



Overview of 2016 ACA Exchange Rate Filings

Background

- HHS has posted proposed 2016 plan rate filings for the ACA insurance exchanges on www.ratereview.healthcare.gov, searchable by state and insurance carrier.
 - The posted filings only include those requesting an increase of 10 percent or greater.
- HealthPocket Analysis: On average, proposed premiums are **12 percent higher for 2016** compared to in 2015 across 45 states.¹
 - Last year (2015), the average approved rate increase was 5.4 percent.²

HealthPocket Analysis of Proposed Premiums Across 45 States, ACA Insurance Exchanges

Metal Level	Average 2015 to 2016 Premium Increase
Bronze (21% of enrollees)	9%
Silver (68% of enrollees)	14%
Gold (7% of enrollees)	16%
Platinum (3% of enrollees)	6%
Overall	12%

Source: "[Obamacare Insurers Propose 12% Higher Premiums for 2016](#)." HealthPocket, 11 Jun. 2015.

Why Are Premiums Increasing?

- 1) **Higher Medical Trends:** Health spending has grown faster than expected over the past year.
 - a. Driven by increased consumer demand, provider prices, and prescription drug costs.
- 2) **Winding Down of ACA's "3 Rs":** The gradual reduction in the ACA's risk-sharing programs (the "3 Rs"), particularly the Reinsurance program, has contributed to rising premiums.
- 3) **Risk Pool Adjustments:** Carriers continue to assess whether the overall pool of enrollees in ACA's insurance exchanges is healthier or sicker than initially expected.
 - a. In some states or rating areas, certain carriers have requested premium increases of 20 percent or more, suggesting that they may be adjusting for a sicker risk pool.
- 4) **Lower Enrollment:** Approximately 10.2 million enrollees were confirmed as of March 31, down from the 12-13 million projected by the Congressional Budget Office.³

Key Factors to Keep In Mind

- **Initial Filings Only:** The proposed premiums are likely to change during the ongoing federal and state rate review process through November 2015.
- **Incomplete Picture:** The posted filings in many states do not include carriers that proposed either more modest rate increases below 10 percent or rate decreases.
- **Substantial Variation:** Proposed premium changes vary substantially by state and county from the national averages.
- **Premium Subsidies:** The proposed premium rates do not account for the ACA's insurance premium subsidies, which substantially lessen the impact of rate changes on enrollees.
 - In 2015, approximately 85 percent of exchange plan enrollees received subsidies of an average \$272 to reduce their out-of-pocket premium cost.⁴

Policy Considerations

- **Affordability:** As health care costs increase faster than expected, affordability for families is a key issue to keep in focus.
- **Reinsurance Program:** The expiration of the Reinsurance program is a policy change driving higher premium costs.
 - The continued phase out of the Reinsurance program could result in similar premium increases next year.
- **Plan Flexibility:** Greater flexibility for plans to create more competition and choices for consumers would help to reduce costs.

References

¹ "Obamacare Insurers Propose 12% Higher Premiums for 2016." HealthPocket, 11 Jun. 2016.

<http://www.healthpocket.com/healthcare-research/infostat/2016-obamacare-premium-rates>

² "A look at state ACA participation and 2015 individual market health insurance rate filings." PricewaterhouseCoopers LLP, 18 May 2015. <http://www.pwc.com/us/en/health-industries/health-research-institute/aca-state-exchanges.jhtml>

³ "March 31, 2015 Effectuated Enrollment Snapshot." Centers for Medicare & Medicaid Services, 2 Jun. 2015.

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-06-02.html>

⁴ "March 31, 2015 Effectuated Enrollment Snapshot." Centers for Medicare & Medicaid Services, 2 Jun. 2015.

<http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-06-02.html>