

DRIVERS OF 2018 HEALTH INSURANCE PREMIUM CHANGES

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Premium Components

- Who is covered – the composition of the risk pool
- Projected medical costs
- Other premium components—administrative costs, taxes, profit
- Laws and regulations



2018 Premium Rate Development

Approximate Internal Insurer Deadlines*	
Plan design development and actuarial value testing	By end of April 2017
Examine prior experience and make necessary adjustments	By mid May 2017
Finalize provider negotiations	By mid to late March 2017
Project data based on expected medical and prescription drug trend	By end of April or May, 2017
External Deadlines	
File rates for QHP applications	June 21, 2017*
Rates finalized	August 16, 2017 (QHPs) October 6, 2017 (non-QHPs)
Open enrollment begins	November 1, 2017

* States may set their own deadlines, but no later than July 17, 2017 for states with effective rate review.

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Major Drivers of 2018 Premium Changes

- Underlying growth in health care costs
- Changes in the risk pool composition and issuer assumptions
- Legislative / Regulatory Uncertainty
- Risk-sharing programs for high-cost enrollees
- Health issuer fee



Major Driver: Underlying Growth in health care costs

- Medical trend
 - Projected to be consistent with 2017; 5-8 percent
- Prescription drugs



Major Driver: Changes in the Risk Pool Composition

- Varies by state
 - State policy decisions and local market conditions
- 2017 experience
 - 22 percent average increase in premiums
 - One time adjustment if assumptions prove correct
- Marketplace enrollment
 - Decline to continue or accelerate in 2018?



Major Driver: Legislative / Regulatory Uncertainty

- Cost Sharing Reduction Subsidies
- Special Enrollment Period and Open Enrollment Period
- Enforcement of the Individual Mandate
- Potential Changes to the Affordable Care Act (ACA)



Major Driver: Risk-sharing programs

- States pursuing:
 - ▣ Reinsurance
 - ▣ Invisible high risk pools
- U.S. House of Representatives passed American Health Care Act of 2017 (AHCA)
 - ▣ Provides federal funding



Major Driver: Health Insurer Fee

- ❑ Premium reduction of 1-3 percent for 2017 due to moratorium of collection of this fee
- ❑ If moratorium is not extended, premiums will increase from 1-3 percent



Other Drivers

- Changes in provider networks
- Benefit package changes
- Market competition
- Changes in provider competition and reimbursement structures
- Changes in administrative costs
- Changes in geographic factors



Related Academy Publications

- Drivers of 2018 Premium Changes (July 2017 issue brief)
(http://actuary.org/files/publications/Premium_Drivers_2018_071017.pdf)
- Drivers of 2017 Premium Changes (May 2016 issue brief)
<http://www.actuary.org/files/publications/IB.Drivers5.15.pdf>

