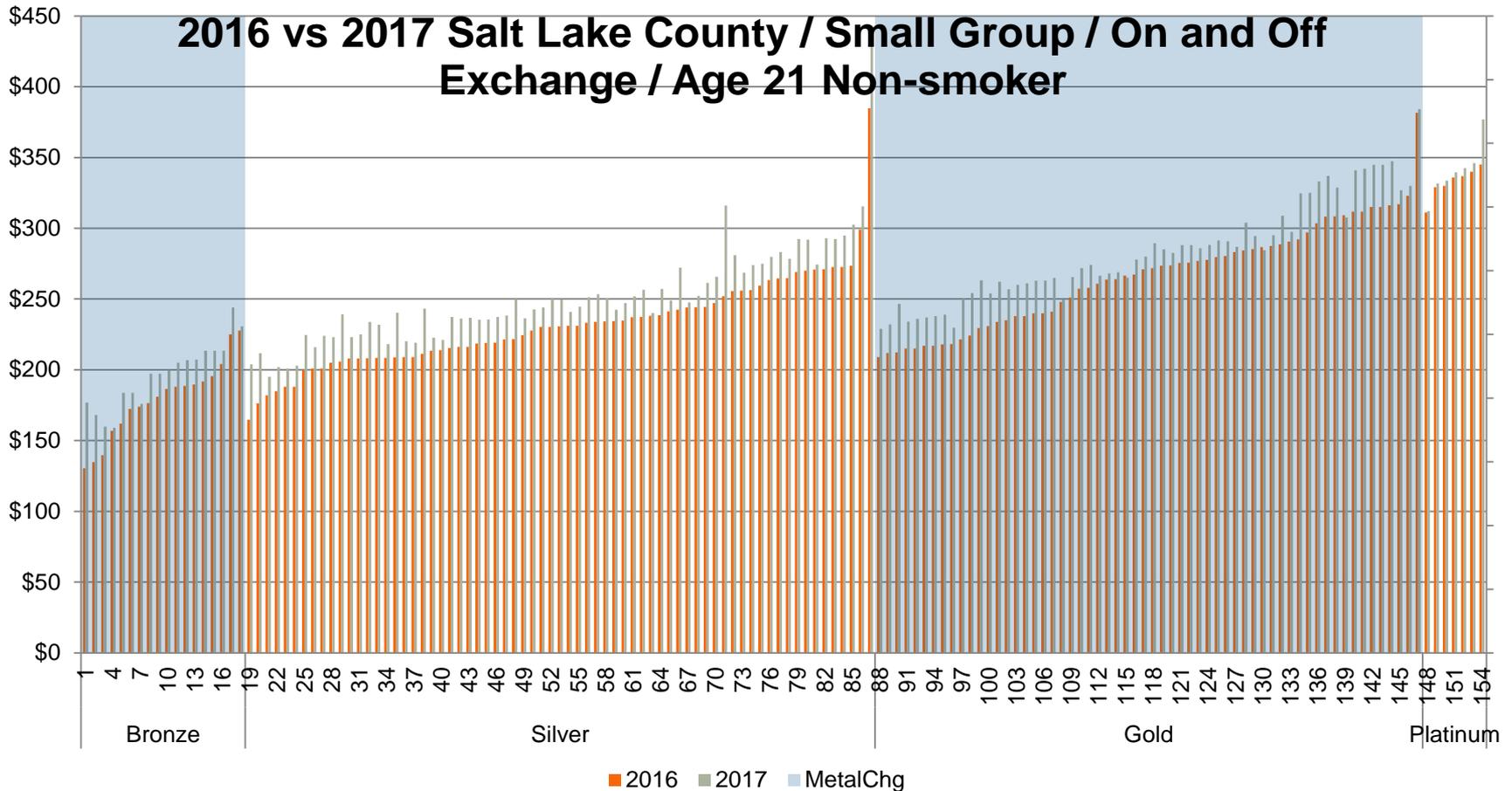
- No Reinsurance on Small Group
- Loss Ratio about 92%
  - Target loss ratios are in the 80-85% range

# Small Group Rates



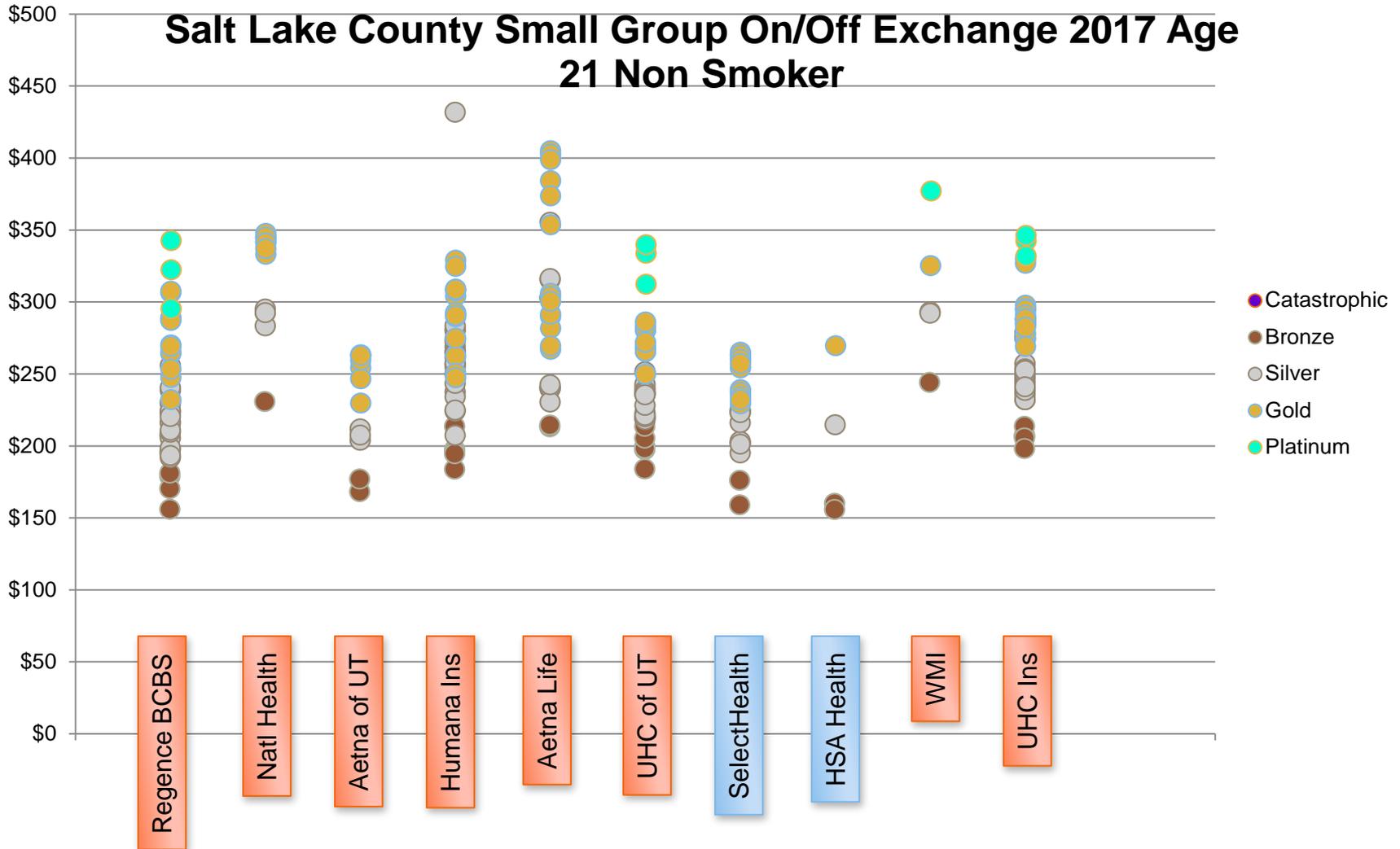
Salt Lake County, Age 21, Non-Smoker – On Exchange

# Small Group Rates

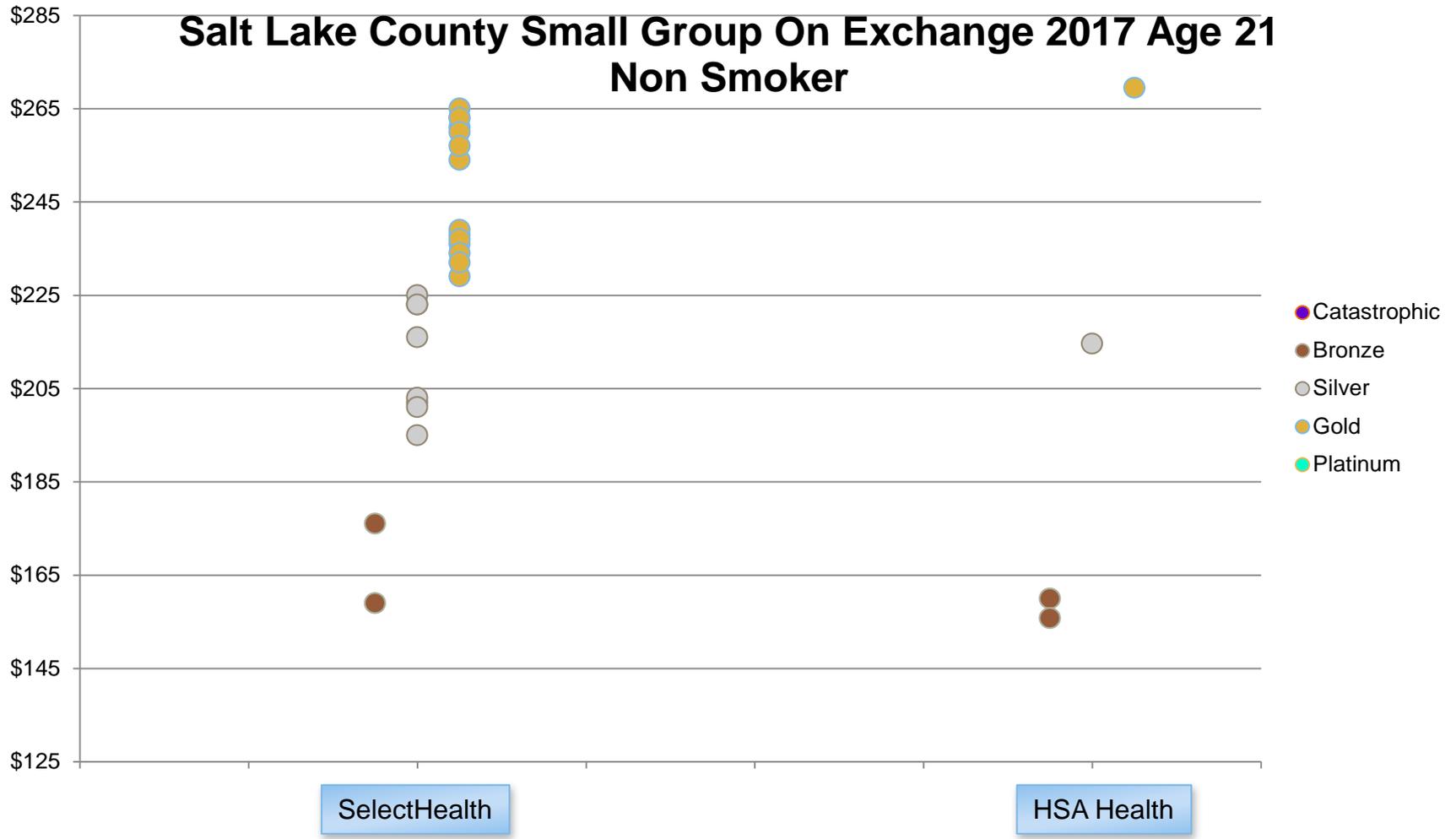


Only compares plans that are offered in 2016 and 2017.

# Small Group Rates

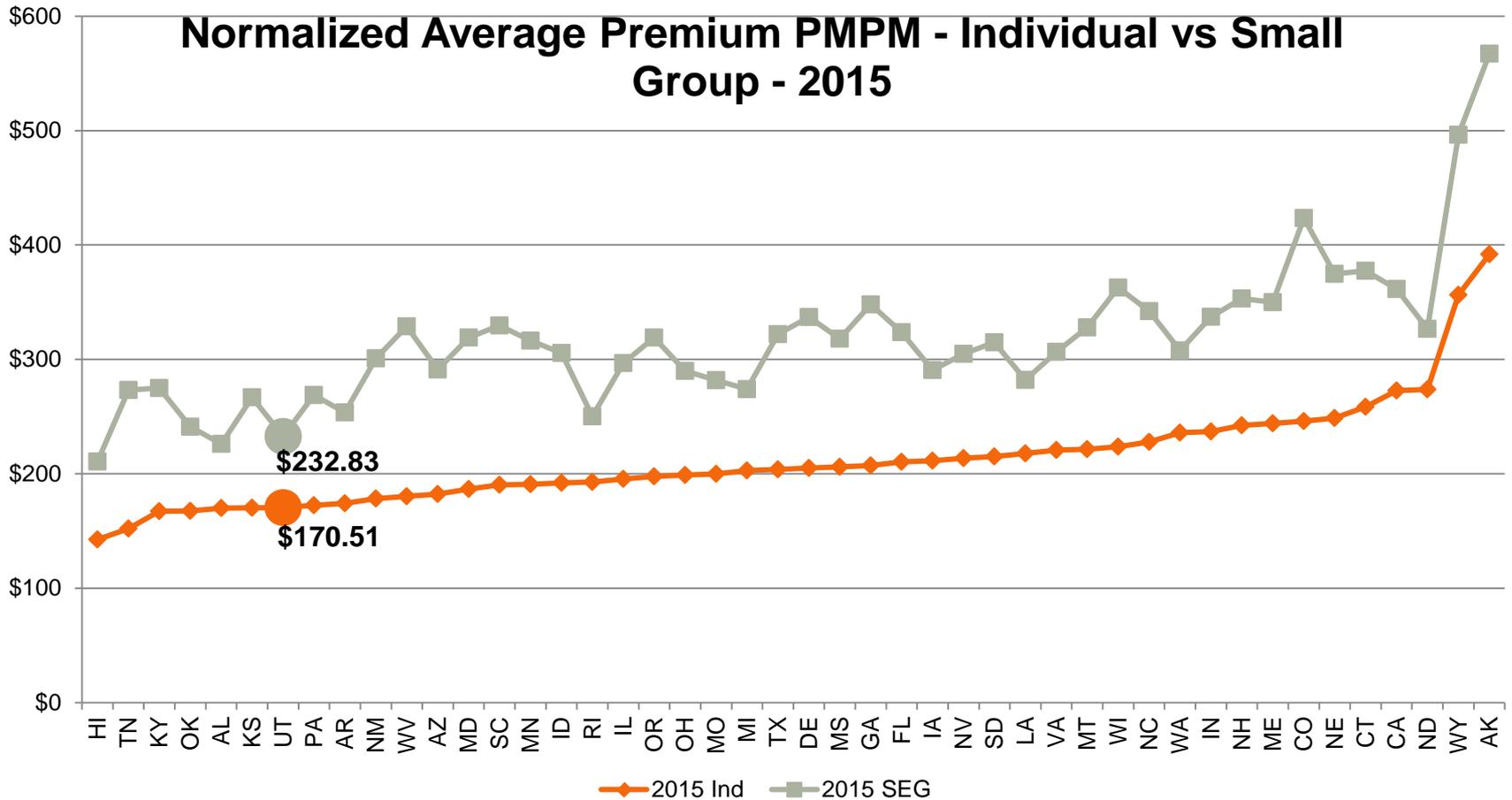


# Small Group Rates





# PMPM Comparisons



Source: 2015 Risk adjustment data and Appendix A

# Risk Adj - % of Premium

## 2015 Individual

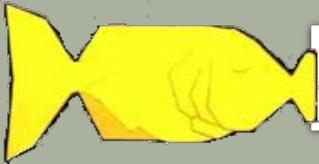
Carrier	% of Premium
Aetna of Utah	-12%
Arches	-20%
BridgeSpan	-14%
Molina	-21%
Natl Foundation Life	-41%
Regence BCBS of Utah	8%
SelectHealth	11%
UHC Life	3%

## 2015 Small Group

Carrier	% of Premium
Aetna	-23%
Aetna of Utah	-14%
Arches	3%
Humana Ins Co	-5%
Natl Health	-27%
Regence BCBS of Utah	-2%
SelectHealth	1%
UHC Ins	5%
UHC of Utah	22%
WMI	2%

Using 2017 URRT data and data from the 6/30/2016 CClIO reinsurance and risk adjustment report, adjusting out premium for transitional plans.

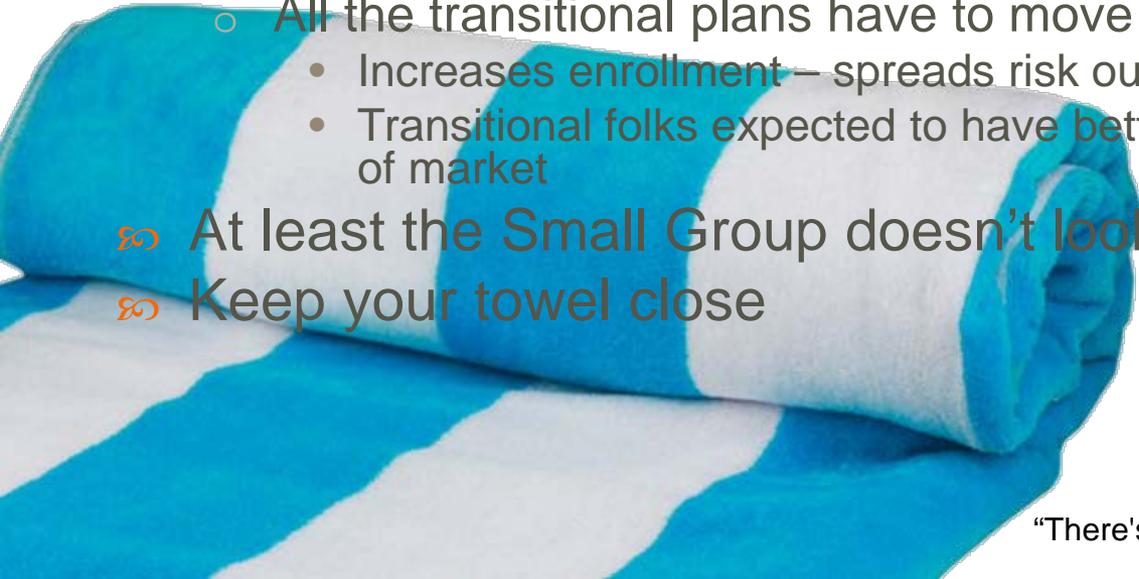
Negative indicates payment into risk pool, positive is receipt from risk pool.



# DON'T PANIC... yet

- ∞ Yes, the Individual rate increase is significant, but consider the rate level relative to the benefits. It was underpriced.
- ∞ Over 65% of the individual market gets subsidized premiums and most will only see modest increases – but *they need to shop around*
- ∞ 2017 is the first year of the ACA in which the Utah Individual rates look like they are likely sufficient to cover costs.
- ∞ 2018 and later should be more stable
  - All the transitional plans have to move into ACA plans
    - Increases enrollment – spreads risk out more
    - Transitional folks expected to have better risk on average – lowers risk of market
- ∞ At least the Small Group doesn't look terrible 😊
- ∞ Keep your towel close

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“There's a froud who really knows where his towel is.”

# Things to be monitored

- ∞ House v Burwell (This would not be good for insurance carriers)
  - If supreme court rules that Cost Share Reduction monies must be specifically appropriated by congress Individual On Exchange silver rates will be woefully underpriced
  - Judge Collyer (DC) ruled against Administration. Administration appealing decision.
- ∞ Reduction in participant carriers
  - Some states are already down to 1 carrier On Exchange (e.g. Alabama and Alaska)\*
- ∞ Transitional blocks extended past 1/1/2018
  - Adding the transitional blocks to the market would help stabilize premiums. If they are extended, that stabilization would come later
- ∞ Rate spiral
  - If the individual market prices out healthy people and we could get into a rate death spiral
- ∞ Employee dumping
  - Employers dropping sick employees / families from their group plan and instead buying an individual policy for them

\*This appears to be an alphabetical trend so Utah is safe for the time being. We expect Arizona to be next, followed by Arkansas. (There is no such thing as an alphabetical trend – this is actuarial humor at its finest. And now that Tennessee as of 9/26 has only one carrier On Exchange it's arguably not as funny.)

# Things to consider

- ∞ The individual market is too small to sustain a risky population. ~7% of Utah population. Need to reduce risk to keep it “affordable”
  - Merge the Individual and Small Group markets
    - Adds stability to the Individual market by spreading risk (possibly to detriment of Small Group market)
  - Let the transitional plans flow into the market
    - Adds potentially better risks to market, spreads risk out more
  - Further expand Medicaid
    - Removes higher risk cases from Individual market
  - Lobby for the return of high risk pools
    - Removes risk from Individual market, helps keep rates stable
  - Fix parts of risk adjustment program that seem out of line
    - Direction of risk transfers seems logical. Magnitude of risk transfers is too high. Pricing for a 20% swing in premium 1.5 years in advance is a lot to ask

# Go Aggies!

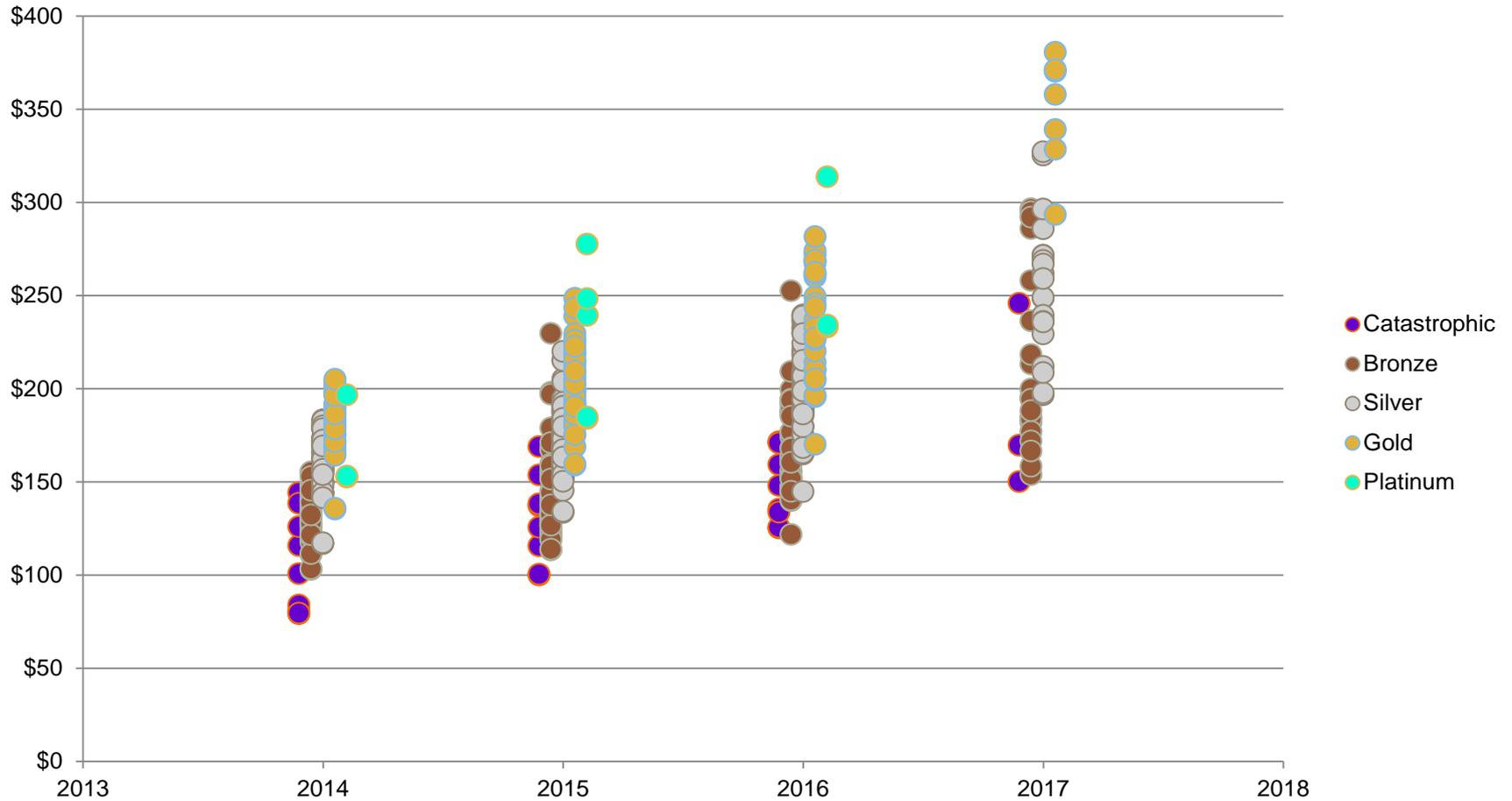


(politically neutral statement to end on)

# Additional Slides



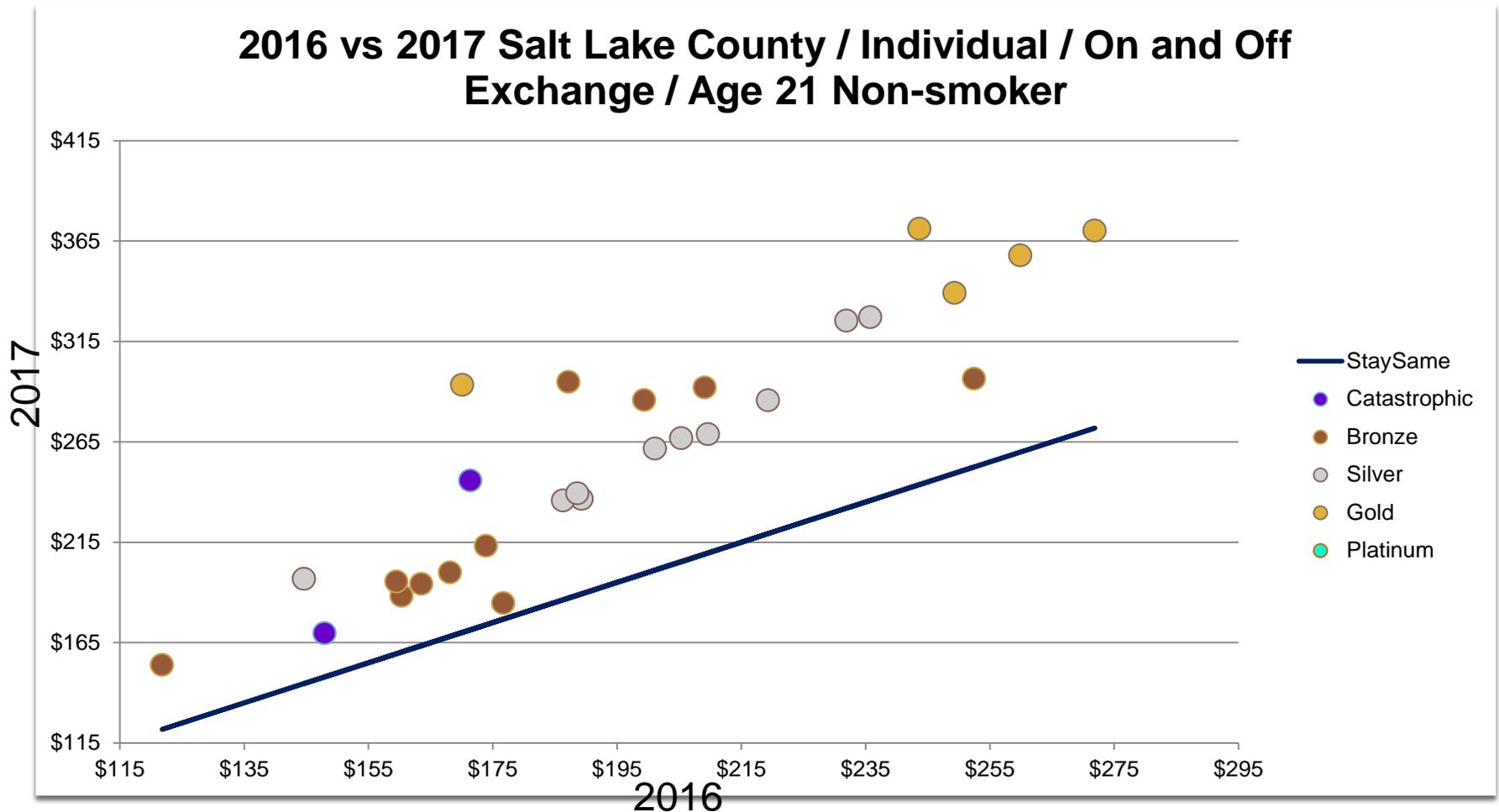
# Individual Rates



Salt Lake County, Age 21, Non-Smoker – On & Off Exchange

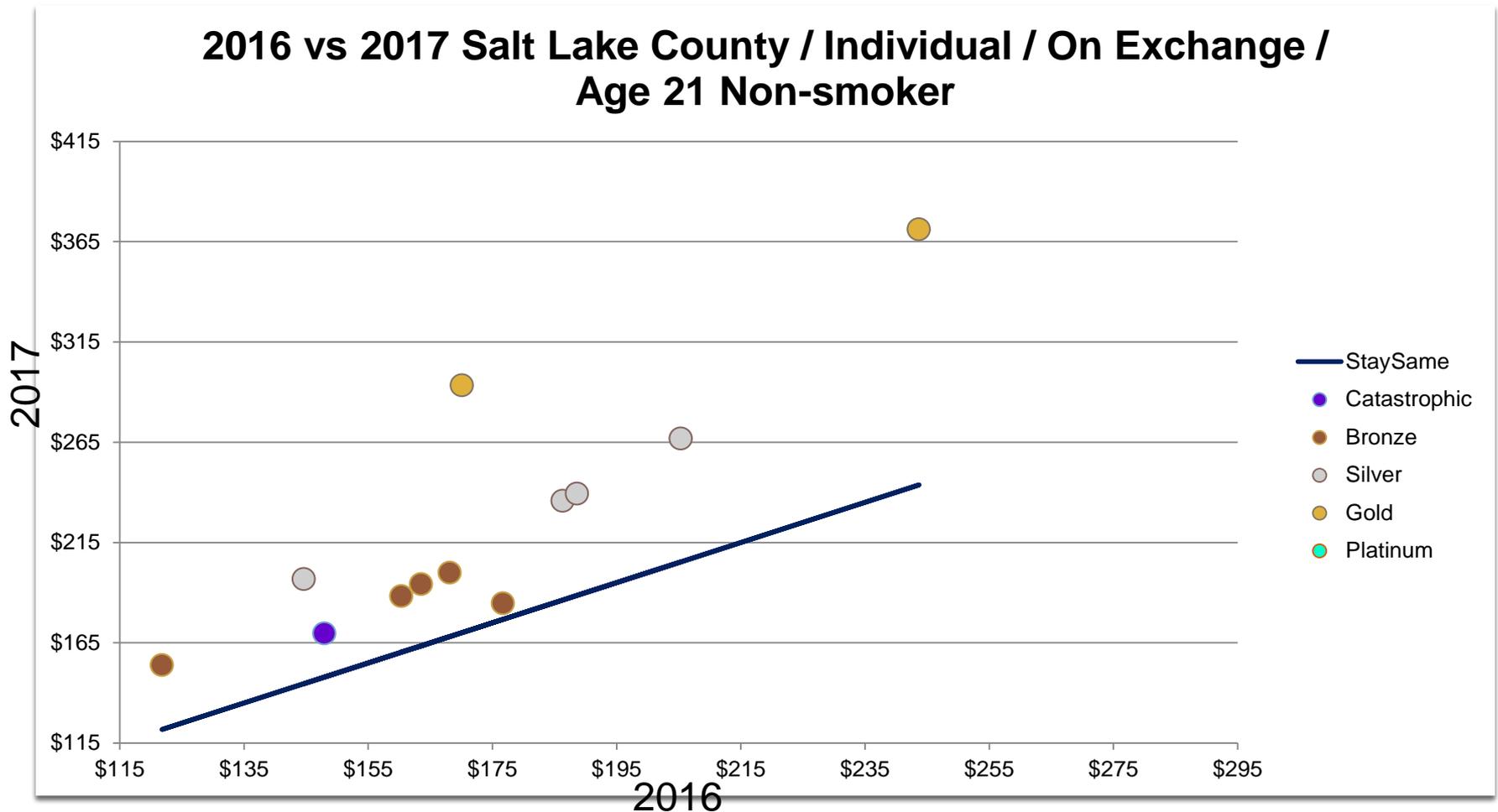
Excludes Time(Assurant) rates from 2014/2015

# Individual Rates



\*Only looks at plans offered in both 2016 and 2017

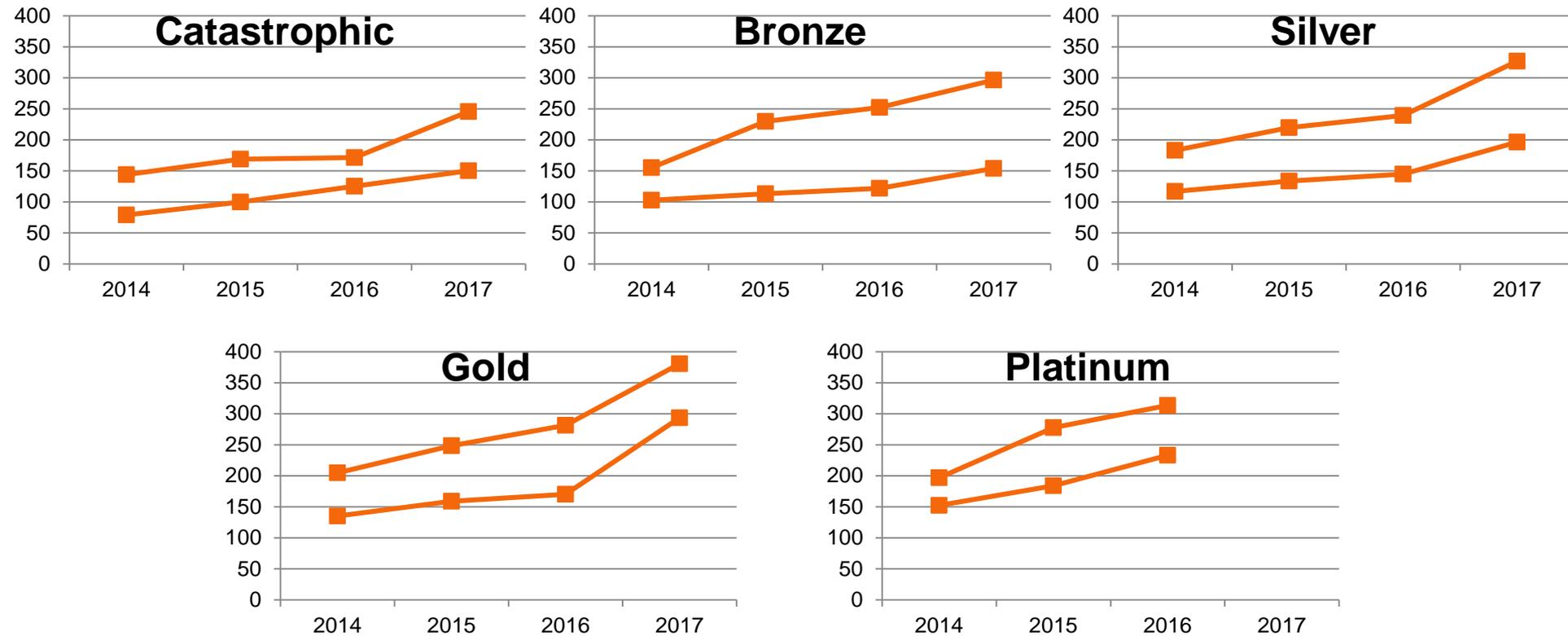
# Individual Rates



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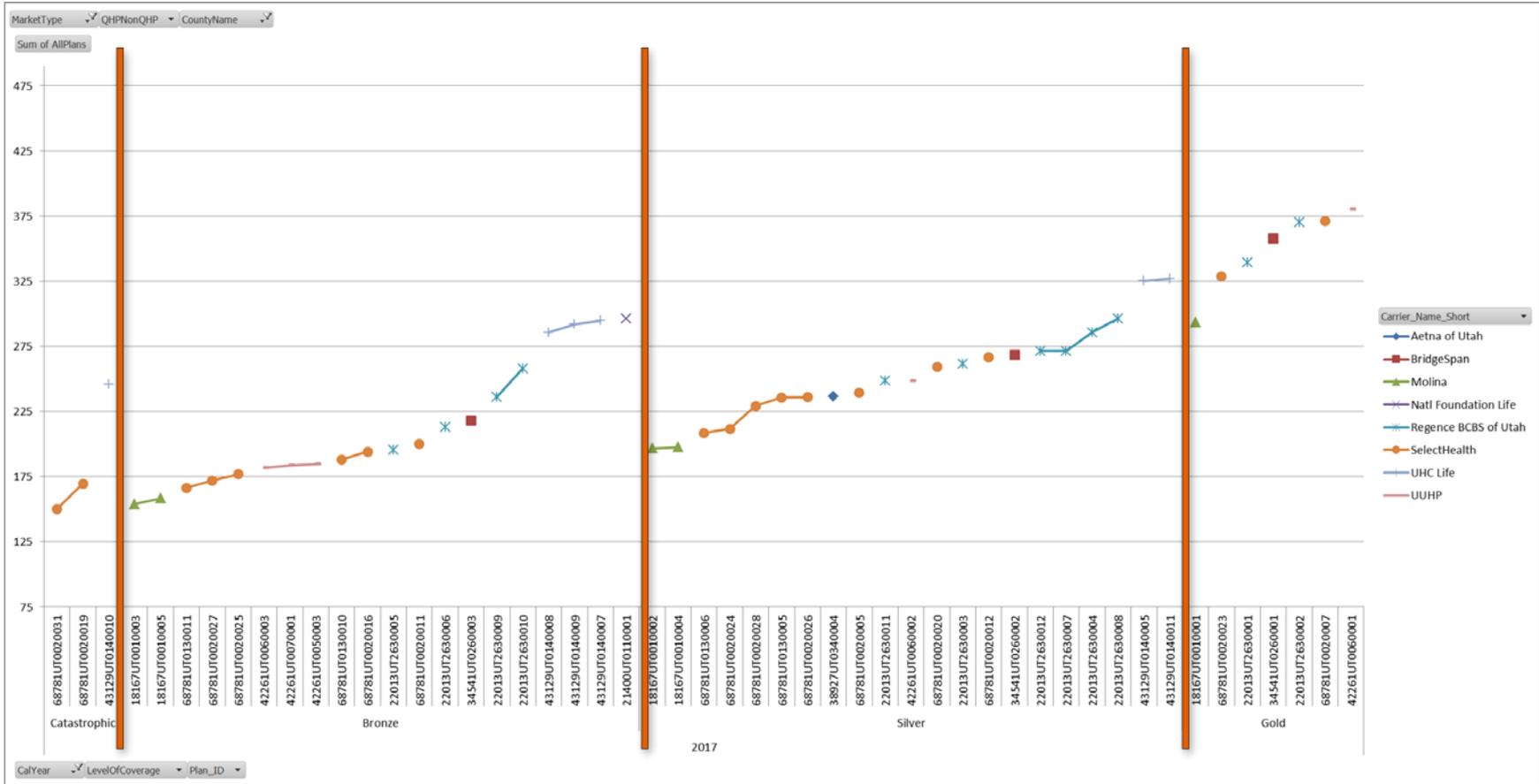
# Individual Rates

## Premium Spread by Metal Level by Year



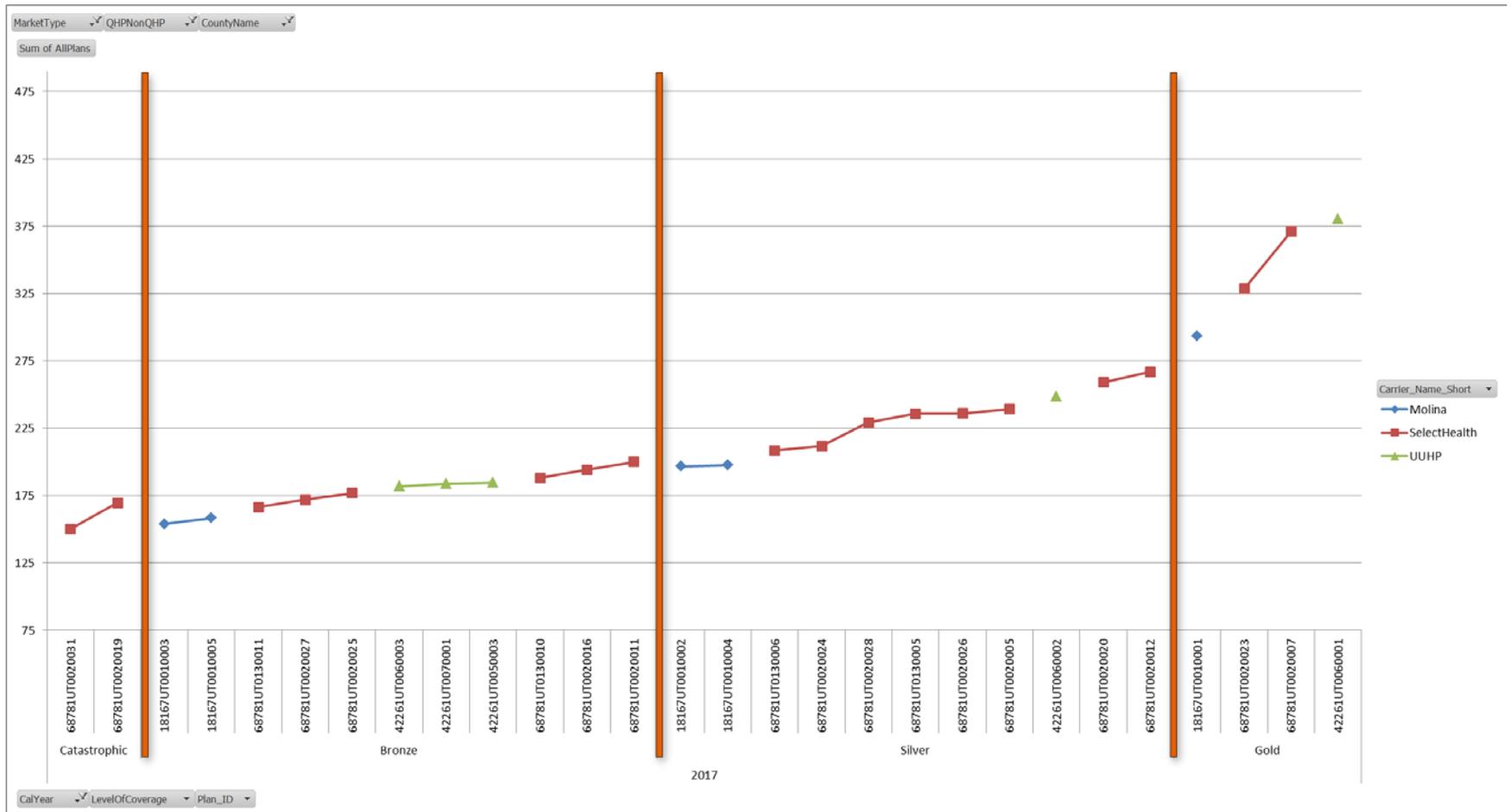
Lowest plan premium in metal level compared to highest in metal level  
Salt Lake County, Age 21, Non-Smoker – On & Off Exchange

# Individual Rates



Salt Lake County, Age 21, On & Off Exchange, Non-Smoker

# Individual Rates



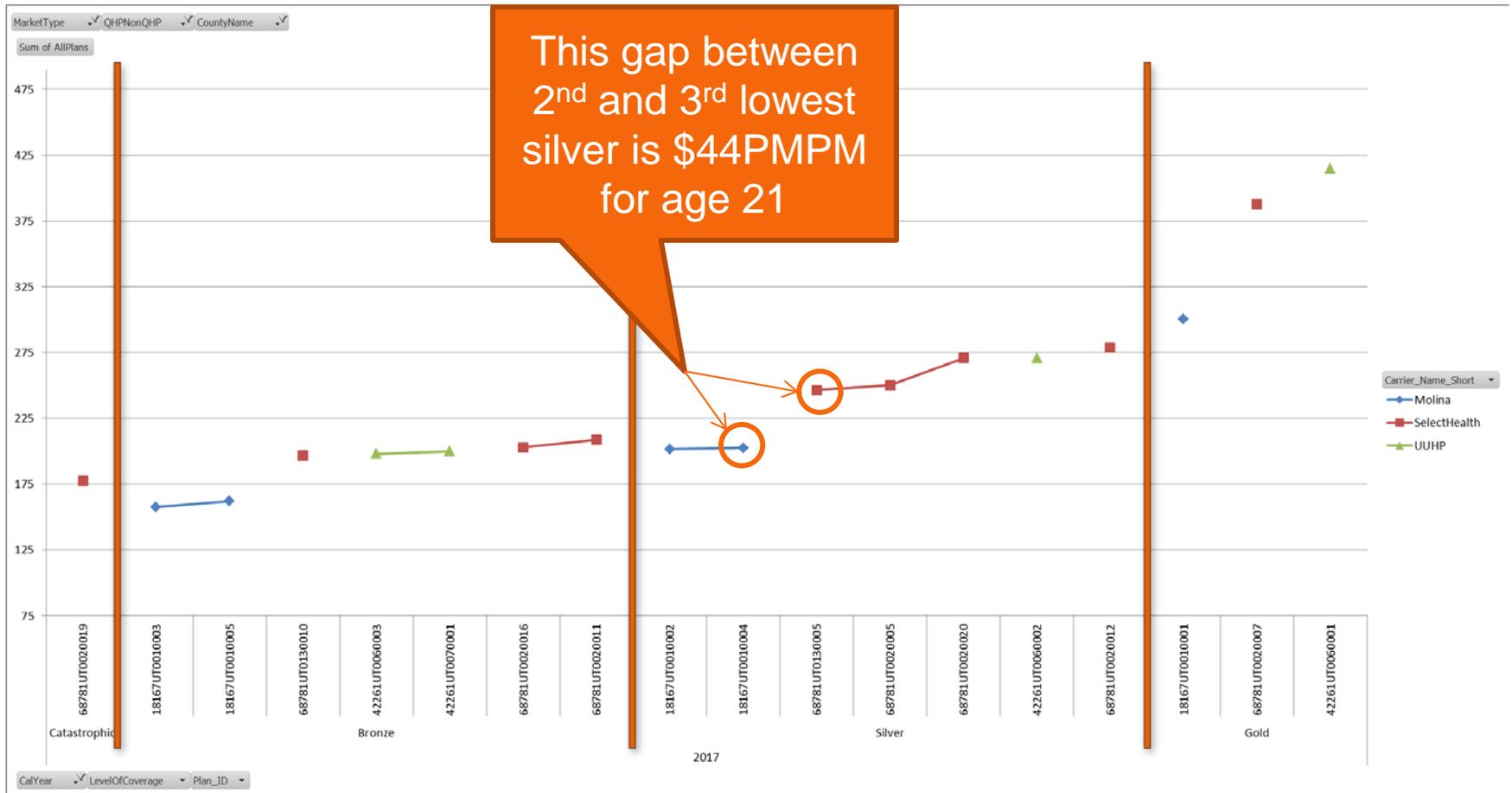
Salt Lake County, Age 21, On Exchange, Non-Smoker

# 2<sup>nd</sup> Lowest Silver Plan

County	2014		2015		2016		2017		Difference Between 2nd and 3rd			
	2nd	3rd	2nd	3rd	2nd	3rd	2nd	3rd	2014	2015	2016	2017
Beaver	163.29	165.32	166.67	167.10	198.05	203.81	260.87	282.39	2.03	0.43	5.76	21.52
Box Elder	160.40	161.26	155.36	161.73	197.11	202.83	202.41	246.31	0.86	6.37	5.72	43.90
Cache	154.47	161.93	157.63	164.09	197.11	202.83	254.89	275.91	7.46	6.46	5.72	21.02
Carbon	166.70	171.45	166.67	167.10	228.75	235.39	260.87	282.39	4.75	0.43	6.64	21.52
Daggett	166.70	171.45	166.67	167.10	228.75	235.39	260.87	282.39	4.75	0.43	6.64	21.52
Davis	141.49	143.33	145.36	150.19	164.78	168.24	197.62	208.59	1.84	4.83	3.46	10.97
Duchesne	165.32	166.70	166.67	167.10	198.05	203.81	260.87	282.39	1.38	0.43	5.76	21.52
Emery	166.70	171.45	166.67	167.10	228.75	235.39	260.87	282.39	4.75	0.43	6.64	21.52
Garfield	165.32	166.70	166.67	167.10	198.05	203.81	260.87	282.39	1.38	0.43	5.76	21.52
Grand	166.70	171.45	166.67	167.10	228.75	235.39	260.87	282.39	4.75	0.43	6.64	21.52
Iron	162.00	165.32	165.70	166.83	198.05	203.81	257.28	278.50	3.32	1.13	5.76	21.22
Juab	165.32	166.70	166.67	167.10	198.05	203.81	260.87	282.39	1.38	0.43	5.76	21.52
Kane	166.70	171.45	166.67	167.10	228.75	235.39	260.87	282.39	4.75	0.43	6.64	21.52
Millard	163.29	165.32	166.67	167.10	198.05	203.81	260.87	282.39	2.03	0.43	5.76	21.52
Morgan	160.40	161.48	155.36	161.73	197.11	202.83	250.10	270.73	1.08	6.37	5.72	20.63
Piute	163.29	165.32	166.67	167.10	198.05	203.81	260.87	282.39	2.03	0.43	5.76	21.52
Rich	154.47	161.93	157.63	164.09	227.66	234.27	254.89	275.91	7.46	6.46	6.61	21.02
Salt Lake	141.49	143.33	145.36	150.19	164.78	168.24	197.62	208.59	1.84	4.83	3.46	10.97
San Juan	163.29	166.70	166.67	167.10	228.75	235.39	260.87	282.39	3.41	0.43	6.64	21.52
Sanpete	165.32	166.70	166.67	167.10	198.05	203.81	260.87	282.39	1.38	0.43	5.76	21.52
Sevier	163.29	165.32	166.67	167.10	198.05	203.81	260.87	282.39	2.03	0.43	5.76	21.52
Summit	154.58	155.79	156.47	156.87	186.31	188.62	197.62	235.70	1.21	0.40	2.31	38.08
Tooele	154.58	155.79	156.47	156.87	186.31	188.62	197.62	235.70	1.21	0.40	2.31	38.08
Uintah	165.32	166.70	166.67	167.10	198.05	203.81	260.87	282.39	1.38	0.43	5.76	21.52
Utah	150.49	150.94	154.70	156.71	173.29	175.43	202.96	216.94	0.45	2.01	2.14	13.98
Wasatch	154.58	155.79	156.47	156.87	188.62	194.10	239.33	248.82	1.21	0.40	5.48	9.49
Washington	162.00	165.32	165.70	166.83	198.05	203.81	257.28	278.50	3.32	1.13	5.76	21.22
Wayne	163.29	165.32	166.67	167.10	198.05	203.81	260.87	282.39	2.03	0.43	5.76	21.52
Weber	148.56	150.49	152.78	155.36	175.81	177.99	202.41	217.98	1.93	2.58	2.18	15.57

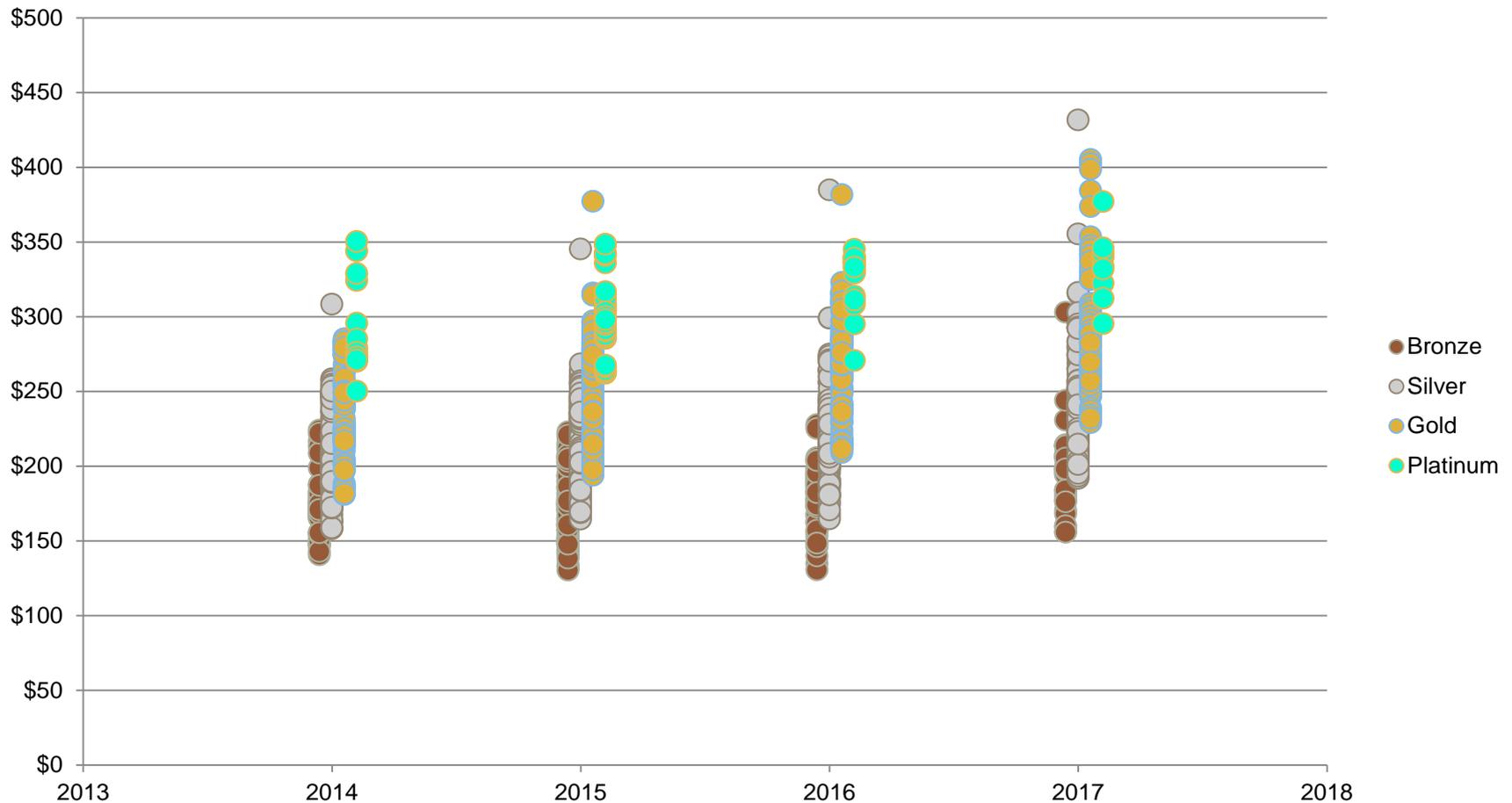
Age 21- Non Smoker rates for 2<sup>nd</sup> and 3<sup>rd</sup> lowest silver plan by county

# Individual Rates



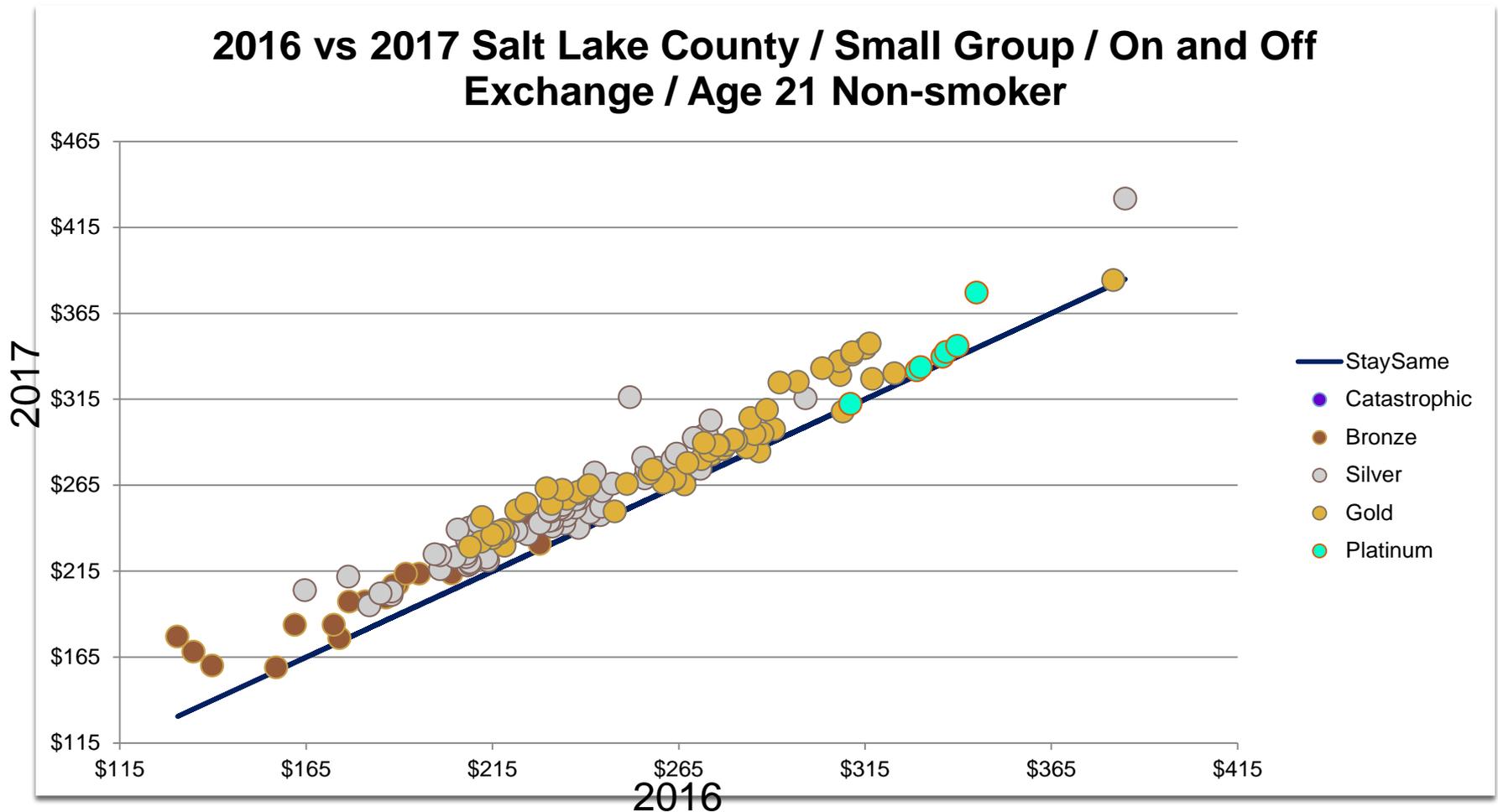
Box Elder County, Age 21, On Exchange, Non-Smoker

# Small Group Rates



Salt Lake County, Age 21, Non-Smoker – On & Off Exchange

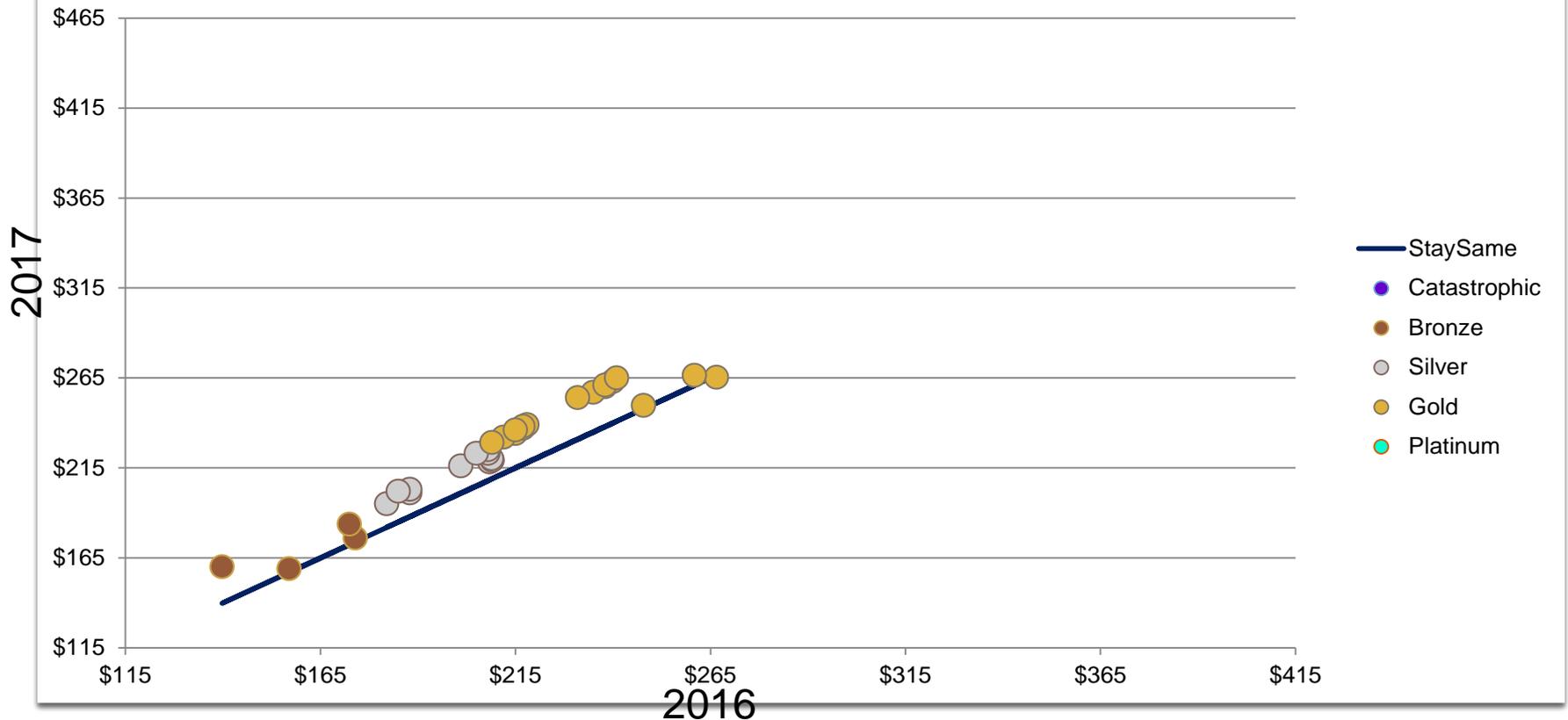
# Small Group Rates



\*Only looks at plans offered in both 2016 and 2017

# Small Group Rates

2016 vs 2017 Salt Lake County / Small Group / On Exchange / Age 21 Non-smoker



\*Only looks at plans offered in both 2016 and 2017