



# Exchange Market: 2015 National Snapshot

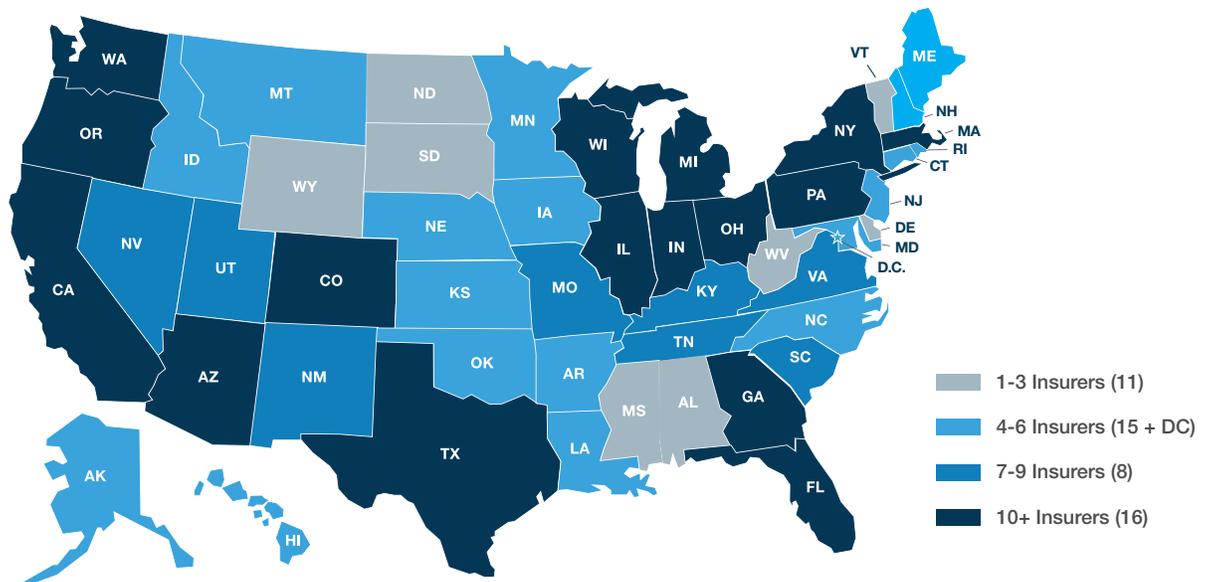
## Program Overview

The Affordable Care Act (ACA) created health insurance exchanges to enhance competition and make health insurance more affordable and accessible for individuals and families. Specifically, exchanges are online portals where individuals and small businesses can shop among qualified health plans (QHPs) that meet certain benefit and coverage standards. As of June 30, 2015, 9.9 million individuals nationwide were enrolled in exchanges.<sup>1</sup>

## Consumers Choose from Among Several Competing Insurers

As shown in **Figure 1**, consumers can choose from plans offered by a number of different insurers in their state. In 2015, new insurers joined the market in 33 states. In total, an average of 7 insurers participate in each exchange.<sup>2</sup> More than 90 percent of exchange consumers choose among plans offered by 3 or more insurers in 2015.<sup>3</sup>

Figure 1: Number of Insurers by State, 2015

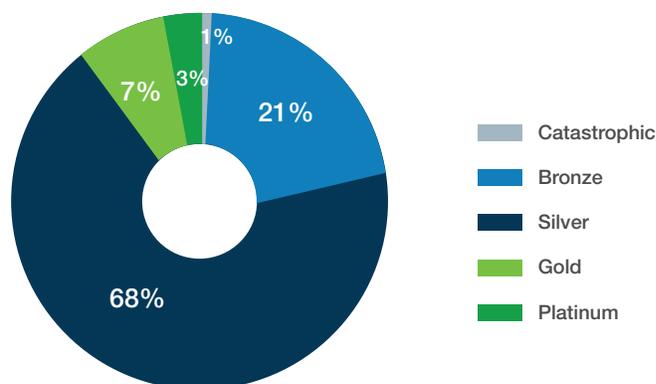


Source: Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2014. Based on Avalere state tracking published in *Avalere State Reform Insights* as of December 2014.

## A Variety of Plan Options are Available to Exchange Consumers

Consumers shopping on exchanges choose from plans that are organized by metal level – bronze, silver, gold, and platinum. Each metal level corresponds to an actuarial value (AV), with platinum plans (90 percent AV) covering the greatest percentage of consumer costs and bronze plans (60 percent AV) holding patients accountable for a greater portion of expenses. As displayed in **Figure 2**, more than two-thirds of consumers selected silver plans in 2015. Another 21 percent selected bronze plans.<sup>4</sup>

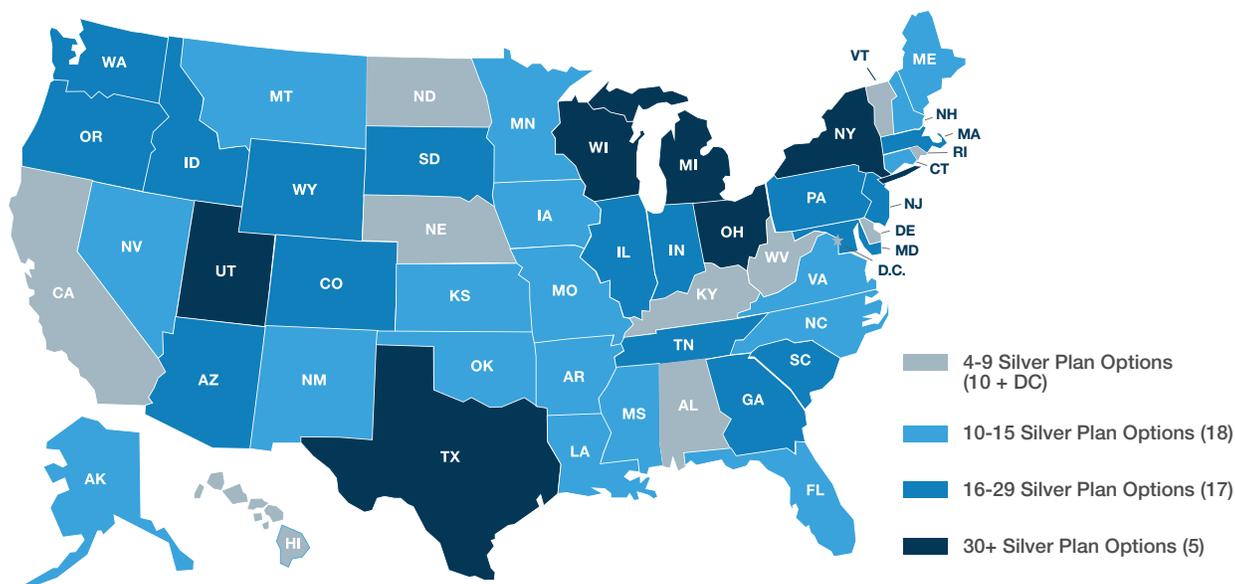
**Figure 2: Effectuated QHP Enrollment by Metal Tier, 2015<sup>1</sup>**



Source: Centers for Medicare and Medicaid Services (CMS). "March 31, 2015 Effectuated Enrollment Snapshot."

In addition to choosing among competing insurers, consumers may select among various plan options at the different metal levels described above. Indeed, consumers can choose from an average of 40 plan options across metal levels in 2015, up from 31 in 2014.<sup>5</sup> Specifically, at the most popular silver metal level, consumers have an average of 16 plan options, as shown in Figure 3.<sup>6</sup>

**Figure 3: Average Number of Silver Plan Options by State, 2015**



Source: Avalere PlanScape®, December 2014. Supplemented with data from Breakaway Policy Strategies, "2015 ACA Silver Plan Dataset," Robert Wood Johnson Foundation, May 2015.

<sup>1</sup>Represents enrollment through healthcare.gov.

## Exchange Market Background

### *Exchange plans must comply with new market reforms protecting consumers.*

In conjunction with exchanges, the ACA instituted a series of insurance market reforms to make insurance more accessible to consumers. Specifically, the ACA requires health insurers to sell and renew plans to all customers regardless of health status (guaranteed issue and renewability), prohibits coverage exclusions based on pre-existing conditions, regulates how much premiums can vary based on specific factors (modified community rating), and sets a minimum medical loss ratio (MLR) that limits the percentage of premiums issuers can spend on administration and profit. The ACA also requires plans to cover 10 categories of essential health benefits (EHB) and sets maximum annual out-of-pocket spending limits to cap the amount any plan can require an individual to contribute for covered services.

### *The annual QHP certification process ensures plans meet ACA requirements.*

In addition to the requirements above, QHPs must meet specific standards to be offered on an exchange. In particular, the QHP certification process assesses the plan's provider network to guarantee a sufficient choice of providers and ensures plans meet the actuarial value (AV) required for each metal level. To ensure consumers have access to a choice of plan, participating insurers are required to offer at least one silver and one gold plan in each market where they participate.

### *Most consumers are eligible for financial assistance to lower premiums and cost sharing.*

Finally, the ACA includes two types of subsidies to make insurance more affordable for consumers. Premium tax credits are available on a sliding scale to individuals and families with incomes between 100 and 400 percent of the Federal Poverty Level (FPL) to reduce monthly premiums. In addition, consumers with incomes at or below 250 percent of the FPL who purchase a silver level plan can access cost-sharing reduction subsidies, which reduce out-of-pocket costs for covered services.

## Plan Options Offer Distinct Choice in Benefit Design

Additionally, consumers choose among a range of distinct benefit designs across metal levels and within the same metal level. In particular, deductibles and maximum out-of-pocket spending limits (MOOPs) are important plan features impacting consumers' out-of-pocket costs, which vary across metal levels and plan options. As shown in Figure 4, average deductibles range from approximately \$360 to nearly \$5,200, depending on the metal level. Similar variation exists among average MOOPs.<sup>7</sup>

Figure 4: Average Deductible and MOOP by Metal Level, 2015

Metal Level	Average Deductible	Average MOOP
Bronze	\$5,188	\$6,365
Silver	\$2,832	\$5,844
Gold	\$1,178	\$4,439
Platinum	\$362	\$1,997

Source: Avalere PlanScape®, December 2014. Supplemented with data from Breakaway Policy Strategies, "2015 ACA Silver Plan Dataset," Robert Wood Johnson Foundation, May 2015.

Moreover, consumers can also choose from a range of benefit designs within a metal level. As shown in Figure 5, there is substantial variation in deductibles among available silver plans offered within a state. For example, silver plan deductibles range from \$0 to \$6,500 in Florida, and from \$0 to \$6,250 in Texas.

Figure 5: Deductibles for Silver Plans in 5 States with High Exchange Enrollment<sup>ii</sup>



Source: Avalere PlanScape®, December 2014. Supplemented with data from Breakaway Policy Strategies, "2015 ACA Silver Plan Dataset," Robert Wood Johnson Foundation, May 2015.

Similarly, as shown in Figure 6, MOOPs vary significantly within a metal level. For instance, a consumer in Georgia could choose a silver plan with a MOOP as low as \$3,000 or as high as \$6,600, the maximum allowed for an individual under the ACA in 2016.

<sup>ii</sup> Note: California and New York were excluded from this analysis because the states have standard benefit designs.

Figure 6: MOOPs for Silver Plans in 5 States with High Exchange Enrollment, 2015<sup>iii</sup>



Source: Avalere PlanScape®, December 2014. Supplemented with data from Breakaway Policy Strategies, "2015 ACA Silver Plan Dataset," Robert Wood Johnson Foundation, May 2015.

In addition to variation in deductibles and MOOPs described above, consumers can choose among a variety of plan features, including distinct provider networks and different cost sharing requirements to visit a doctor or pharmacy.

## References

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<sup>iii</sup> Note: California and New York were excluded from this analysis of high QHP enrollment states because they have standard benefit designs.