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OUR NEWS LETTER

HRSI

Unsubsidized health insurance consumers turning to short-term coverage, new report finds

By Brian Anderson December 4, 2018

About 7 of every 10 people buying coverage at eHealth during the current 2019 open enrollment period are selecting short-term plans, according to a new report from the company, up 14% from the same period a year ago.

The report, analyzing costs and trends among eHealth customers in the first half of the 2019 open enrollment period under the Affordable Care Act (ACA), was released by eHealth, Inc., on Nov. 30.

Mountain View, Calif.-based eHealth's report focuses on costs borne by individuals and families who do not qualify for or receive federal subsidies. Following a change of federal rules allowing for the sale of short-term health insurance plans with coverage periods of up to one year, the report also examines trends among people selecting short-term health insurance plans at eHealth. The analysis covers the period between Nov. 1 and Nov. 25, 2018 and compares findings to the same period a year before. Open enrollment began Nov. 1 and is scheduled to run through Dec. 15, 2018.

Key findings:

- **Increased interest in short-term plans:** In the 2017 period under review, people selecting short-term plans at eHealth accounted for 56% of all combined short-term and ACA plan selections among people not receiving government subsidies for ACA plans; this figure increased to 70% for the same period in 2018.
- **Short-term premiums are stable while deductibles increase**: The average monthly premium for individual short-term coverage is $107 this year, a decrease of 4% over the same period a year before; meanwhile, the average individual deductible increased 14%.
- **Average family premiums for ACA plans decrease 3%:** The average monthly premium for family coverage among people not receiving government subsidies is $1,154, down from $1,191 in the same period a year ago.
- **Average individual deductibles for ACA plans decrease 7%:** The average annual deductible for individual coverage among people not receiving government subsidies is $4,064, down from $4,358 in the same period a year ago.

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- **Average age of an individual buying short-term coverage is 36:** Up from 35 in the same period the prior year. However, the percentage of people between the ages of 18 and 34 selecting short-term plans increased from 53% in the 2017 period to 56% in the 2018 period.

eHealth's report also examines average customer selections by plan type (HMO, PPO, etc.) and metal level. In the first half of the nationwide open enrollment period for 2019, Health Maintenance Organization (HMO) plans accounted for the majority (56%) of individual and family health insurance plans selected by unsubsidized eHealth customers. Preferred Provider Organization (PPO) plans accounted for 18%, while Exclusive Provider Organization (EPO) plans, which typically limit coverage to a specific network of providers in the same way HMO plans do, accounted for 25% of all plans selected.

The most popular metal level plan selected by individual and family eHealth customers was Bronze (39%). Silver plans were the second most popular at 36% while Gold accounted for 15% and Platinum 2%.

eHealth intends to follow up this report with additional updates on market costs and trends in the ACA market at the close of open enrollment.

Source: eHealth

1 The increased interest in short-term plans relative to ACA plans among people not receiving subsidies may be due to several factors including regulatory changes, changes in available policy duration, and the marketing choices of eHealth in the periods under review

What do millennials want from their insurance agency?

by Heather Turner

With an estimated buying power of $200 billion, millennials are a market insurance agencies cannot afford to exclude. Technology plays a large part in the lives of the generation, and for insurance agencies and brokerages looking to capture more millennial clients, making small changes to the business can lead to more customers of all generations.

According to Emily Nguyen, senior marketing coordinator at Insurance Technologies Corporation (ITC), reaching millennials starts with reputation.

“Your agency needs to appear as reputable as possible. Part of that trust comes from an online presence,” she says. “For millennials searching online, if a business doesn’t have a website, it probably isn’t reputable. Step one for your agency: Have a website.”

Taking a website a step further by making it mobile-friendly can also lead to more prospects, as millennials heavily rely on mobile searches when looking for local businesses.

Another hallmark of millennials is their desire for efficient communication and access of information, so integrating online quote portals can instantly make an agency more appealing to a millennial prospect. In addition, having multiple lines of communication, from website forms and email to a traditional phone line and texting, opens various channels for customers to choose how they want to connect with a business.

For example, Henna Javed, AgencyBuxzz coordinator at ITC, says, “I prefer if everything can be done over text or email. Not even a phone call. My agency was calling to set up an in-person meeting to go over my policy changes for the year. They asked me to come to their office for a whole discussion. I had to decline because why would I take time to go to my insurance agent during business hours?”

“Millennial consumers want to contact you in a manner that is most convenient for them at that given time,” explains Nguyen. “At your agency, work to keep a range of channels open. Make sure each channel is staffed. As a contingency, have automatic replies set up to let customers know their message was received.”

Lastly, as internet natives, millennials are always on the lookout for signs that a website is credible.

“A complete Google My Business profile lends plenty of credibility to your agency. Make sure there are plenty of good reviews, too,” says Nguyen. “If your agency relies on referrals, treat reviews with the same importance. When a customer has a positive experience, ask them to leave a review.”

Remember, by investing in meeting the expectations of this generation, the improvements made will also enhance the experience for all.

“Millennials will only continue to patronize businesses that put their experience first,” Nguyen concludes.

How Repeal of the Individual Mandate and Expansion of Loosely Regulated Plans are Affecting 2019 Premiums

Katherine Horstman, and Larry Levitt

In health insurance systems designed to protect people with pre-existing conditions and guarantee availability of coverage regardless of health status, countervailing measures are also needed to ensure people do not wait until they are sick to sign up for coverage (as doing so would drive up average costs for other enrollees). The Affordable Care Act (ACA) included a variety of "carrots" (e.g., premium tax credits and cost-sharing reductions) and "sticks" (e.g., the individual mandate penalty and limited enrollment opportunities) to encourage healthy as well as sick people to enroll in health insurance coverage.

Although 2019 premiums for plans in the ACA marketplaces are flat or falling in many places, they would be substantially lower still if not for several key policy and legislative changes.

Despite the enduring popularity of the ACA's protections for people with pre-existing conditions, the individual mandate – which requires most people to maintain health insurance coverage or else pay a penalty – has consistently been viewed negatively by a substantial share of the public. After broader attempts to repeal and replace the ACA stalled out in the summer of 2017, Congress reduced the individual mandate penalty to $0 effective in 2019 as part of tax reform legislation passed last December.

Soon thereafter, the Trump administration also announced new rules that will allow more loosely regulated plans – short-term limited duration (STLD) plans and association health plans (AHPs) – to proliferate on the individual market in competition with ACA-compliant coverage. These more loosely regulated plans will serve as a more affordable option for some people who are not eligible for the ACA's premium tax credits. However, particularly in the case of short-term plans, this lower-cost coverage is generally unavailable to people with pre-existing conditions and the plans often exclude coverage for certain services. STLD plans do not meet the ACA's requirement to maintain coverage, but, because the penalty for going without coverage will soon be $0, the attractiveness of STLD coverage will grow for healthy people. These plans will attract disproportionately healthy individuals away from ACA-compliant coverage, thus having an upward effect on premiums in the ACA-compliant individual market.

With the effective repeal of the individual mandate penalty and the expansion of short term and association health plans, we set out to quantify how much of an upward effect these policy and legislative changes are having on 2019 premiums. Among insurers that publicly specify the effect of these legislative and policy changes in their filings to state insurance commissioners, we found that 2019 premiums will be an average of 6% higher, as a direct result of individual mandate repeal and expansion of more loosely regulated plans, than would otherwise be the case.

Adding the impact from the loss of cost-sharing reduction payments – which drove up silver premiums by an average of 10% according to the Congressional Budget Office – to the impact from individual mandate penalty repeal and expansion of more loosely regulated plans, this analysis suggests on-exchange benchmark silver premiums will be about 16% higher in 2019 than would otherwise be the case.

A separate analysis finds that 2019 premiums on the whole are staying relatively flat or dropping in many parts of the country, in large part because insurers are currently overpriced. Nonetheless, this analysis finds that 2019 premiums would be dropping even more if the individual mandate penalty were still in full effect.

Analyzing Insurer Rate Filings

Each year, insurers submit rate filings to state regulators justifying their premium changes for the upcoming year. These filings include varying amounts of detail, depending on the state and insurer, and sections of the publicly available filings are often redacted. Insurers sometimes do not include much detail in the public filings, and do not always explicitly mention the effect policy changes will have on rates.

We reviewed all publicly available filings insurers across the United States submitted to state regulators detailing their justifications for rate changes in the ACA-compliant individual market, both on- and off-exchange. While many insurers identify the repeal of the individual mandate penalty and/or the expansion of STLD/AHP plans as factors that will have an upward effect on 2019 premiums, not all companies quantify the amount by which rates will increase specifically due to these changes, and others redact this information from their publicly available filings. Additionally, some companies group together the upward effect of the individual mandate penalty repeal with the expansion of short-term and association plans, while other companies report these effects separately or only publicly quantify the effects of one of these changes.

We exclude from this analysis states that have implemented their own individual mandates (Massachusetts, New Jersey, and Washington, DC) or, in the case of New York, prohibited insurers from loading an individual mandate surcharge into 2019 premiums.

Among insurers that publicly quantify a rate impact from legislative and regulatory changes – effective repeal of the individual mandate penalty and/or expansion of more loosely regulated plans – the upward effect on 2019 premiums ranges from 0% to 16%. Among these insurers, the average rate increase in 2019 due to the individual mandate penalty repeal and expansion of more loosely regulated plans is 6%. Most 2019 rate impacts due to these legislative and policy changes fall between 4% and 8% (the 25th and 75th percentiles).

Table 3 in the Appendix shows rate increases by state and insurer among companies that publicly quantified the amount by which premiums will increase due to these legislative and policy changes in either 2018 or 2019.

In many cases, these rate increases come on the heels of similar assumptions made going into 2018 that the individual mandate would be repealed or weakly enforced (as insurers had to finalize 2018 rates before a decision had been made in Congress to effectively repeal the individual mandate). In setting rates for 2018, some insurers assumed either repeal, reduced enforcement, or public perception of reduced enforcement of the individual mandate would lead to a sicker risk pool in 2018 and priced accordingly. In 2018, among insurers that publicly quantified an impact of uncertainty about the individual mandate, companies incorporated a premium increase of 0% to 25%. Among these insurers, the average rate increase due to individual mandate uncertainty in 2018 was 5% and most fell between 2% and 6% (the 25th and 75th percentiles).

A number of insurers factored in rate impacts due to individual mandate uncertainty in 2018 and individual mandate penalty repeal in 2019. In many of these cases, though, the 2019 load appears to supersede the 2018 load and the two are not cumulative. There may be some cases when the 2019 individual mandate load is in addition to the 2018 load, but we assume the values in 2019 and 2018 are never cumulative, which is the more conservative approach.

Table 1: Range of Premium Impacts from Individual Mandate Uncertainty/Repeal in 2018 and 2019

Year of filings	Min	25th Percentile	Average	75th Percentile	Max
2019	0%	4%	6%	8%	16%
2018	0%	2%	5%	6%	25%

NOTE: In some cases, the effect due to the individual mandate also includes the expansion STLD/AHPs, reduced outreach, or other legislative uncertainty.

SOURCE: Kaiser Family Foundation analysis of insurer rate filings to state regulators, state insurance regulators, and ratereview.healthcare.gov.

The upward effect on 2019 premiums due to the effective repeal of the individual mandate and expansion of more loosely regulated plans is in addition to other significant rate increases due to the Trump administration's decision to halt cost-sharing reduction subsidy payments. This decision, the Congressional Budget Office estimates, is responsible for a 10% increase in 2018 on-exchange silver premiums.[1] Altogether, on-exchange silver premiums in 2019 are therefore approximately 16% higher than would otherwise be the case if federal CSR payments had continued (the loss of which contributed approximately 10% to silver exchange premiums), the individual mandate penalty were still enforced, and more loosely-regulated plans were not expanding (the latter changes contributed an additional 6% to 2019 rates).[2]

Many states allowed insurers to load the loss of CSR payments onto silver premiums and many insurers only added that cost to plans offered on the marketplace in 2018. Therefore, in most states, the effect of the loss of CSR payments was considerably smaller for bronze and gold plans offered off-exchange than for silver plans offered on-exchange. Because premium tax credits on the exchanges are tied to the cost of silver premiums, the effect of the loss of CSR payments was cushioned for many enrollees on-exchange. The impact of the individual mandate penalty repeal and expansion of more loosely regulated plans, however, is concentrated primarily off-exchange, where enrollees do not receive a subsidy to offset increases.

Table 2: Premium Impacts from Legislative and Policy Changes to the ACA

Legislative or Policy Change	**Average percent by which 2019 unsubsidized premiums are higher than would be the case without change**
• Individual mandate penalty repeal • Expansion of AHP / STLD plans	6% (all premiums on/off exchange)
• Loss of CSR payments	10% (silver exchange premiums)*
Combined Impact: • Individual mandate penalty repeal • Loss of CSR payments • Expansion of AHP / STLD plans	16% (silver exchange premiums)*

SOURCE: Kaiser Family Foundation analysis of insurer rate filings to state regulators, state insurance regulators, and ratereview.healthcare.gov. Premium impact due to CSR loss is from Congressional Budget Office (CBO) estimate.

NOTES: Premium changes represent the change in premiums before accounting for the premium tax credit. How each premium impact relates to other impacts depends on how each insurer calculates rate impacts. We conservatively assume the rates are additive (6% + 10% = 16%), as opposed to multiplicative (1.06 x 1.1 = 1.166, or 16.6%). *The CBO estimate of the loss of CSR payments' effect was specifically for silver exchange premiums. However, some insurers also applied a CSR load onto other metal levels and/or off-exchange premiums.

Going into 2018, insurers on average likely increased rates more than was necessary. As of mid-2018, insurers in the individual market are doing quite well financially on average, so many are unable to justify another year of premium increases going into 2019. Therefore, despite repeal of the individual mandate penalty and expansion of more loosely regulated plans in 2019, premiums in much of the country are holding flat or decreasing relative to 2018. In states that

use healthcare.gov, unsubsidized benchmark premiums are dropping an average of 1.5% next year, from $502 per month for a 40-year-old in 2018, to $495 in 2019.

Our analysis therefore suggests the average healthcare.gov benchmark silver premium for a 40-year-old would be approximately $427 per month (instead of $495) in 2019, if it were not for the repeal of the individual mandate penalty, expansion of short-term plans, and loss of cost-sharing subsidy payments.[3]

Discussion

Exchange premiums will be moderating in 2019, as many insurers are currently profitable after overshooting with 2018 rates. Benchmark silver premiums in states that use Healthcare.gov will be an average of 1.5% lower in 2019 than they were in 2018, which will likely come as welcomed news to people who are ineligible for subsidies and paying full-price for coverage in the individual market in states where there is a decrease. However, a number of middle and upper-middle income individuals and families have already been priced out of the market and a small decrease in premiums may not be enough to bring them back.

Among insurers that publicly specify the effect of these legislative and policy changes, we found that 2019 premiums will be an average of 6% higher, as a direct result of individual mandate penalty repeal and expansion of more loosely regulated plans, than would otherwise be the case. Combined with estimates from the Congressional Budget Office, our analysis suggests the elimination of the cost-sharing subsidy and individual mandate penalty, as well as expansion of more loosely regulated plans, has caused on-exchange silver premiums to be 16% higher than would otherwise be the case. Instead of 2019 benchmark silver premiums on healthcare.gov averaging $495 per month for a 40-year-old, as was recently reported by HHS, we estimate the premium would be approximately $427 in the absence of individual mandate penalty repeal, expansion of more loosely regulated plans, and the loss of cost-sharing subsidy payments.

From a consumer perspective, the rate impact from these policy and legislative changes has played out differently for subsidized on-exchange consumers than for unsubsidized off-exchange consumers. Heading into 2018, off-exchange consumers generally experienced the 5% rate impact from uncertainty around the individual mandate enforcement, but many were able to avoid the steeper premium increases due to the loss of cost-sharing subsidy payments as insurers in many states were able to load this cost onto only silver plans, and/or only exchange plans. In some cases, on-exchange consumers in 2018 may have ended up paying less because of the loss of CSR payments, because of larger subsidies due to silver loading.

Looking ahead to 2019, premiums in much of the country are holding flat or decreasing a bit, but unsubsidized off-exchange consumers on average will nonetheless pay an average of 6% more than they otherwise would have, if it were not for repeal of the individual mandate and expansion of more loosely regulated plans. On the exchange, meanwhile, subsidized customers

will continue to pay sliding-scale premiums based largely on their incomes, and so the amount of premium they pay is mostly unaffected by the repeal of the individual mandate and expansion of short-term plans.

What to know about Medicare when traveling abroad

Planning to travel abroad this winter? Here's what you should know.

In general, Medicare won't pay for health care services or supplies if you travel outside the U.S. (except in these rare cases). That doesn't mean you have to travel abroad without coverage.

Here are 3 ways you can get health coverage outside the U.S.:

- If you have a Medigap policy, **check your policy** to see if it includes coverage when traveling outside the U.S.
- If you have another Medicare health plan instead of Original Medicare — Medicare Part A (Hospital Insurance) and Part B (Medical Insurance) — check with your plan to see if they offer coverage outside the U.S.
- Purchase a travel insurance policy that includes health coverage.

Find out more at **Medicare.gov**. Safe travels!

How Many of the Uninsured Can Purchase a Marketplace Plan for Free?

Rachel Fehr, Gary Claxton, Cynthia Cox Follow @cynthiaccox on Twitter , and Larry Levitt Follow @larry_levitt on Twitter
Published: Dec 11, 2018

While the percent of the population without health coverage has decreased substantially since the major coverage expansion in the ACA, about 10% of the non-elderly population is still uninsured. This analysis looks at how many of the remaining uninsured are eligible for premium subsidies large enough to cover the entire cost of a bronze plan, which is the minimum level of coverage available on the Marketplaces.

The premium tax credits that subsidize Marketplace coverage are calculated using the second-lowest cost silver plan in each rating area as a benchmark. As was the case in 2018, many unsubsidized silver plans continue to be priced relatively high because insurers generally loaded the cost from the termination of federal cost-sharing reduction payments entirely onto the silver tier (a practice sometimes called "silver loading"). The relatively higher price for silver plans means subsidy-eligible Marketplace enrollees will continue to receive large premium tax credits in 2019. These subsidies also continue to make bronze plans more likely to be available for $0 than before cost-sharing reduction payments were terminated.

4.2 million uninsured people could get a bronze ACA plan for 2019 and pay $0 in premiums after factoring in tax credits. That's 27% of the 15.9 million uninsured individuals who could shop in the Marketplace. Find out how many live in your state.

In this analysis, we focus specifically on the approximately 15.9 million uninsured people who could be shopping on the Marketplace, regardless of whether or not they are eligible for a subsidy.[1] We therefore exclude people who are eligible for Medicaid and those who are undocumented immigrants (who are not permitted to buy Marketplace coverage).

We estimate that 27% of uninsured individuals who could shop on the Marketplace, or 4.2 million people nationwide, are eligible to purchase a bronze plan with $0 premiums after subsidies in 2019. As shown on the map and table below, the availability of free bronze plans varies widely between states, from less than 5% of uninsured potential Marketplace shoppers in Washington and Indiana to more than 45% in Delaware, Iowa, Nebraska, and Utah.

Rather than continuing to go without insurance, the 4.2 million uninsured people eligible for $0 bronze plans would benefit from the financial protection health insurance offers. However, bronze plans have an average deductible of $6,258, and many people eligible for a $0 bronze premium would also be eligible for significant cost-sharing assistance by instead purchasing a silver plan.

On average in 2019, benchmark silver plans with cost-sharing reductions (CSR) for single individuals with incomes below 200% of the poverty level can be purchased for roughly $20 to $130 per month after subsidies, depending on an enrollees' income.[2] Silver CSR plans have average annual deductibles ranging from $239 to $3,169 in 2019, also depending on income, and have reduced copays and coinsurance. It is therefore important for potential enrollees, particularly those with significant health needs, to not only consider the premium, but also the significant cost-sharing assistance that is only available if they enroll in a silver plan.

Table 1:
Uninsured who have Access to a Free Bronze Plan After Tax Credits in 2019

State	Percent	Count
US Total	**27%**	**4,235,841**
Alabama	34%	130,557
Alaska	42%	23,283
Arizona	18%	54,673
Arkansas	6%	6,530
California	17%	174,136
Colorado	16%	34,703
Connecticut	23%	22,888
Delaware	49%	11,587
District of Columbia	N/A	N/A
Florida	31%	623,434
Georgia	26%	254,296
Hawaii	13%	2,418
Idaho	40%	35,305
Illinois	18%	66,414
Indiana	1%	3,167
Iowa	48%	33,633
Kansas	32%	56,799
Kentucky	26%	29,509

Louisiana	20%	33,861
Maine	34%	19,005
Maryland	17%	23,508
Massachusetts	9%	8,814
Michigan	29%	74,216
Minnesota	N/A	N/A
Mississippi	17%	52,789
Missouri	26%	115,551
Montana	31%	15,724
Nebraska	49%	31,591
Nevada	11%	14,508
New Hampshire	19%	9,626
New Jersey	9%	24,345
New Mexico	17%	14,091
New York	N/A	N/A
North Carolina	37%	296,892
North Dakota	23%	7,164
Ohio	13%	45,083
Oklahoma	42%	182,622
Oregon	20%	28,867
Pennsylvania	23%	74,382
Rhode Island	17%	3,929
South Carolina	34%	146,161
South Dakota	29%	19,058
Tennessee	34%	157,998
Texas	29%	1,010,428
Utah	46%	56,002

Vermont	26%	4,639
Virginia	30%	97,604
Washington	4%	8,581
West Virginia	11%	5,297
Wisconsin	42%	67,279
Wyoming	41%	22,894

SOURCES: 2019 Premiums come from KFF analysis of premium data from Healthcare.gov and review of state rating filings. Data on population and eligibility for subsidies come from KFF analysis of the American Community Survey (ACS) for 2017.

NOTES: This analysis does not include individuals who are over the age of 65, or who are eligible for Medicaid in 2019 or are undocumented immigrants. DC is not included in this analysis due to an insufficient sample size in the ACS. New York and Minnesota are not included in this analysis because they offer Basic Health Plans to enrollees with incomes less than 200% of poverty.

Methods

2019 Premiums come from Kaiser Family Foundation (KFF) analysis of premium data from Healthcare.gov and review of state rating filings. Premiums in this analysis are the full price of plans, rather than specifically the portion that covers essential health benefits (EHB). Since premium tax credits can only be used to cover the EHB portion of premiums, some of the individuals denoted as having access to a “free” bronze plan would actually have to pay a premium for non-essential health benefits if they enrolled in a bronze plan.

Data on population, income, and eligibility for subsidies come from KFF analysis of the Census Bureau’s 2017 American Community Survey (ACS). The ACS includes a 1% sample of the US population and allows for precise state-level estimates. The ACS asks respondents about their health insurance coverage at the time of the survey. Respondents may report having more than one type of coverage; however, individuals are sorted into only one category of insurance coverage.

This analysis does not include individuals who are over the age of 65, or who are eligible for Medicaid in 2019 or are undocumented immigrants. DC is not included in this analysis due to an insufficient sample size in the ACS. New York and Minnesota are not included in this analysis because they offer Basic Health Plans to enrollees with incomes less than 200% of poverty.

Endnotes

1. The 15,874,306 total number of uninsured for 2017 does not include DC, New York, or Minnesota. This figure does not include individuals who are over the age of 65, or who are eligible for Medicaid in 2019 or are undocumented immigrants. The Census Bureau estimates a total of 28.5 million people in the U.S. were uninsured in 2017.
2. These premiums for benchmark silver plans are for individuals with incomes less than 200% of the federal poverty level, and do not vary with an enrollee's age. This group is used as an example because they receive the largest cost-sharing assistance; those with incomes between 200 and 250% of poverty are also eligible for cost-sharing subsidies, but assistance for that income range is much less significant.