

Healthcare Costs in the ACA Era: Emerging Trends

North Dakota Interim Committee on Healthcare Reform

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"This is going to hurt a great deal."



"This is not going to hurt at all."

Market Participation in North Dakota

Number of Insurers Offering Plans in 2012 and on the 2014 Exchange

	<u>Market</u>	
	Individual	Small Group
2012 Insurers With Any Market Share	13	6
2012 Insurers With 1%+ Market Share	6	4
2012 Insurers With 5%+ Market Share	3	2
Total Exchange Participating Insurers	3	3
Total Exchange Insurers Offering Total State	2	2

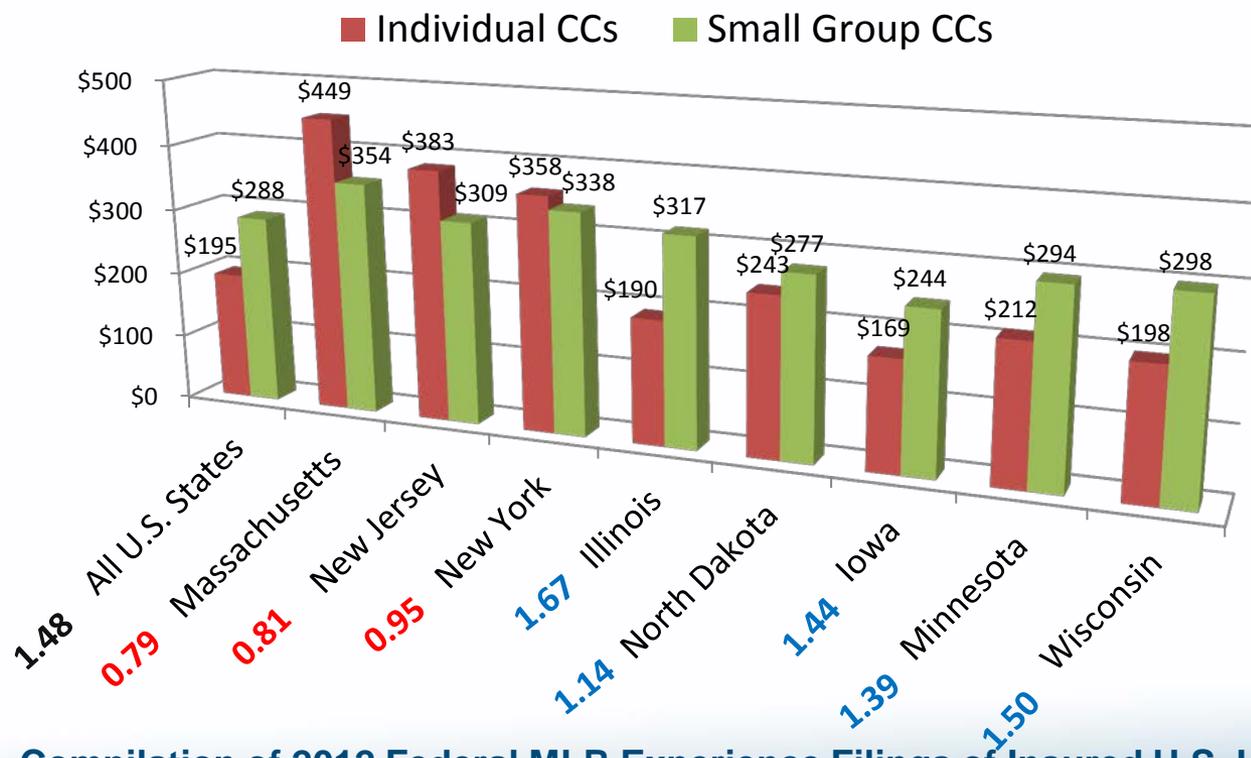
Average Number of QHPs Available By Market and Metallic Level

Plan Type	<u>Market</u>	
	Individual	Small Group
Catastrophic	3	N/A
Bronze	9	2
Silver	9	5
Gold	12	8
Platinum	0	5

This presentation and Q&A are not intended to be an actuarial opinion or advice, nor are they intended to be legal advice. Any statements made during the presentation and subsequent Q&A shall not be a representation of Milliman or its views or opinions, but only of those of the presenter.

What can we learn from 2012 Small Group rates about how Individual rates may change?

Comparison of Individual and Small Group Market 2012 Average Claim Costs



Source: Compilation of 2012 Federal MLR Experience Filings of Insured U.S. Health Plans

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What can we learn from 2012 Small Group rates about how Individual rates may change?

Comparison of Individual and Small Group Markets Average 2012 Claim Costs

<u>State</u>	<u>Ratio of SG/Indiv.</u>	<u>Individual</u>	<u>Small Group</u>
All U.S. States	1.48	\$195	\$288
Massachusetts	0.79	\$449	\$354
New Jersey	0.81	\$383	\$309
New York	0.95	\$358	\$338
Illinois	1.67	\$190	\$317
North Dakota	1.14	\$243	\$277
Iowa	1.44	\$169	\$244
Minnesota	1.39	\$212	\$294
Wisconsin	1.50	\$198	\$298

Source: Compilation of 2012 Federal MLR Experience Filings of Insured U.S. Health Plans

Milliman AHIP Study: ACA Factors Affecting Premiums in 2014

■ GLOBAL INCREASE FACTORS

- New taxes and fees: 2% to 7%
- EHB/AV buy-up: 3% to 27%
- Normal claims trend: 5% to 9%
- Risk pool composition/adverse selection: 20% to 45%
- Pent-up demand: 0% to 5%

■ REDUCTION FACTORS

- Transitional reinsurance program subsidy: -6% to -12%
- **Benefit design/managed care/provider network: 0% to -10% or more**
- **Market competition: 0% to -5% or more**
- Federal premium subsidy: 0% to 96% (of Silver plan)

■ AGE COMPRESSION: -9% to +28%

ACA Premium Impact Studies – Wisconsin

- On September 3rd, the Wisconsin Insurance Department released estimated rate changes for 2014 Exchange plans (www.oci.wi.gov_pressrel_0913rateinfo.pdf)
- Changes below reflect the impact for a \$2,000 deductible plan
- Based on pre-reform plans that included prescription drug coverage with rates effective on July 1, 2013
- Percentage changes are before federal premium subsidies

Percent Increase From Pre to Post 2014, Average Per Area

Age	Milwaukee	Eau Claire	Green Bay	Madison	Appleton	Wausau	Kenosha	LaCrosse
21	78%	69%	54%	125%	54%	77%	38%	89%
40	41%	48%	54%	73%	37%	35%	15%	42%
63	45%	58%	23%	70%	32%	26%	10%	37%

Illustrative ACA Impact on Individuals - Wisconsin

Change to a Bronze Plan after Tax Credit

Component	<u>Age 27, Healthy Male</u>		<u>Age 57, Unhealthy Female</u>	
	Premium	Change	Premium	Change
2013 Annual Premium	\$1,119		\$5,247	
2014 Bronze Premium	\$2,573	130%	\$5,983	14%
Premium with Subsidies				
140% FPL	\$ 0	-100%	\$ 0	-100%
175% FPL	\$ 93	-92%	\$ 0	-100%
225% FPL	\$ 929	-17%	\$ 0	-100%
275% FPL	\$1,865	67%	\$ 588	-89%
350% FPL	\$2,573	130%	\$1,657	-68%
500% FPL	\$2,573	130%	\$5,983	14%

The 27 year old male has the standard rate (lowest rate available) from his current insurer; the age 57 year old female was rated substandard due to health conditions.

ACA Premium Impact Studies

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