

EXCHANGE PLANS IN COUNTIES WITH THE LEAST INSURER COMPETITION HAVE THE HIGHEST PREMIUMS

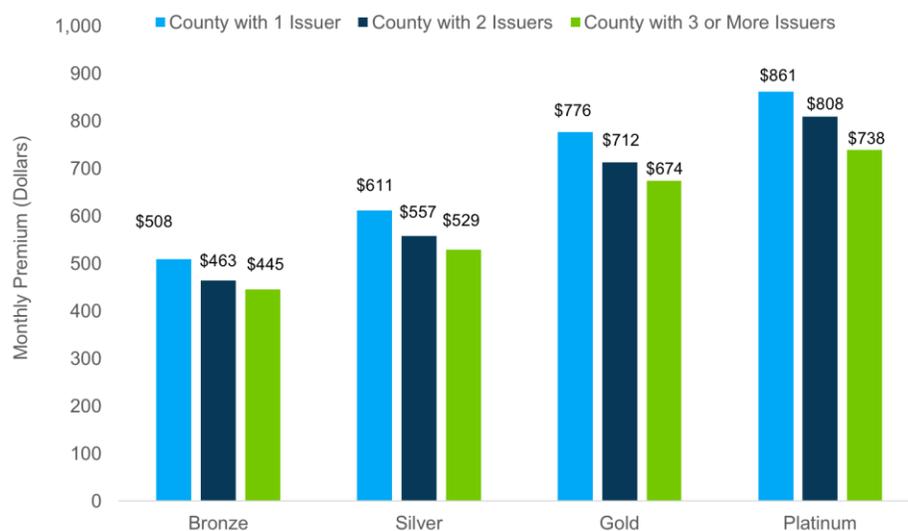
Benefit Designs Do Not Vary Widely Based on Insurer Competition, Except for Deductibles that Are Lower in Areas with Three or More Insurers

New research from Avalere finds that on average, counties in 2017 with only 1 participating insurer (health insurance company) have 9.6% higher premiums than those counties with 2 participating insurers, and 15.3% higher premiums than those counties with 3 or more participating insurers. The latest data from the Centers for Medicare and Medicaid Services (CMS) shows that 29% of exchange participants, or 2.6 million people, will have 1 plan to choose from in 2018.

“Most counties in 2018 will have at least one insurer offering coverage in the exchange, but levels of competition among insurance companies will fall precipitously,” said Caroline Pearson, senior vice president at Avalere. “While many factors contribute to premiums—including local medical costs, health needs of enrollees, and market uncertainty—lower competition in 2018 may contribute to higher premiums in some parts of the country.”

Avalere’s data shows that average plan premiums are higher in counties with less competition. For silver plans, average monthly premiums in counties where there is one insurer average \$611 in 2017, compared to \$557 per month in counties with 2 insurers and \$529 per month in counties with three or more insurers.

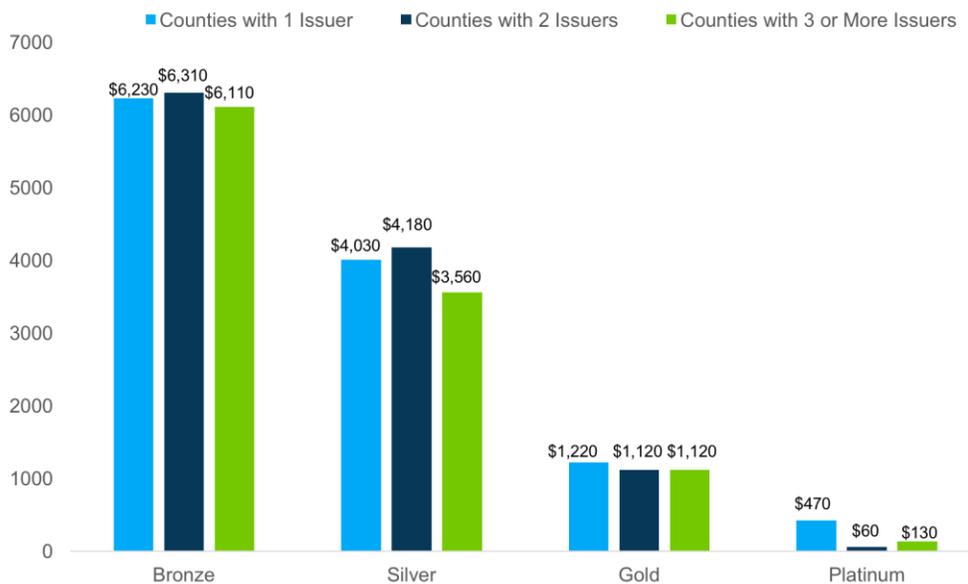
Figure 1: 2017 Average Premiums for 50-Year-Old Non-Smoker by County Participation



“Individuals who live in counties where there is limited competition among insurers have historically paid higher premiums compared to their counterparts who live in areas where there is more robust competition,” said Chris Sloan, senior manager at Avalere. “For 2018, we’re expecting the highest percentage of enrollees to live in counties with limited competition since the exchanges were established.”

Additionally, Avalere analyzed the average combined deductibles (i.e., medical and drug) across metal types and counties with 1, 2, and 3 or more insurers. The research found that areas with high competition (counties with 3 or more insurers) had lower average deductibles for bronze and silver plans. At the silver level, plans offered in counties where there is 1 insurer have a \$4,030 combined deductible on average. Average deductibles are higher (\$4,180) for silver plans in regions with two insurers. However, deductibles fall to \$3,560 in high-competition areas with 3 or more insurers.

Figure 2: 2017 Average Combined Deductible by County Participation



“As levels of competition between insurers increase, plans may be more likely to offer lower deductibles as a way to attract enrollment,” said Elizabeth Carpenter, senior vice president at Avalere. “Though many exchange enrollees receive subsidies that insulate them from higher premiums in their region, lower deductibles can attract subsidized and unsubsidized consumers alike.”

Avalere also examined average combined maximum out-of-pockets, primary care provider (PCP) copayments, PCP coinsurance, specialist coinsurance, generic copayment, preferred



brand copayment, non-preferred brand copayment, and specialty coinsurance. This analysis did not reveal substantial variation between counties with high or low insurer participation.

METHODOLOGY

To conduct this analysis, Avalere used the 2017 Department of Health and Human Services (HHS) Individual Market Landscape file. Avalere tagged counties by the number of participating insurers and conducted averages of their premiums, cost sharing, and network types. For purposes of this analysis, Avalere solely focused on Healthcare.gov states and did not weight by enrollment.

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