



2018 Utah Rates

Individual and Small Group

Changes from 2017

- Risk adjustment for 2018 incorporates some Rx, 60% coverage for claims > 1M
- Transitional plans extended (again) so they won't enter the market in 2018
- Expanded de minimis ranges for AVs
- Health insurer tax reinstated
- Month to month payment of CSR's
- Fewer carriers offering coverage
- Remaining carriers offering fewer plans
- New proposed legislation to repeal / replace put forward during rate review period

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 -4/+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
 - CSR funding
 - A hundred other things that won't fit on this slide
- Information in these slides is accurate as of 10/10/2017, but may be subject to change

2018 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 ~ 39.6%

Small Group ~ 9.9%

Salt Lake County – Uses rates for only plans that were in the market on and off exchange both in 2018 and 2017 to calculate the average rate increase by metal level. Straight average of plan increase over prior year – not weighted by enrollment.

Catastrophic	14%
Bronze	20%
Silver	44%
Silver On	55%
Silver Off	23%
Gold	26%
Platinum	N/A

Catastrophic	N/A
Bronze	9%
Silver	10%
Gold	16%
Platinum	17%

Why is the individual rate increase so high?

- Reinstatement of the Health Insurer Tax (2-4%)
- Medical Trend (8-10%)
 - Rx trend is nearing 20%
- Uncertainty (5-8%)
 - Changes to the risk adjustment program
 - Weakening of the individual mandate
 - Increased profit and risk requirements
- Non funding of Cost Sharing Reduction payments (~20%)

2018 Average Rate Increase (CSR funded)

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

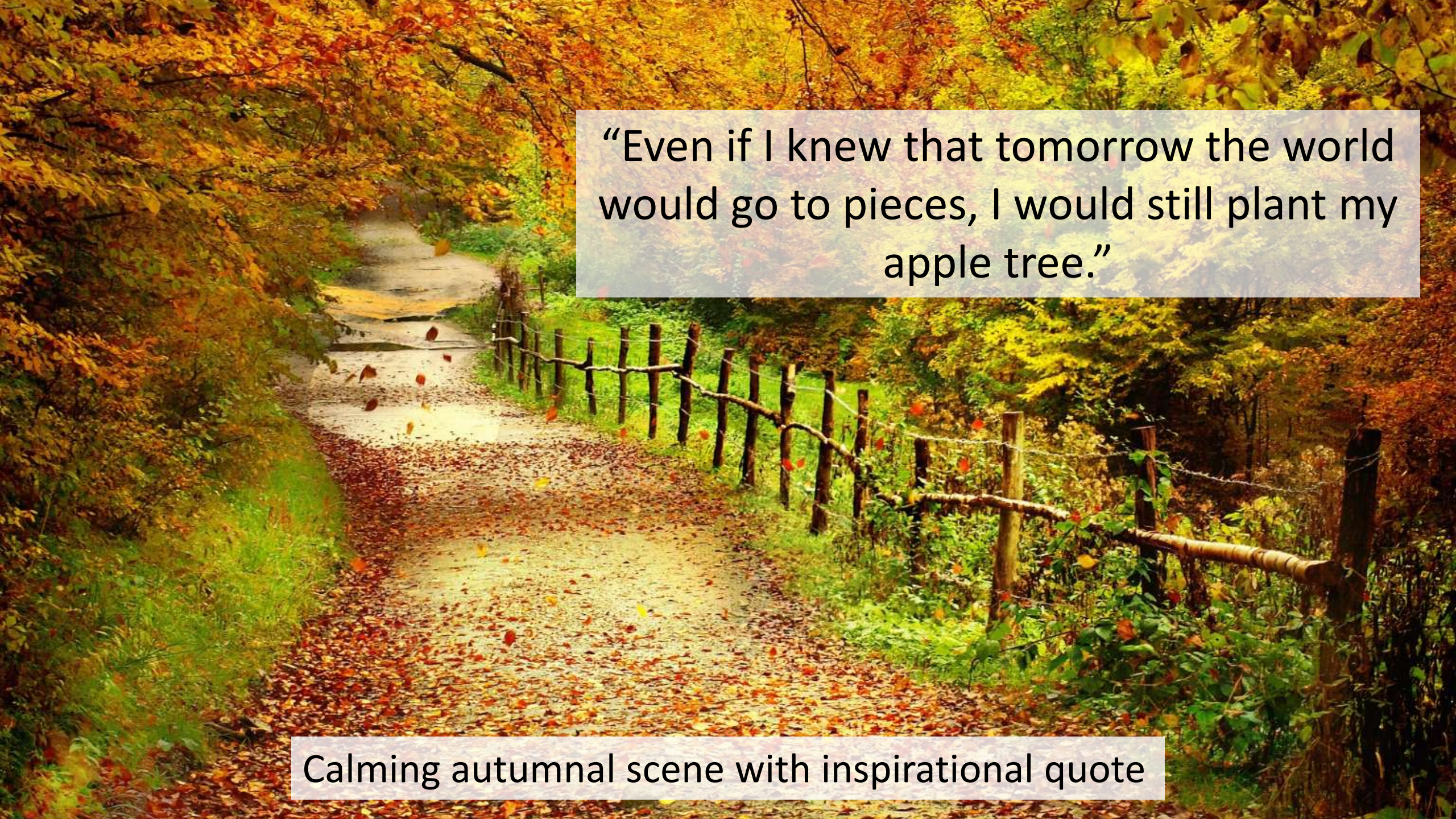
Individual ~ ~~39.6%~~ 21%

Small Group ~ 9.9%

Salt Lake County – Uses rates for only plans that were in the market on and off exchange both in 2018 and 2017 to calculate the average rate increase by metal level. Straight average of plan increase over prior year – not weighted by enrollment.

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Bronze	20%
Silver	44% 24%
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Platinum	N/A

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“Even if I knew that tomorrow the world
would go to pieces, I would still plant my
apple tree.”

Calming autumnal scene with inspirational quote

Why require insurers to assume no CSR?

- We want plans available on exchange
- If insurers offer on exchange, must offer at least 1 Silver and 1 Gold
- All Silver plans on exchange must have CSR variant
 - 73% / 87% / 94% Actuarial Value variants
- Insurer cannot charge more for variants
- Insurer must honor cost sharing in CSR variant even if it is not compensated for reduced cost sharing
- If CSRs are not funded for 2018 (or for rest of 2017) it has a significant financial impact

AV Plan	Regular (70%)	CSR (94%)
OOP Ind	7,350	2,450
Med Ded	4,500	0
Rx Ded	1,200	0
Coinsurance	40%	10%
PCP Copay	30	5
SPC Copay	75	10
Premium	\$350	\$350

Why require insurers to assume no CSR?

Trump Threatens to Withhold Payments to Insurers to Press Democrats on Health Bill

'Democrats will start calling me' if turmoil hits insurance markets, President Donald Trump tells The Wall Street Journal

THE WALL STREET JOURNAL

The Trump administration won't deal a blow to Obamacare — for now

BUSINESS INSIDER

Trump is turning CSR payments into a soap opera

Vox

What Is a Cost-Sharing Reduction, Anyway?

President Trump could stop funding these CSR subsidies for ACA insurance soon. Here's how that could affect you.

CR Consumer Reports

Trump threatens to withhold CSR payments, Congressional subsidies

3 potential 2018 scenarios if federal CSR payments stop

benefitsPRO

Molina Will Pull Obamacare From Wisconsin And Utah Amid Trump Subsidy Threats

Forbes

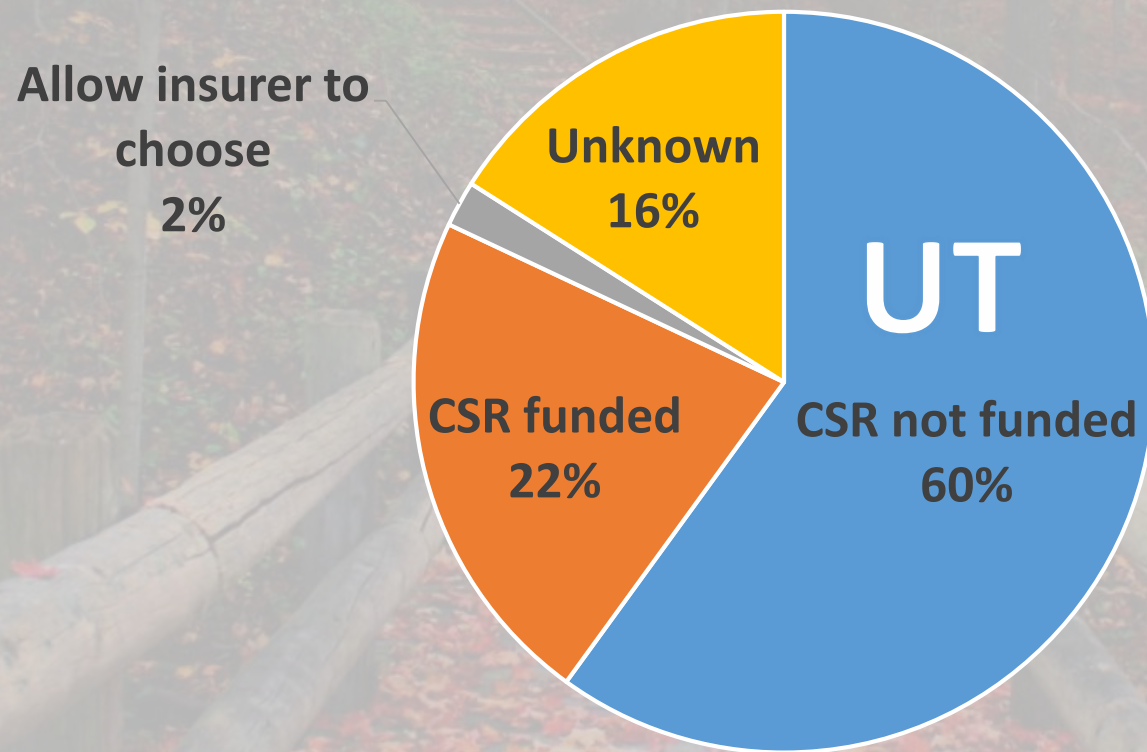
Trump Won't Intentionally Blow Up Obamacare Markets for at Least One More Month

FORTUNE



Total CSR payments to Utah insurers: \$82M for 2016

How other states are handling CSRs



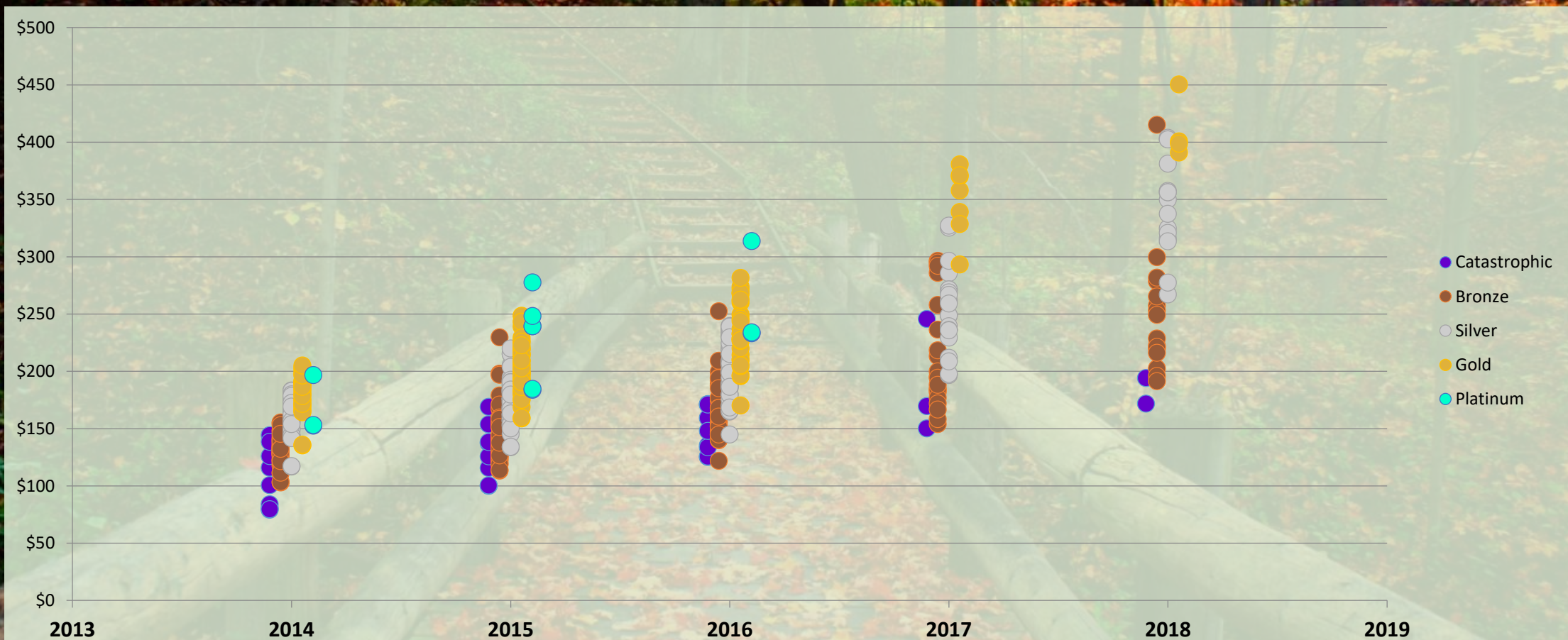
What happens if CSRs are funded?

- Tears of joy and sadness fill the land, as health insurance professionals everywhere let out a cathartic yell simultaneously expressing relief that finally something was done in Washington and aggravation that it was not done sooner
- What do all these states do that increased their rates assuming no CSR payments?
 - Trying to undo it creates its own set of problems
 - The 2nd lowest silver drives APTC, which drives plan selection – hard to undo
 - Could end up adding complexity to the CSR reconciliation process
- Pending court case House vs Burwell (aka House vs Price, aka House vs ??)

Enrollment: Individual

	Individual Market				
	2013	2014	2015	2016	2017
Grandfathered / Transitional					
Off-Exchange	158,047	96,680	66,237	48,366	27,530
Total Non-ACA	158,047	96,680	66,237	48,366	27,530
ACA Compliant Plans					
Off-Exchange	NA	32,030	45,256	40,735	31,167
Federal Health Exchange (FFM)	NA	75,891	115,434	149,536	172,757
Total ACA Compliant	NA	107,921	160,690	190,271	203,924
Total	158,047	204,601	226,927	238,637	231,454
Increase Over Prior Year		46,554	22,326	11,710	-7,183

Individual Rates – by Year



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

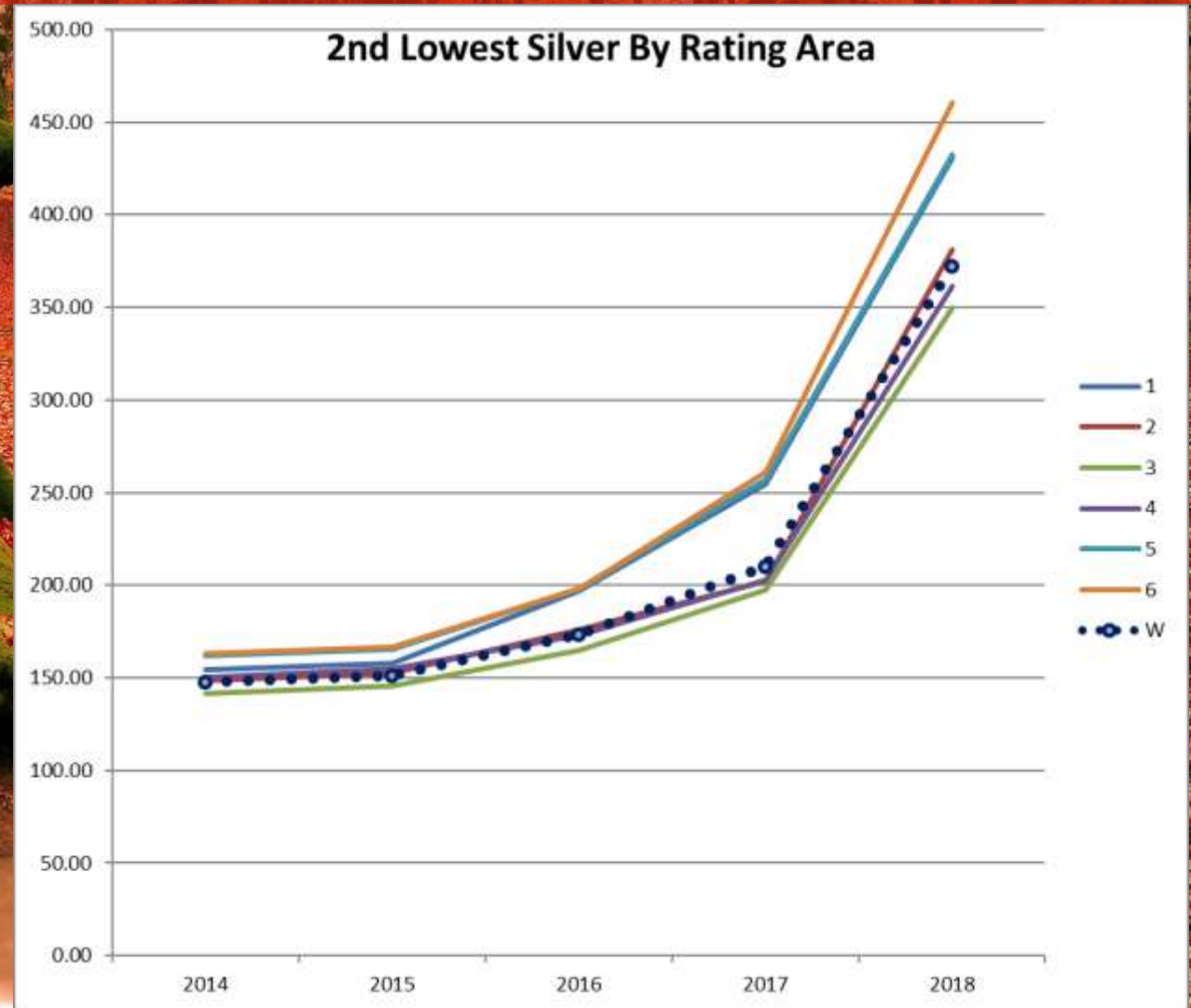
Individual Rates CSRs Funded

- If the CSR adjustment were removed from the Silvers, the Highest silver would reduce from about \$403 to \$310 (for age 21 non smoker in Salt Lake County)
- 2nd lowest silver would also reduce from \$350 to \$260 affecting the premium tax credits

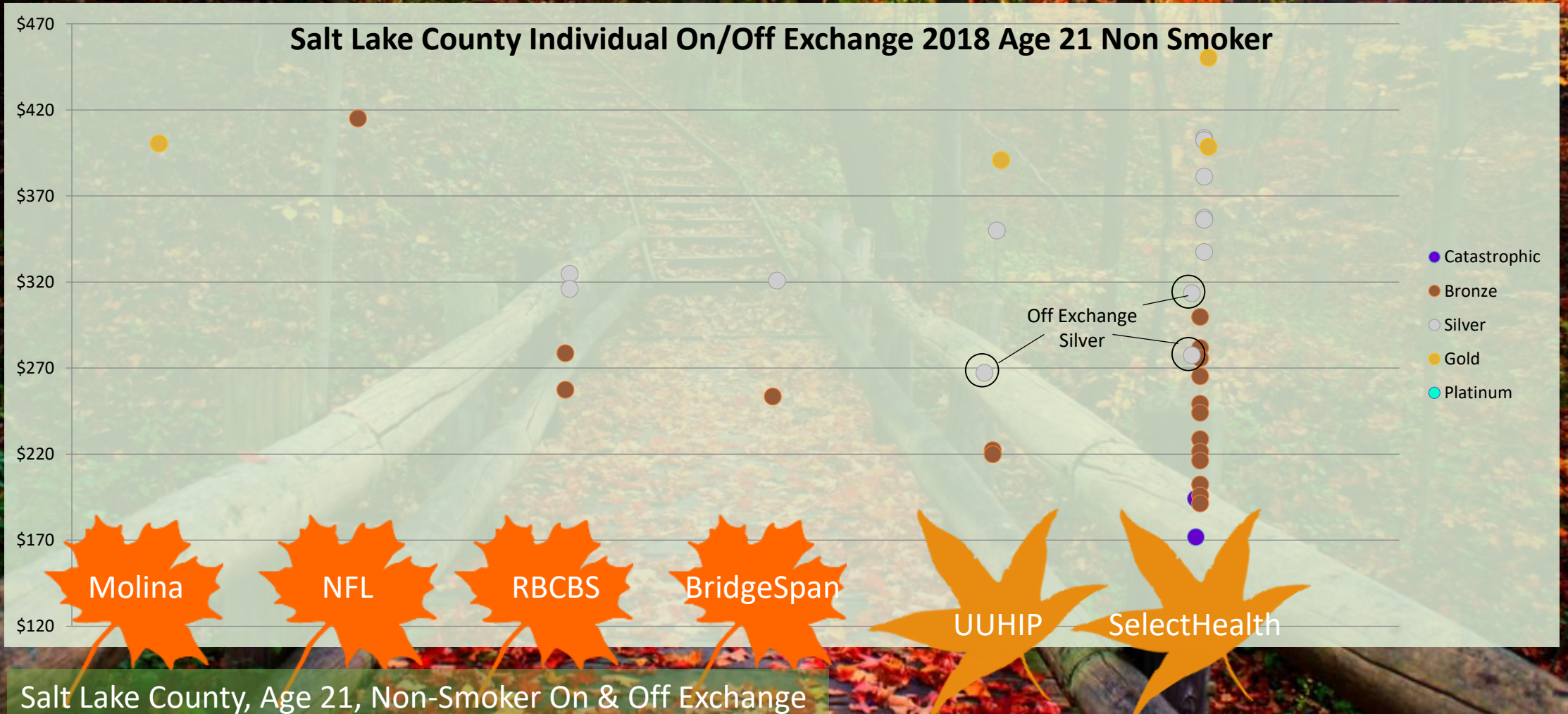


2nd Lowest Silver plan

County	2017	2018 Increase	
Beaver	261	461	77%
Box Elder	202	417	106%
Cache	255	431	69%
Carbon	261	461	77%
Daggett	261	461	77%
Davis	198	350	77%
Duchesne	261	461	77%
Emery	261	461	77%
Garfield	261	461	77%
Grand	261	461	77%
Iron	257	433	68%
Juab	261	461	77%
Kane	261	461	77%
Millard	261	461	77%
Morgan	250	417	67%
Piute	261	461	77%
Rich	255	431	69%
Salt Lake	198	350	77%
San Juan	261	461	77%
Sanpete	261	461	77%
Sevier	261	461	77%
Summit	198	395	100%
Tooele	198	395	100%
Uintah	261	461	77%
Utah	203	361	78%
Wasatch	239	395	65%
Washington	257	433	68%
Wayne	261	461	77%
Weber	202	381	88%



Individual Rates – by Insurer



How does Utah Stack Up?

Assuming no CSR funding

State	Increase
VA	57.7%
IN	20-48%
FL	44.7%
UT	39.6%
MS	38.0%
ME	20-37%
IL	35.0%
OH	34.0%
NV	31.6%
SC	31.3%
NM	30%
TN	28.5%
CT	28.4%
MI	27.6%
ID	27%
DE	25.0%
NY	13.9%
AZ	1.8%

Assuming CSR funding continues

State	Increase
MD	33.0%
CO	26.7%
WA	24.0%
SD	7.5%-17%
VT	12.6%
OR	9.7%
AR	8.5%
MN	(13)%-(3)%
AK	(26.5)%

Source: <http://acasignups.net/2018-rate-hikes>
and <https://medium.com/@protectourcare2017/new-report-vast-majority-of-states-attribute-health-insurance-rate-increases-to-trump-sabotage-e37250c8009c>

Individual Market Loss Ratio Over Time

- Average increase 2017 = 30%
 - Should bring 2017 loss ratio down close to 100%
- Average increase 2018 = 39.6%

	2014	2015	2016	All Years
Premiums (net of MLR rebates)	322M	508M	695M	1,526M
Incurred Claims (net of Rx rebates)	441M	701M	858M	1,999M
Federal Reinsurance	-80M	-77M	-39M	-196M
Member Months	1.6M	2.3M	2.7M	6.6M
Premium PMPM	202	218	261	231
Incurred Claims PMPM	276	301	321	303
Raw Loss Ratio	137%	138%	123%	131%
After Reinsurance Loss Ratio	112%	123%	118%	118%

Enrollment: Small Group

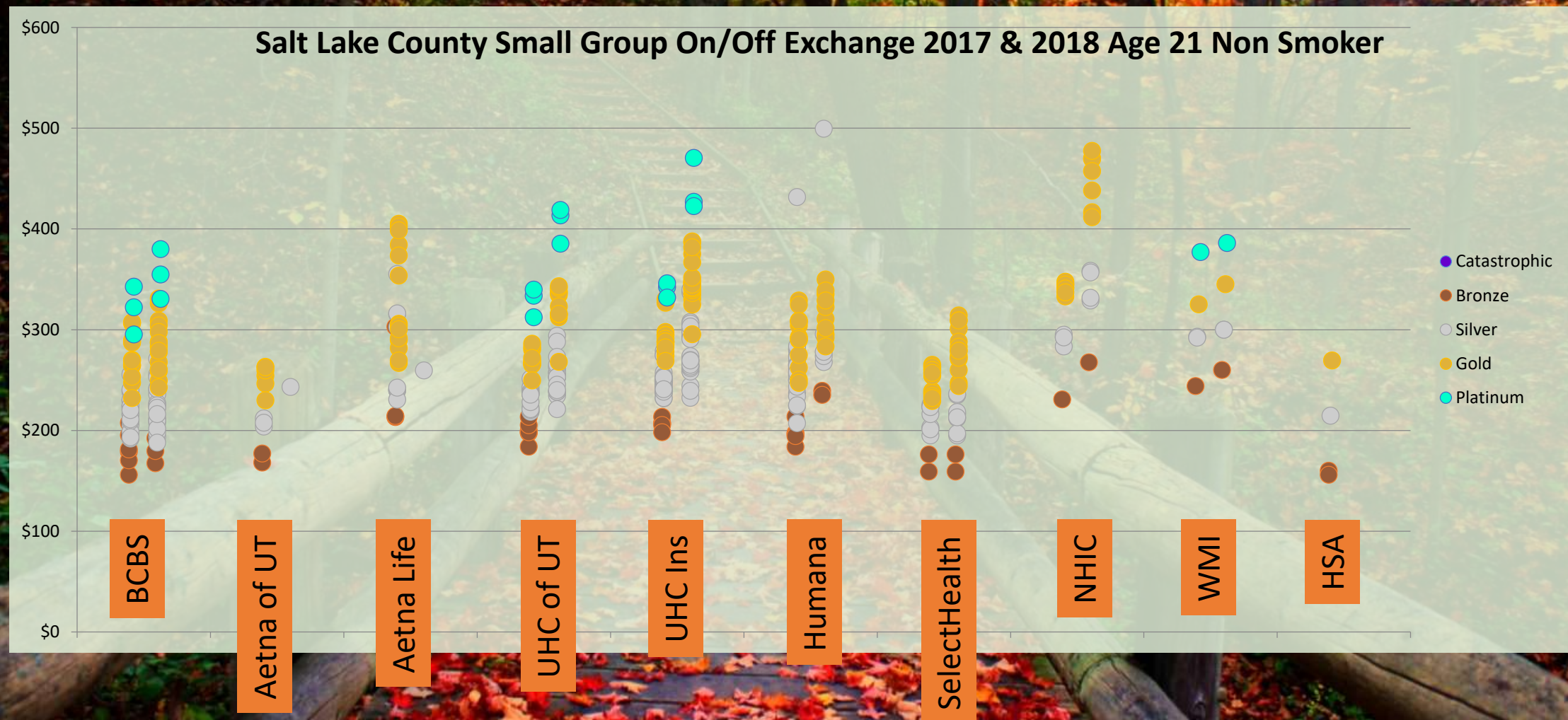
	Small Group Market				
	2013	2014	2015	2016	2017
Grandfathered / Transitional					
Off-Exchange	187,127	84,221	62,848	47,708	46,002
Avenue H (SHOP)	8,271	2,567	2,396	1,888	1,824
Total Non-ACA	195,398	86,788	65,244	49,596	47,826
ACA Compliant Plans					
Off-Exchange	NA	92,364	114,545	116,123	118,742
Avenue H (SHOP)	NA	8,428	12,517	12,229	12,460
Total ACA Compliant	NA	100,792	127,062	128,352	131,202
Total	195,398	187,580	192,306	177,948	179,028
Increase Over Prior Year		-7,818	4,726	-14,358	1,080

Small Group Rates – by Year



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

Small Group Rates – by Insurer

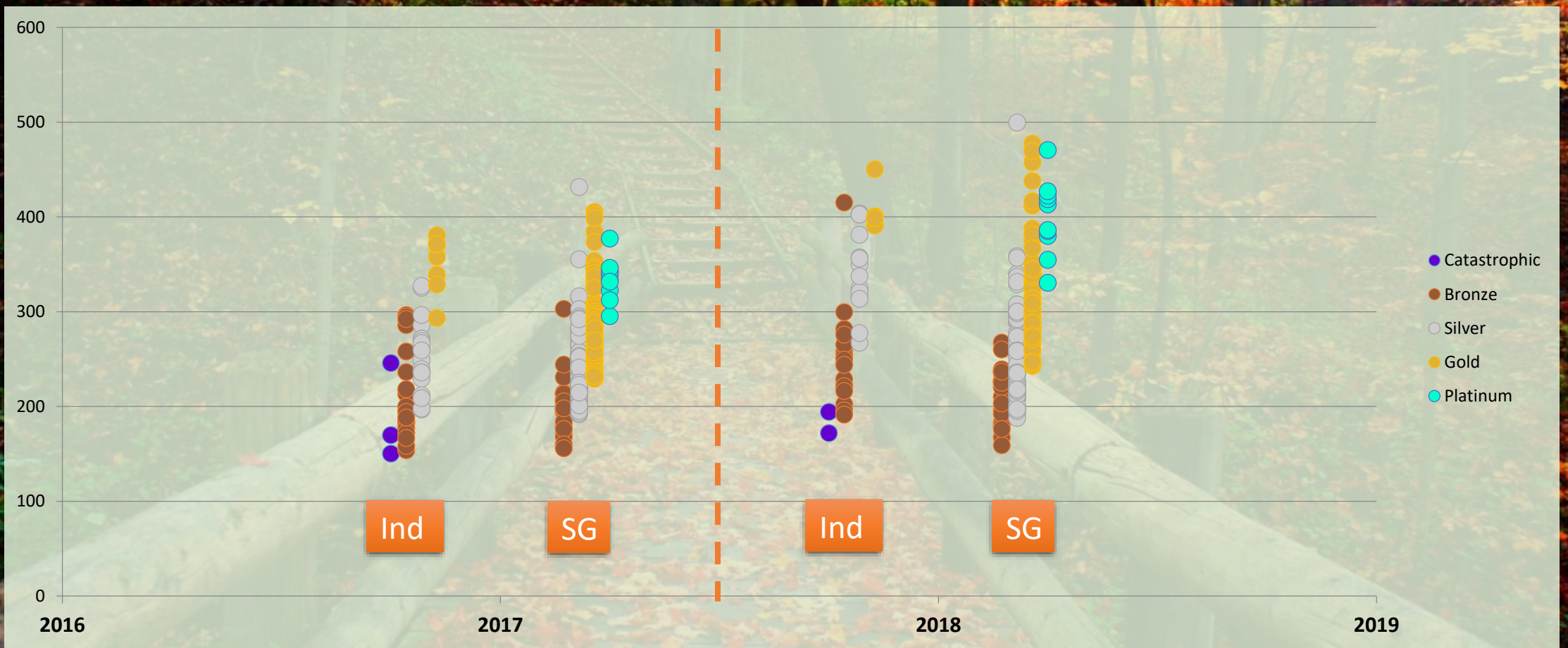


Small Employer Market Loss Ratio Over Time

- Average increase 2017 = 9.7%
- Average increase 2018 = 9.9%
- Pretty stable – Target loss ratio is 80-85% so not too far off
- Increased self-funding could impact the small group market

	2014	2015	2016	All Years
Premiums (net of MLR rebates)	458M	564M	610M	1,633M
Incurred Claims (net of Rx rebates)	390M	517M	540M	1,447M
Member Months	1.7M	2.1M	2.1M	5.8M
Premium PMPM	275	274	297	282
Incurred Claims PMPM	234	251	263	250
Raw Loss Ratio	85%	92%	88%	89%
After Reinsurance Loss Ratio	85%	92%	88%	89%

Individual vs Small Group



2016 Risk Adjustment - % of Premium

2016 Individual

Carrier	Prem	Risk Adj	% of Prem
Aetna of Utah	13.3M	-2.1M	-16%
BridgeSpan	0.2M	0.1M	37%
Humana Ins Co	4.6M	2M	43%
Humana of Utah	20.5M	-5.1M	-25%
Molina	138.7M	-31.8M	-23%
Natl Foundation Life	0M	0M	33%
Regence BCBS of Utah	21M	3M	14%
SelectHealth	450.7M	22.4M	5%
UHC Life	1.5M	0.3M	22%
UUHP	8.2M	11.2M	137%

2016 Small Group

Carrier	Prem	Risk Adj	% of Prem
Aetna	0.8M	-0.1M	-14%
Aetna of Utah	9M	-1.4M	-16%
Humana Ins Co	6.4M	-0.5M	-8%
Natl Health	5.4M	-0.6M	-11%
Regence BCBS of Utah	83.5M	5.1M	6%
SelectHealth	356.1M	-1M	0%
UHC Ins	15.1M	-1.1M	-7%
UHC of Utah	3.7M	-0.6M	-16%
WMI	0.3M	0.2M	86%

Using 2018 URRT data and data from the 6/30/2017 CCIIO reinsurance and risk adjustment report, adjusting out premium for transitional plans.

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

1332 Waivers

- Efforts to make the 1332 waivers easier to obtain
- Currently requires specific language in state code that allows consideration of a 1332 waiver
 - Utah doesn't have that language
- Restrictions on what you can and can't do with a 1332 waiver
- Reinsurance program for individual market
 - Partially funded by reduction in premiums (lower 2nd lowest silver)
 - Partially funded by state funds
 - Reduces the premiums by subsidizing high cost claims
 - Has unquantified interplay with the risk adjustment program

Recommendations

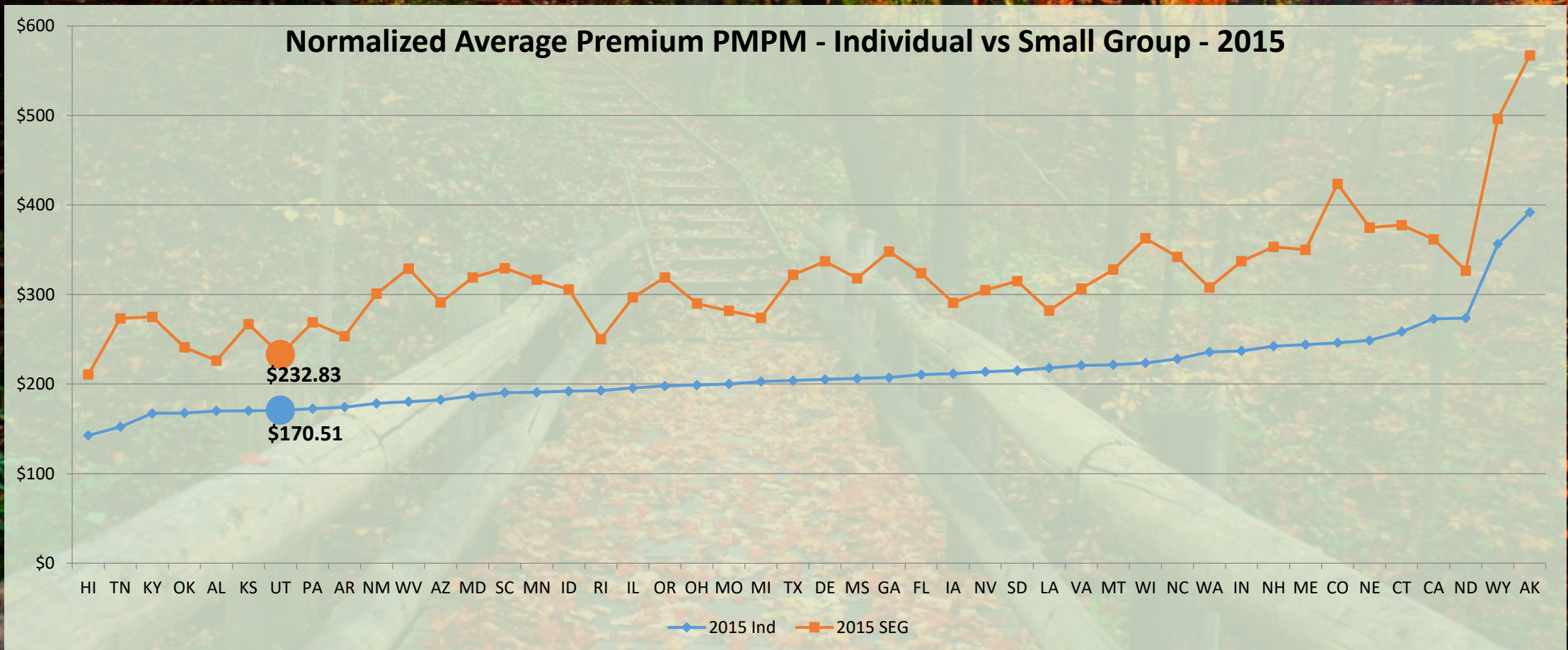
- Individual Market Policyholder Education
 - Tricky to explain what to do
 - Off exchange silvers lower than on exchange
 - With higher APTC, some bronze will be very affordable
 - Some on exchange silvers higher than gold, so the higher APTC may drive people to a gold plan
- Promote changes to ACA that will be more gradual, allow time for transition, and that will actually change the cost of care
- Fund the CSRs for 2018 and 2019



Additional Slides



PMPM Comparisons - 2015



Source: 2015 Risk adjustment data and Appendix A

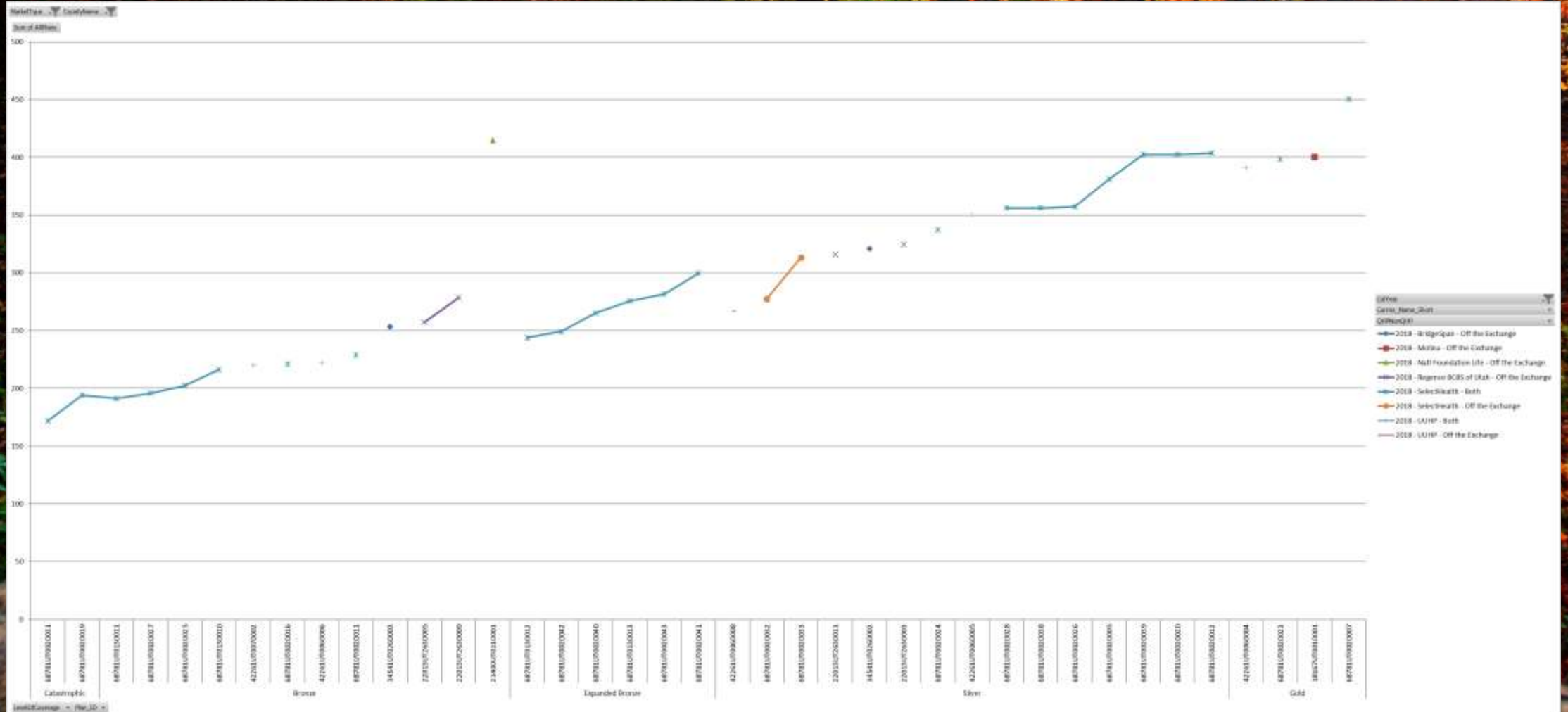
PMPM Comparisons - 2016

Normalized Average Premium PMPM - Individual vs Small Group - 2016

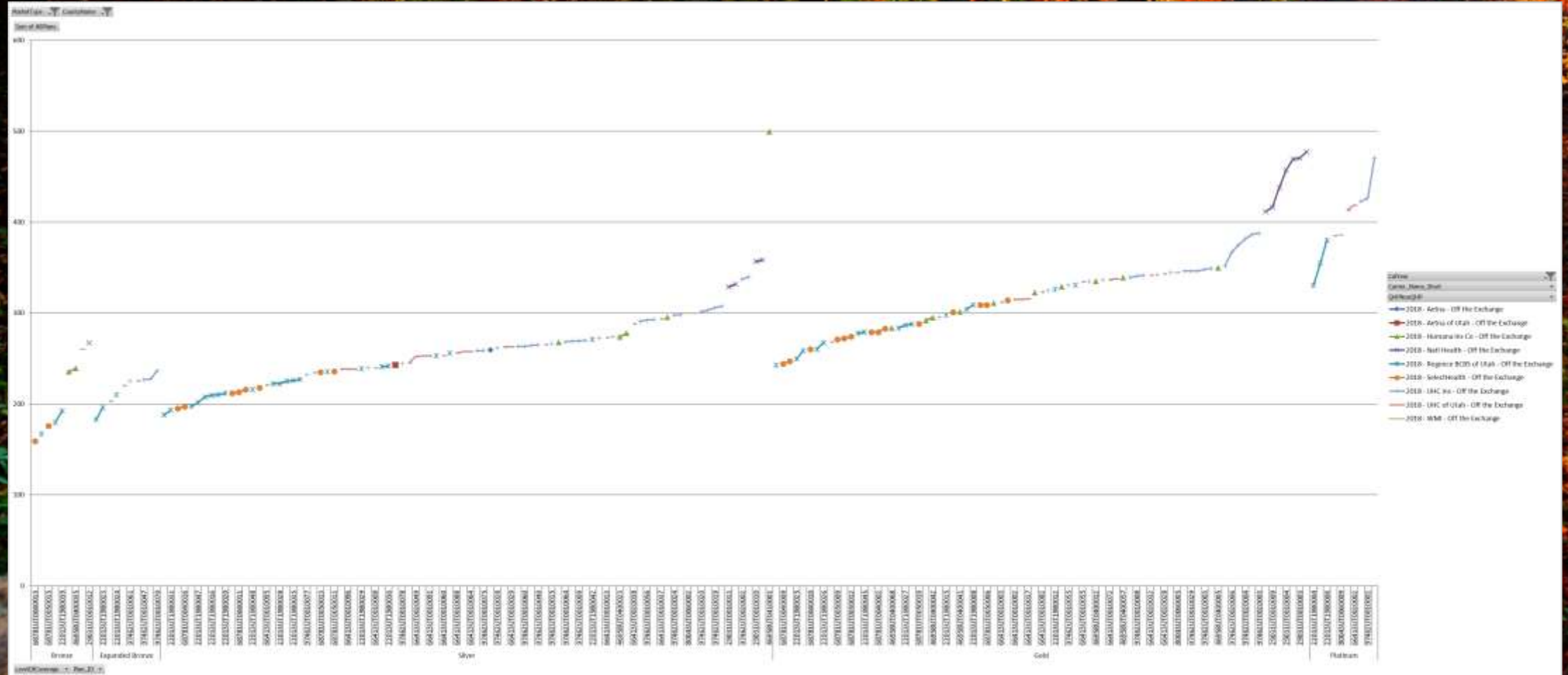


Source: 2016 Risk adjustment data and Appendix A

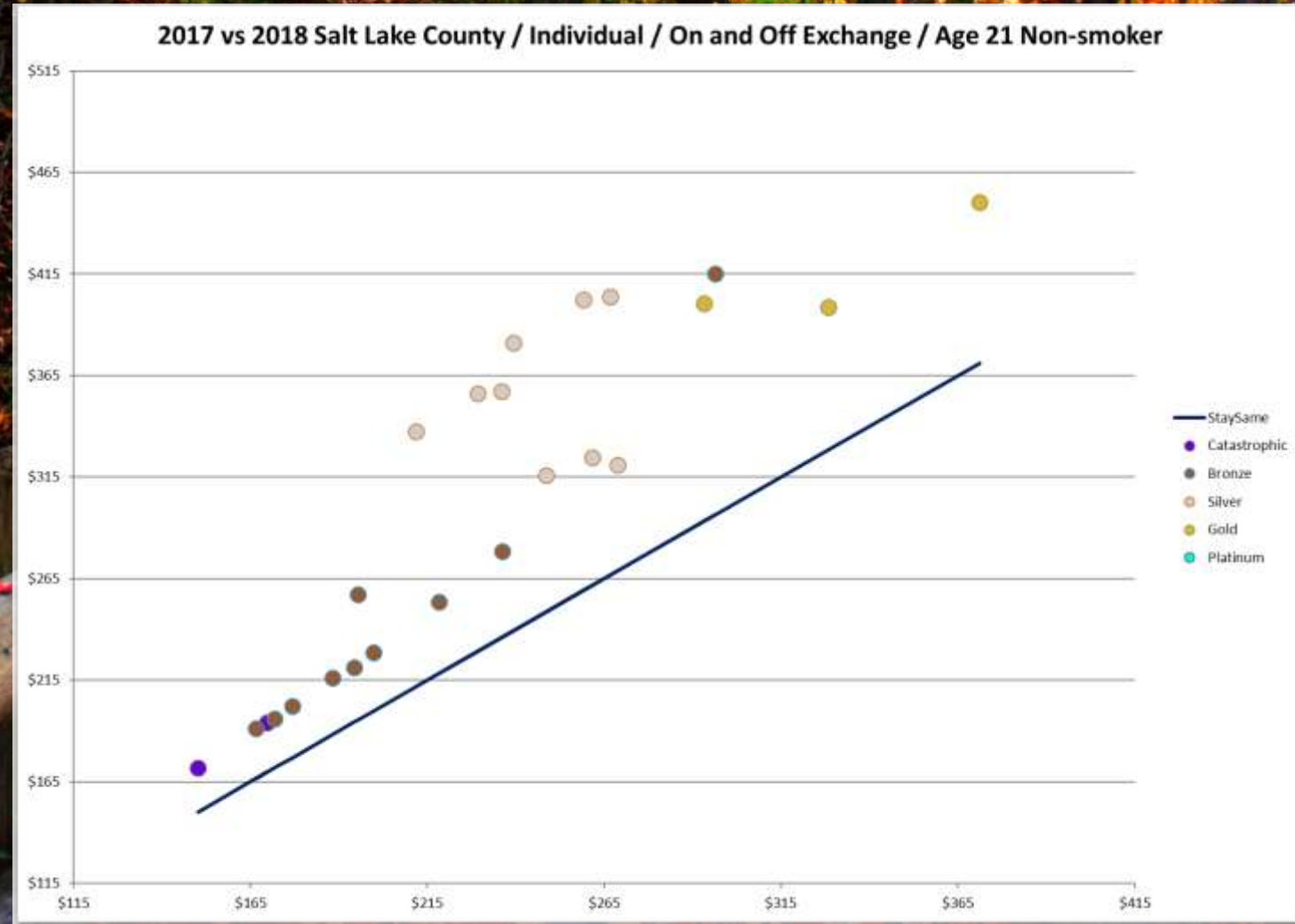
Individual – On & Off, Salt Lake County, Age 21 non-smoker



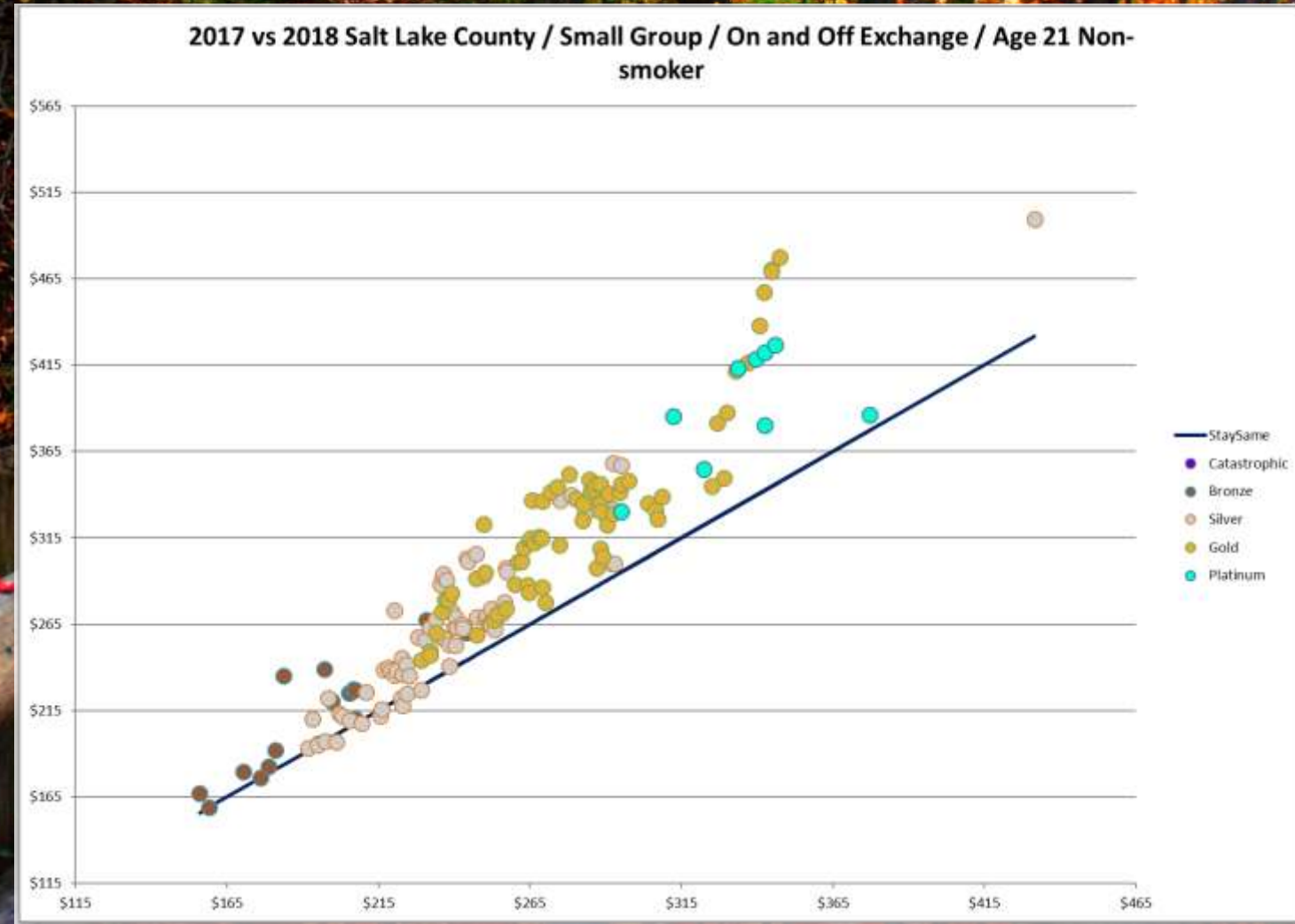
Small Group – On & Off, Salt Lake County, Age 21 non-smoker



Individual – 2017 vs 2018 (only compares plans that were in both years)



Small Group – 2017 vs 2018 (only compares plans that were in both years)



Small Group Rates – by Insurer

