

The ACA Today

The American Rescue Plan and other Recent
Developments in Commercial Marketplaces

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Caveats and Limitations

LIMITATIONS

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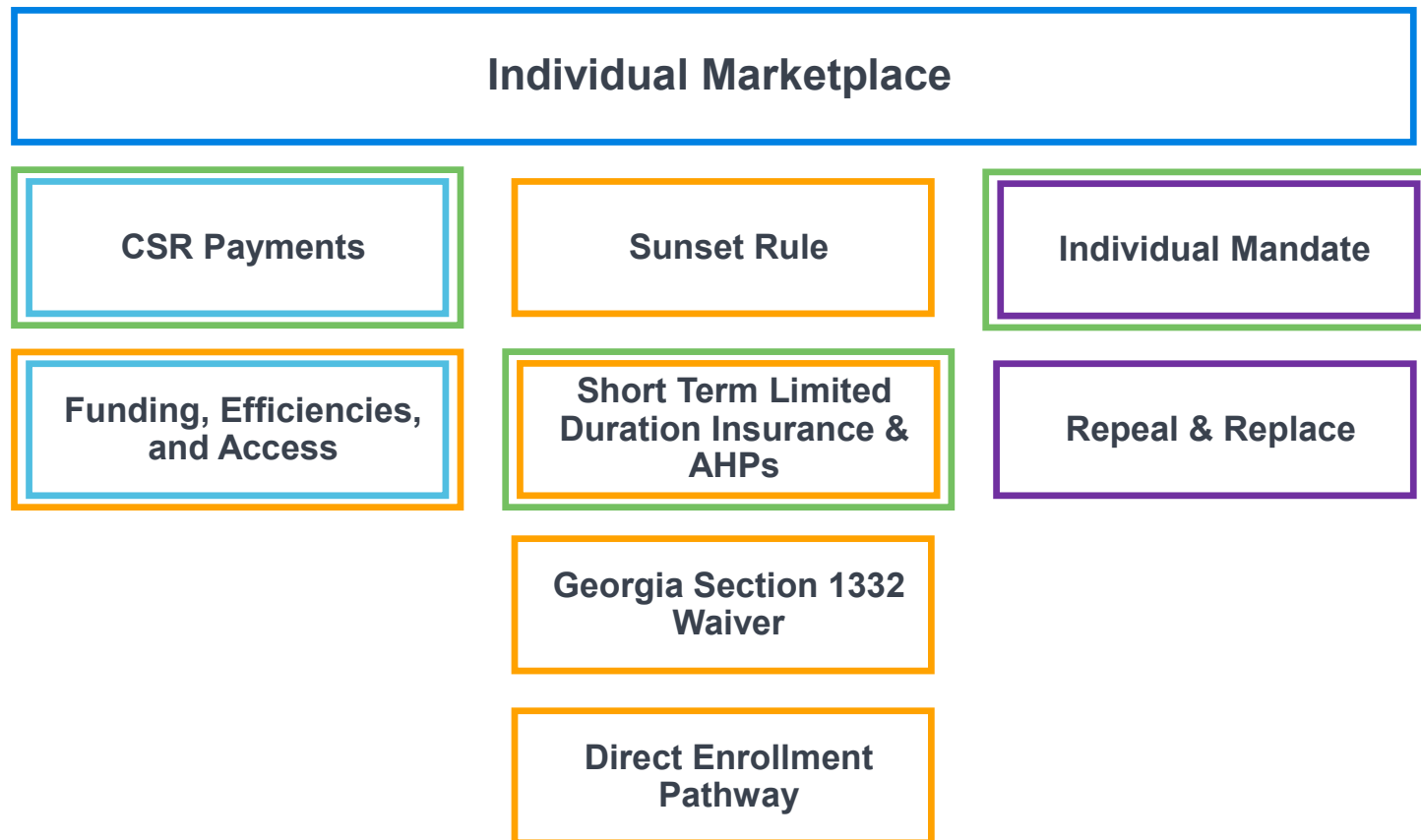
QUALIFICATIONS

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. David Hayes is a member of the American Academy of Actuaries and meets the qualification standards for performing the analyses contained herein.

Part I. Healthcare Policy Wars

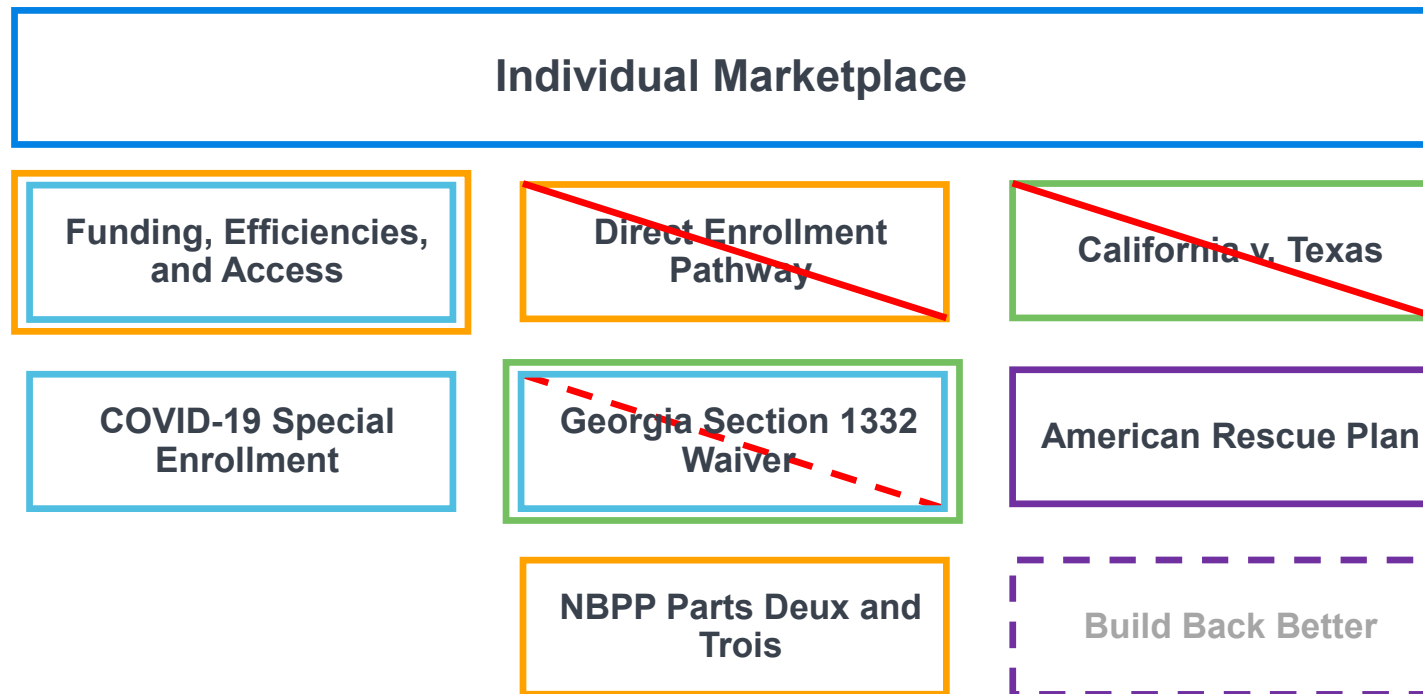
Trump Administration

“Who knew that healthcare was so complicated?”



Biden Administration

Let's agree to disagree



- Executive Orders
- Rulemaking
- Legislation
- Litigation

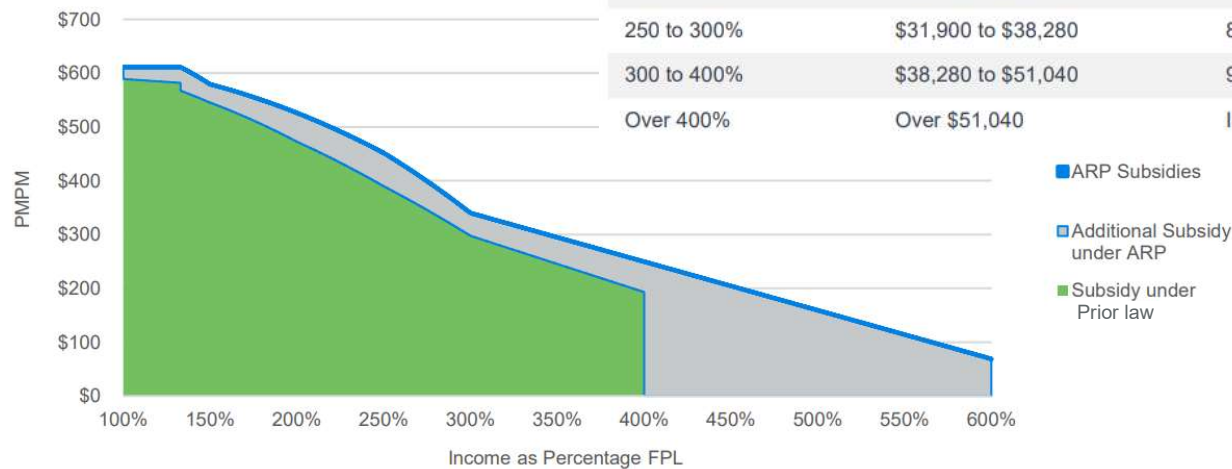
The American Rescue Plan

Impact on Individual Market

FIGURE 1: BENCHMARK PREMIUM LIMITS BY INCOME LEVEL, CURRENT LAW AND UNDER ARP

FPL Corridor	Associated Income Level (continental US)	Premium Limits as % of Income		Annual Increase to Premium Subsidies
		Current - 2021	Under ARP	
Under 100%	Under \$12,760	Ineligible	Ineligible	N/A
100 to 133%	\$12,760 to \$16,971	2.07%	0%	\$264 to \$351
133 to 150%	\$16,971 to \$19,140	3.10% to 4.14%	0%	\$526 to \$792
150 to 200%	\$19,140 to \$25,520	4.14% to 6.52%	0% to 2%	\$792 to \$1,154
200 to 250%	\$25,520 to \$31,900	6.52% to 8.33%	2% to 4%	\$1,154 to \$1,381
250 to 300%	\$31,900 to \$38,280	8.33% to 9.83%	4% to 6%	\$1,381 to \$1,466
300 to 400%	\$38,280 to \$51,040	9.83%	6% to 8.5%	\$679 to \$1,466
Over 400%	Over \$51,040	Ineligible	8.5%*	\$0 to \$2,993

FIGURE 6: 2021 PREMIUM TAX CREDIT, HOUSEHOLD SIZE 1

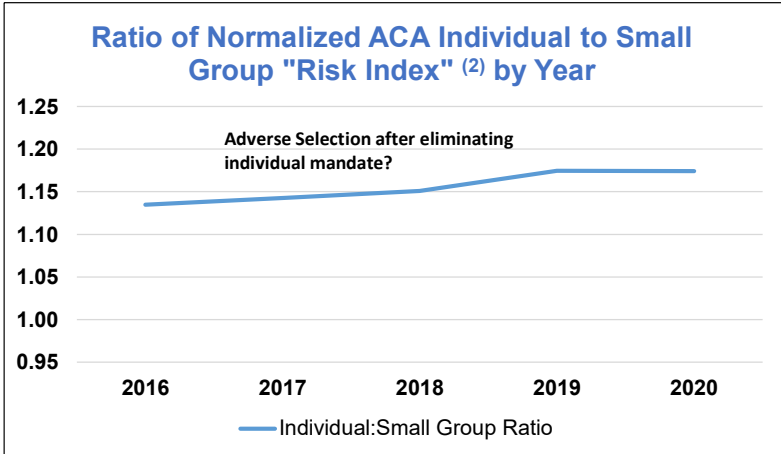
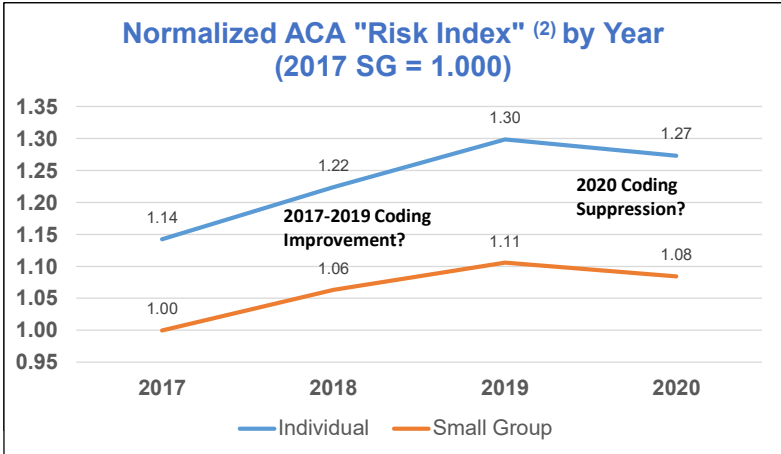
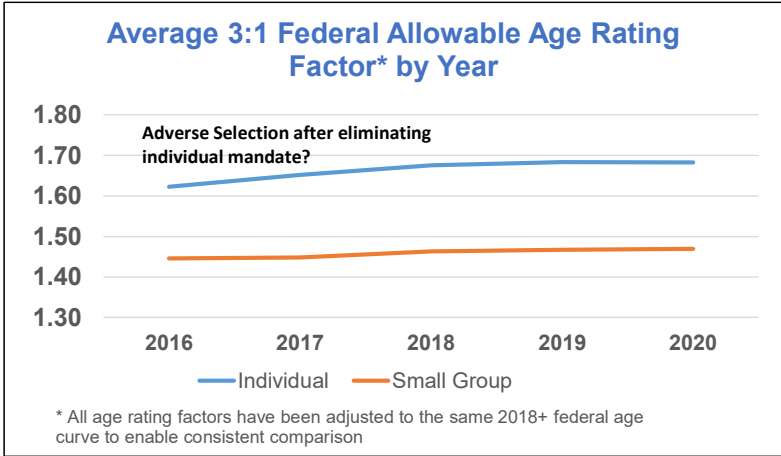
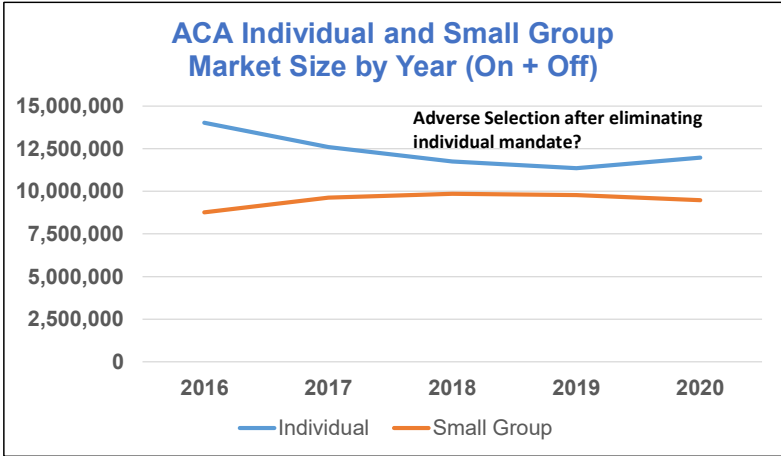


<https://us.milliman.com/-/media/milliman/pdfs/2021-articles/3-17-21-a-is-for-affordable.ashx>

Part II. The ACA Yesterday

Commercial market trends through 2020

Individual and Small Group Market Sizes and Risk Profiles (1) 2016-2020



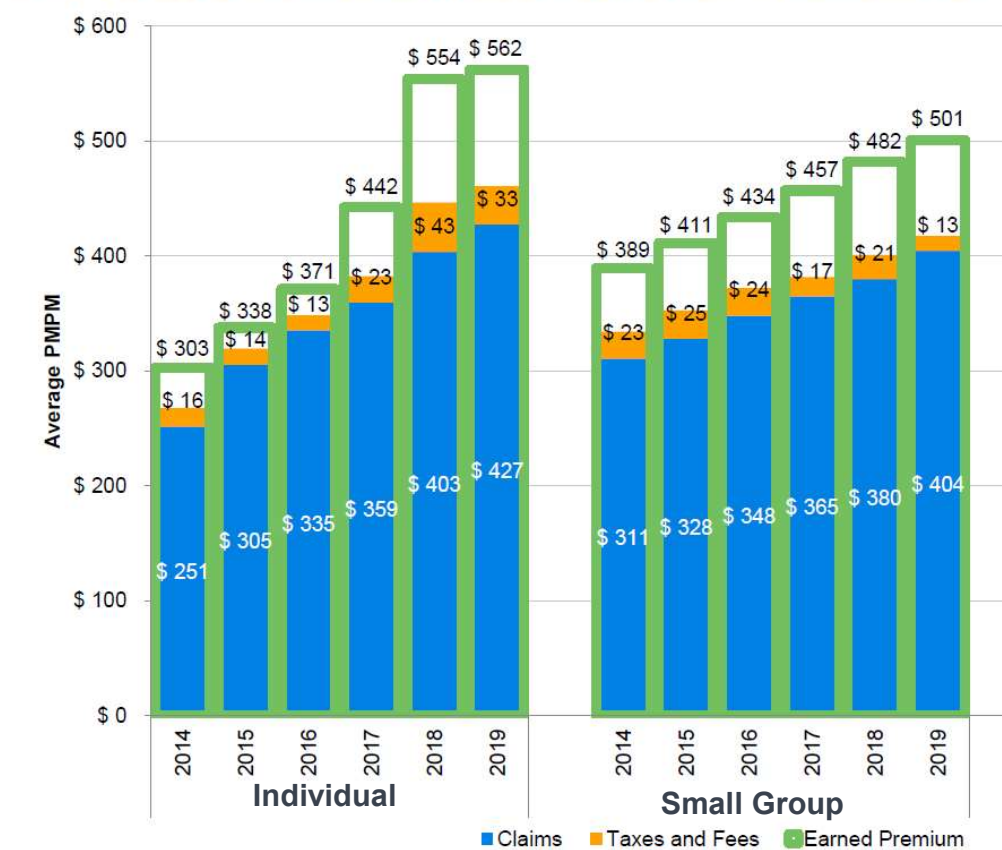
(1) Adapted from 2016 through 2020 ACA risk adjustment reports, before RADV

(2) Risk index is a measure of morbidity and coding intensity. It is derived from plan liability risk scores, controlling for demographics, plan mix, and HHS-HCC model changes over time.

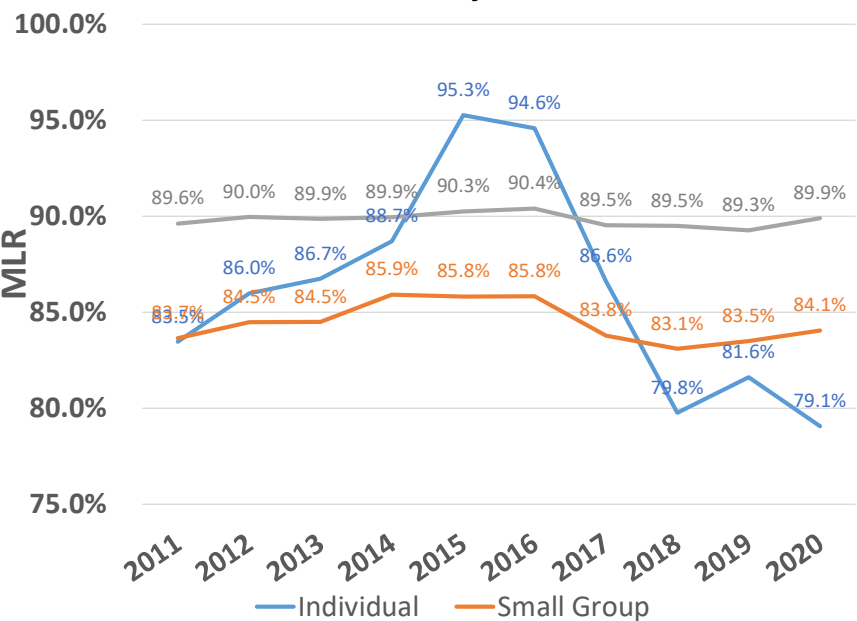
Individual and Small Group Premiums and Financial Performance

A recent history

FIGURE 7: CLAIMS EXPENSE AND TAXES AND FEES VERSUS EARNED PREMIUM, 2014 TO 2019



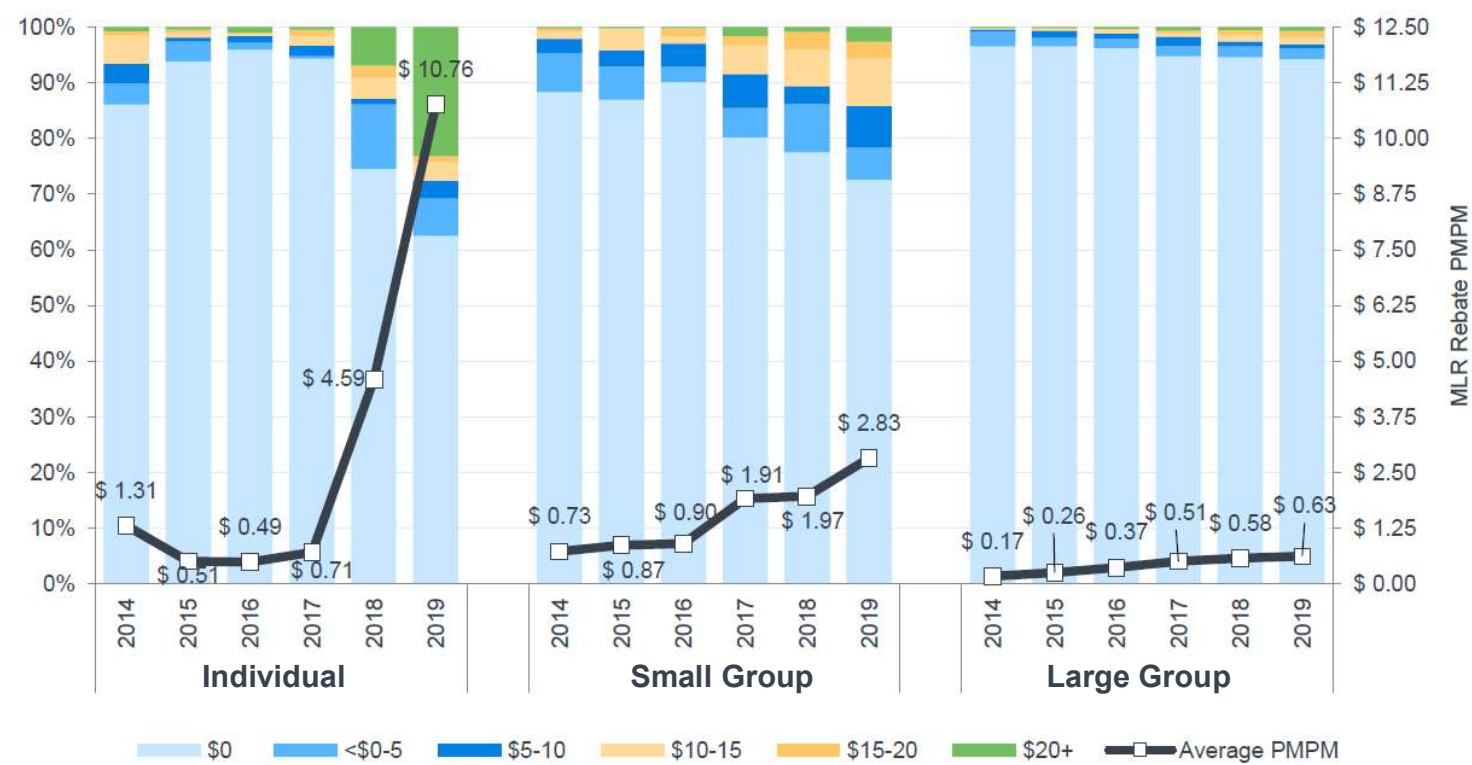
Average Commercial Single-Year Medical Loss Ratio^{1,2} 2011-2020³, by Market



1. MLR equals the sum of Incurred Claims, Risk Adjustment, and Healthcare Quality Improvement Expenses divided by Premiums net of taxes and fees
 2. Financial results have not been adjusted for risk corridor recoveries resulting from Maine Community Health Options v. United States.

Commercial MLR Rebates 2014-2019

FIGURE 9: MEDICAL LOSS RATIO REBATE, 2014 THROUGH 2019

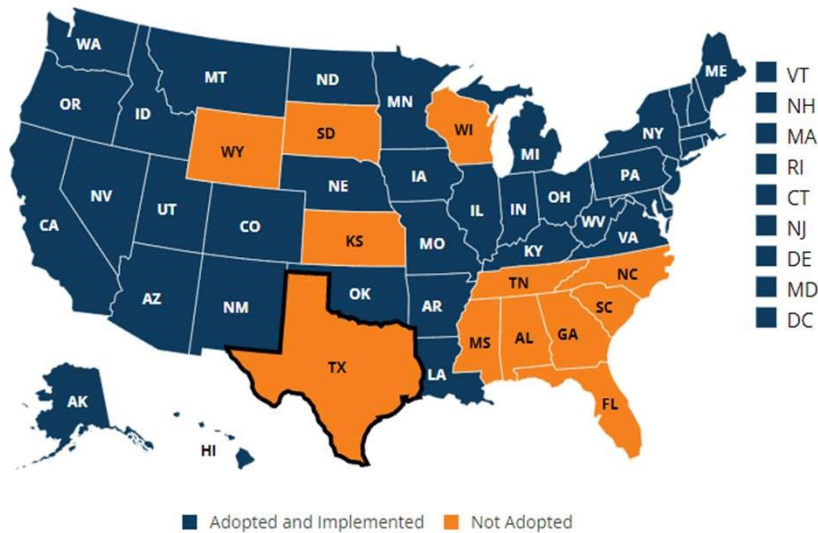


Part III. The ACA Today

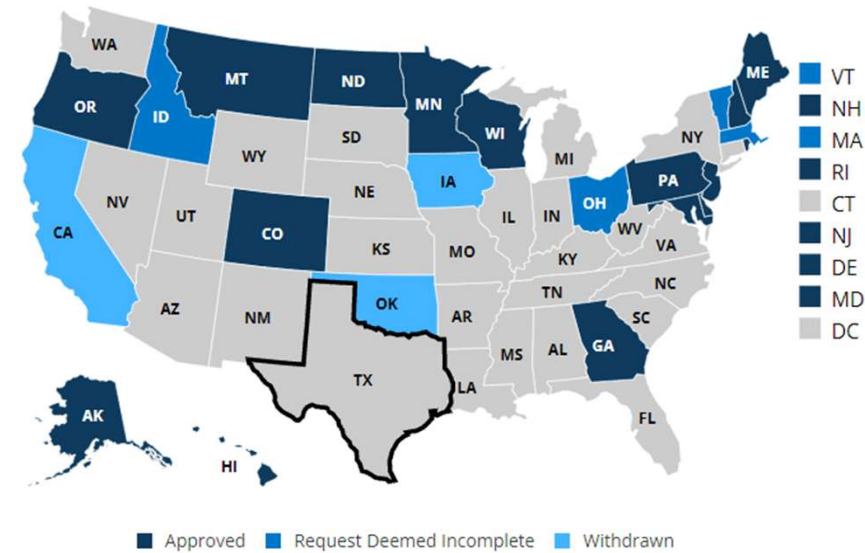
Observations on 2021

State Market Variations - 2021

Status of State Action on the Medicaid Expansion Decision



Section 1332 State Innovation Waivers



*Alaska: Reinsurance

Colorado: Reinsurance

Delaware: Reinsurance

*Georgia: Reinsurance + Georgia Access Model (under review)

*Hawaii: Waive certain SHOP requirements

*Maine: Reinsurance

Maryland: Reinsurance

Minnesota: Reinsurance

Montana: Reinsurance

New Hampshire: Reinsurance

New Jersey: Reinsurance

North Dakota: Reinsurance

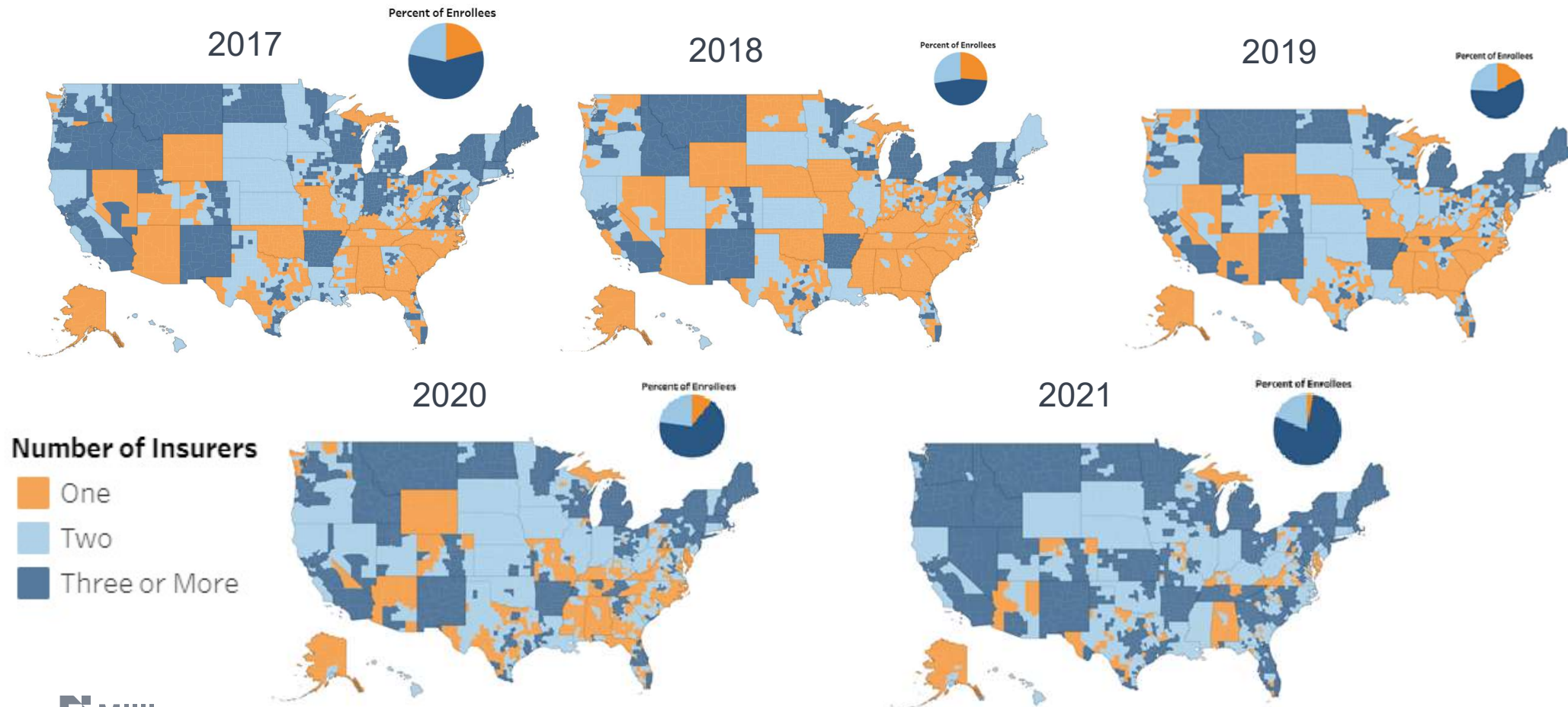
Oregon: Reinsurance

Pennsylvania: Reinsurance

Rhode Island: Reinsurance

Wisconsin: Reinsurance

Insurers on Individual ACA Marketplaces: 2017-2021



2021 ACA Individual Premium Changes

Table 1: Change in the Average Lowest-Cost Premium by Metal Level Before Tax Credit, 2020-2021 for a 40-year-old

	2020	2021	% Change
Lowest Cost Bronze Premium	\$331	\$328	-0.9%
Lowest Cost Silver Premium	\$442	\$436	-1.4%
Lowest Cost Gold Premium	\$501	\$481	-4.0%
Benchmark Premium	\$462	\$452	-2.2%

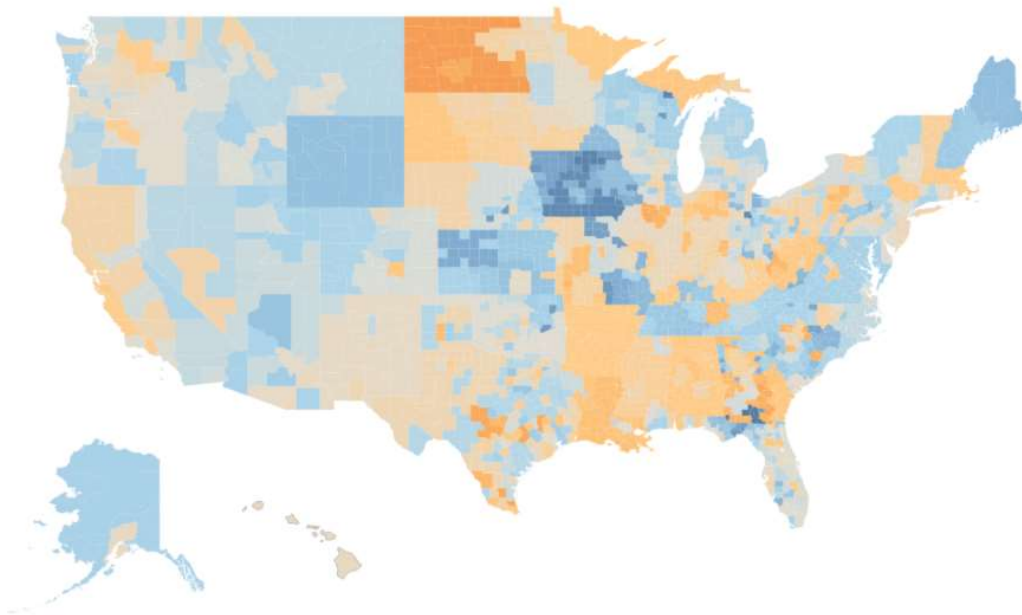
SOURCE: KFF analysis of premium data from Healthcare.gov and review of state rate filings.

Premium Change for Lowest-Cost Silver Plan: 2020-2021

Age 40, gross of premium subsidies

Change in Lowest-Cost Monthly Premium, 2020-2021

-\$308 \$116

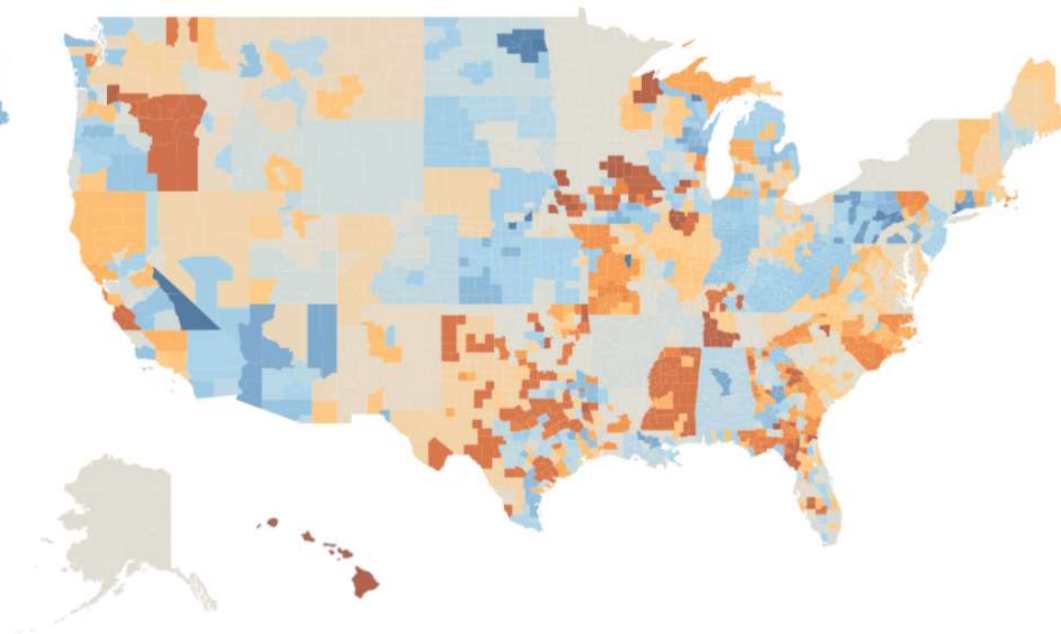


SOURCE: KFF analysis of premium data from Healthcare.gov and a review of state rate filings.

Age 40, net of premium subsidies, 157% FPL

Change in Lowest-Cost Monthly Premium, 2020-2021

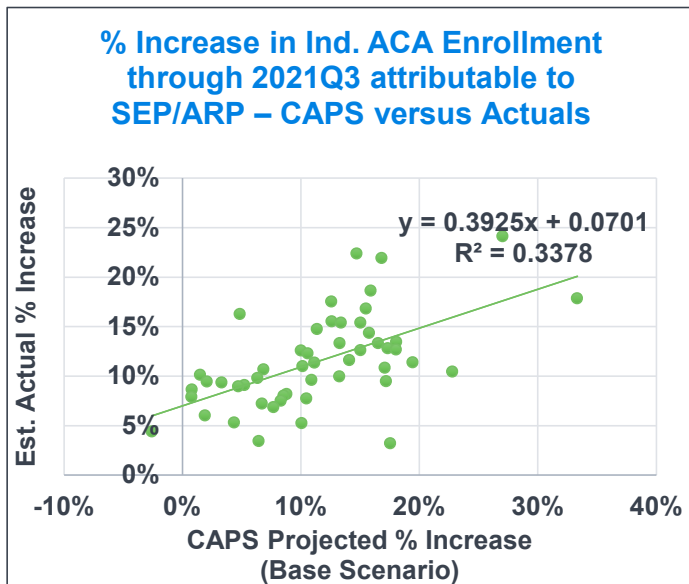
-\$77 \$413



SOURCE: KFF analysis of premium data from Healthcare.gov and a review of state rate filings.

The 2021 ACA Special Enrollment Period

- 2.8 million gross plan selections* during 2021 SEP
 - * Net enrollment impact is lower due to terminations
- 2021 CAPS projections track reasonably well with observations
- Highest rate of SEP enrollment in non-expansion states



Top 8 States by Estimated Individual ACA Enrollment Growth during 2021 SEP

Texas*	24%
Georgia*	22%
Mississippi*	22%
Tennessee*	19%
Arizona	18%
South Carolina*	18%
Missouri**	17%
Florida*	16%

* Non-Medicaid-Expansion state

** Medicaid Expansion approved but not yet in effect

- Total Individual ACA Enrollment may now be as high as 14 million
 - 12.6 million on exchange
 - Up to 1.8 million off exchange (pending 2021 data)
- Up from 12.4 million start of 2021 and 11.8 million start of 2020



Questions?

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