

# State of the Commonwealth's Insurance Marketplace

*Presented by:*

*Julie S. Blauvelt, Deputy Commissioner*

*Life and Health Division*

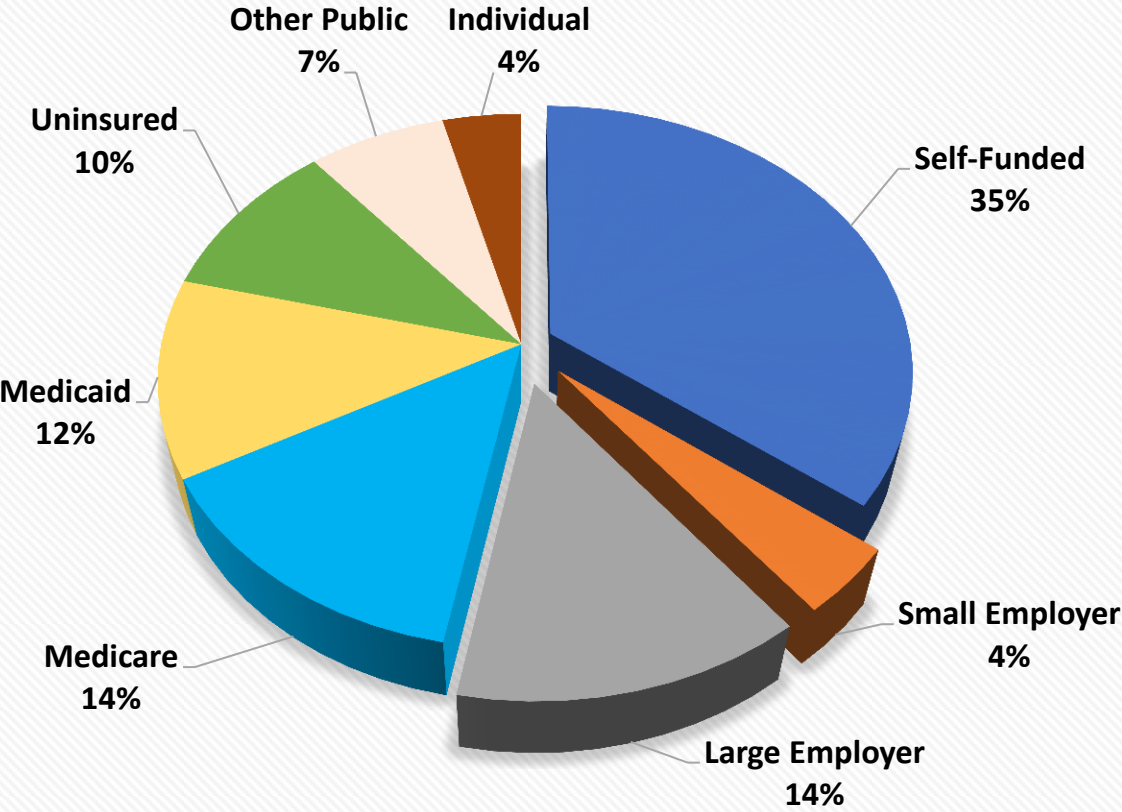
*State Corporation Commission – Bureau of Insurance*

*May 6, 2019*

# Overview

- Provide a breakdown of health care coverage in Virginia
- Look at premium rates over time in the individual and small group markets
- Carrier participation in Virginia
- Breakdown of individual market and the effects of various options

# Health Care Coverage of the Virginia Population - 2018



■ Self-Funded ■ Small Employer ■ Large Employer ■ Medicare ■ Medicaid ■ Uninsured ■ Other Public ■ Individual

**Source:** U.S. Census Bureau - Current Population Survey - Annual Social and Economic Supplements

**Definitions**

**Medicaid:** Includes those covered by Medicaid, the Children’s Health Insurance Program (CHIP), and those who have both Medicaid and another type of coverage, such as dual eligibles who are also covered by Medicare.

**Medicare:** Includes those covered by Medicare, Medicare Advantage, and those who have Medicare and another type of non-Medicaid coverage where Medicare is the primary payer. Excludes those with Medicare Part A coverage only and those covered by Medicare and Medicaid (dual eligibles).

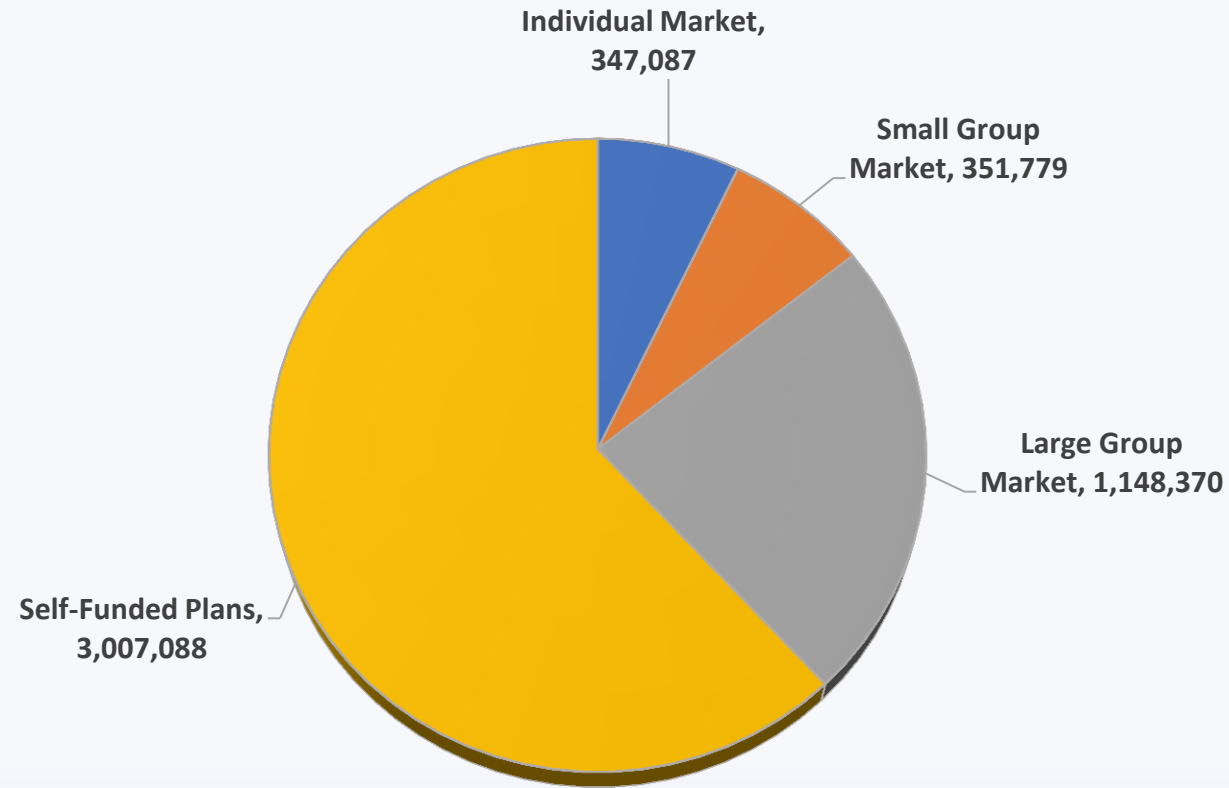
**Employer:** Includes those covered by employer-sponsored coverage either through their own job or as a dependent in the same household.

**Other Public:** Includes those covered under the military or Veterans Administration.

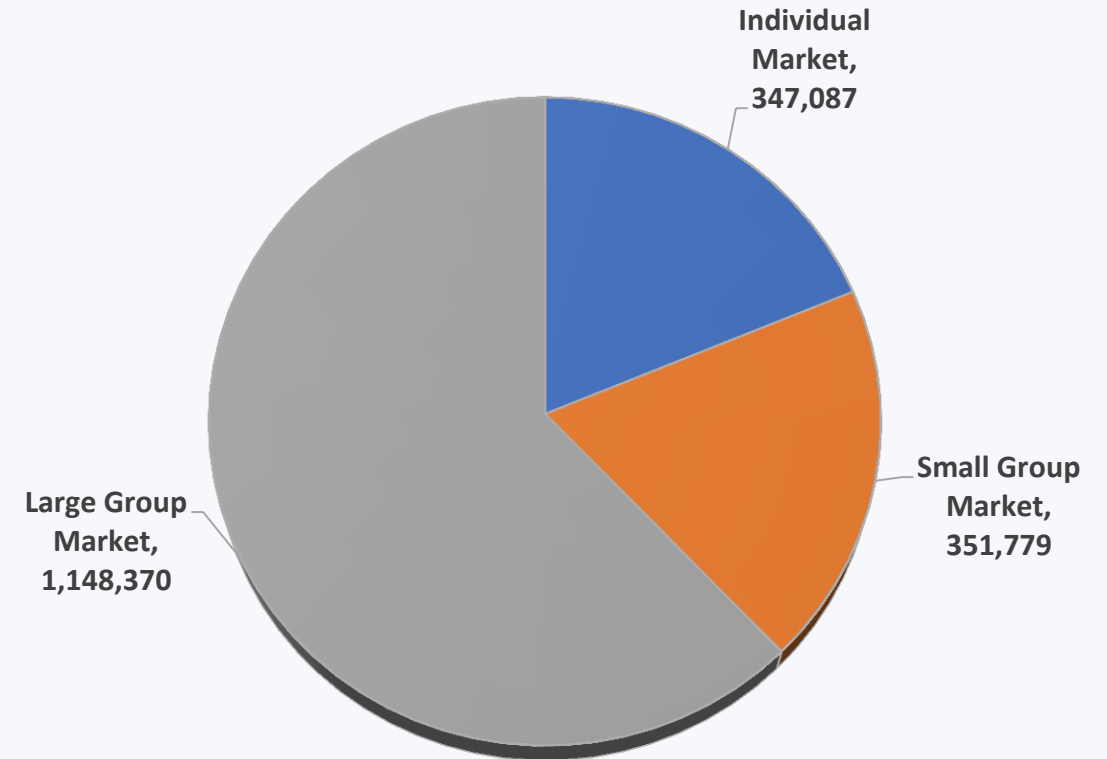
**Non-Group:** Includes individuals and families that purchased or are covered as a dependent by non-group insurance.

**Uninsured:** Includes those without health insurance and those who have coverage under the Indian Health Service only.

## Enrollment in Self-Funded Plans and the Individual, Small Group, and Large Group Comprehensive Markets - 2018



## Enrollment in the Fully-Insured Market – Individual, Small Group, and Large Group Comprehensive - 2018



Health Care Coverage of the Virginia Population						
	<u>Employer</u>	<u>Non-Group</u>	<u>Medicaid</u>	<u>Medicare</u>	<u>Other Public</u>	<u>Uninsured</u>
2018	53%	4%	12%	14%	7%	10%
2017	55%	5%	11%	14%	5%	9%
2016	55%	5%	12%	14%	5%	10%
2015	53%	8%	11%	14%	5%	9%
2014	55%	7%	9%	13%	6%	10%
2013	57%	4%	9%	12%	6%	12%
2012	55%	5%	11%	12%	5%	13%
2011	55%	5%	11%	12%	5%	13%
2010	55%	5%	10%	12%	5%	13%
2009	57%	5%	10%	11%	5%	12%
2008	59%	5%	9%	11%	4%	12%

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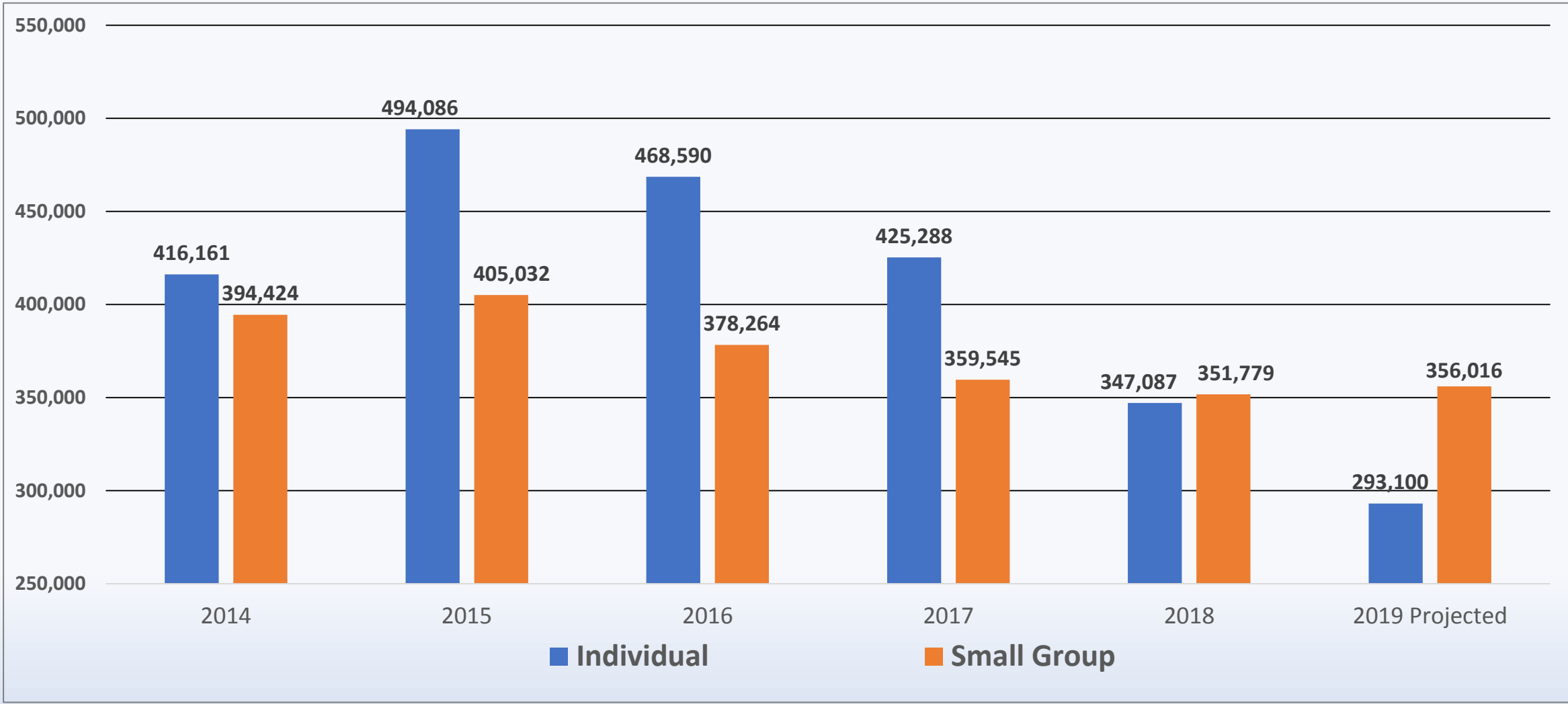
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# Individual and Small Group Comprehensive Markets

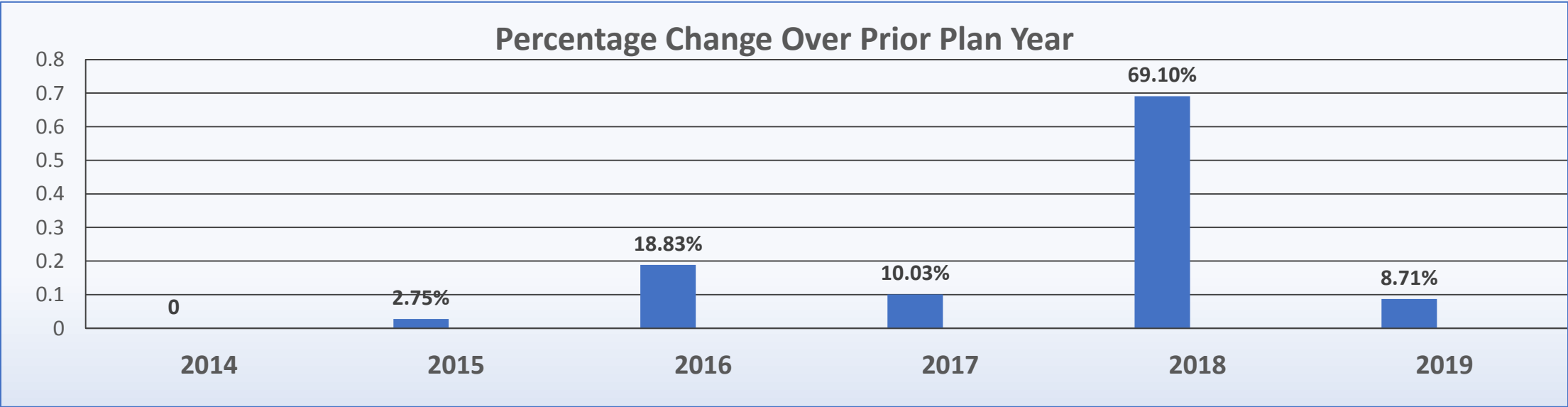
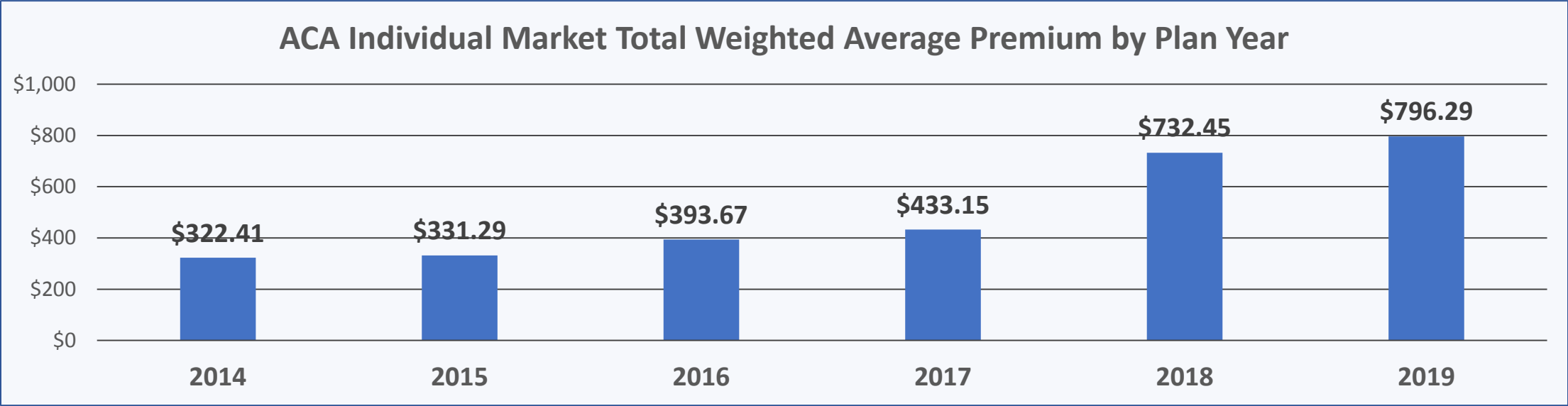
## Total Enrollment 2014 - 2019



Sources: Annual Supplemental Health Care Report – Number of covered lives by market for 2014-2018. 2019 data derived from the 2019 rate filings and the report “Virginia – Individual Market Summary and Modeling Results – January 4, 2019” - Oliver Wyman.

# Effects on Individual Market Rates due to Medicaid Expansion

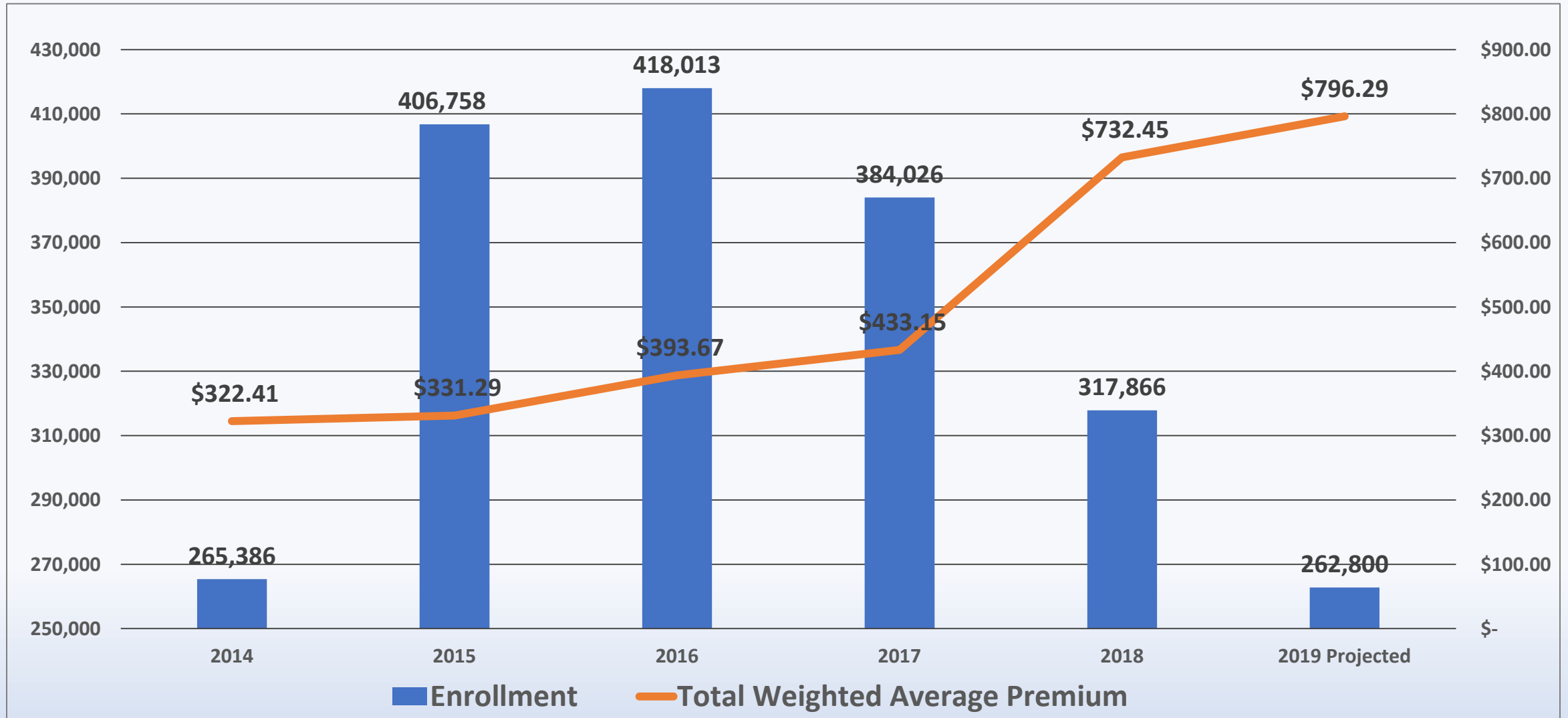
- Medicaid expansion estimated impact ranged from 0% to -2.3%
- Actuarial study estimated 44,300-70,400 will move from Individual Market to Medicaid over the next one to three years.
- Transition – agencies worked together



Total Increase of Weighted Average Premium 2014-2019: \$473.87/mo. Total Percentage Increase of Weighted Average Premium 2014-2019: 147%.

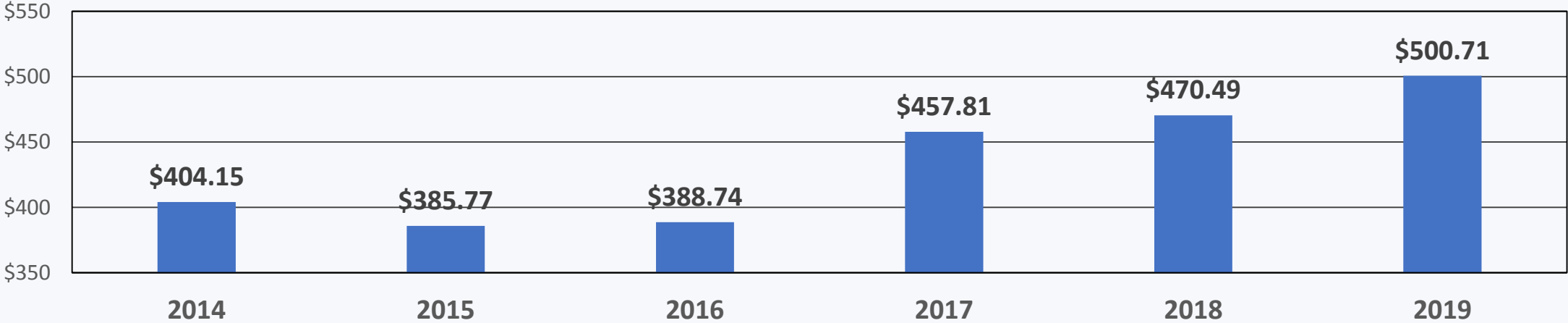


# Individual ACA Total Enrollment and Total Weighted Average Premium 2014 - 2019

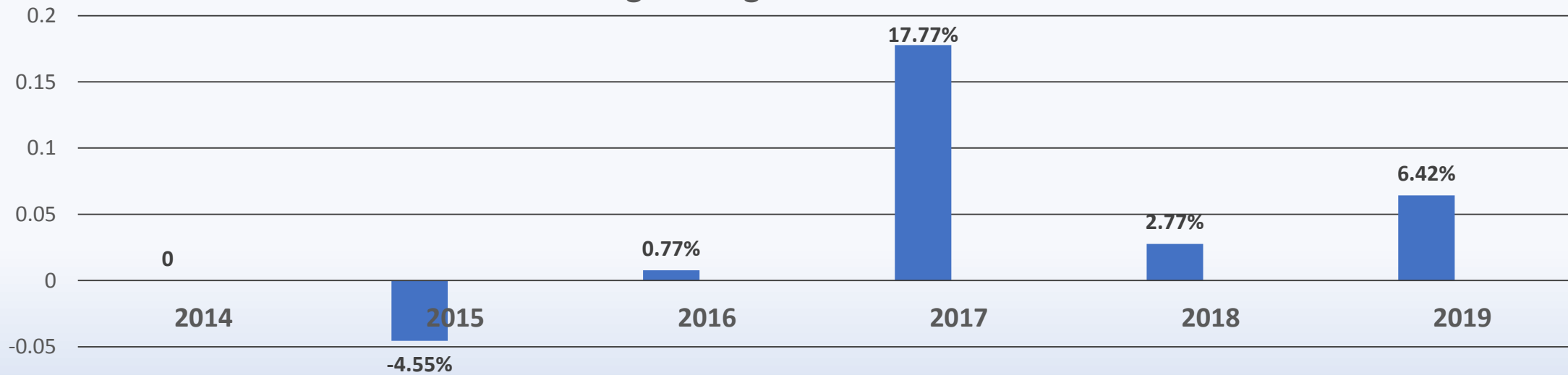


Sources: 2014-2018 data derived from the rate filings. 2019 data derived from the report “Virginia – Individual Market Summary and Modeling Results – January 4, 2019” - Oliver Wyman.

ACA Small Group Total Weighted Average Premium by Plan Year

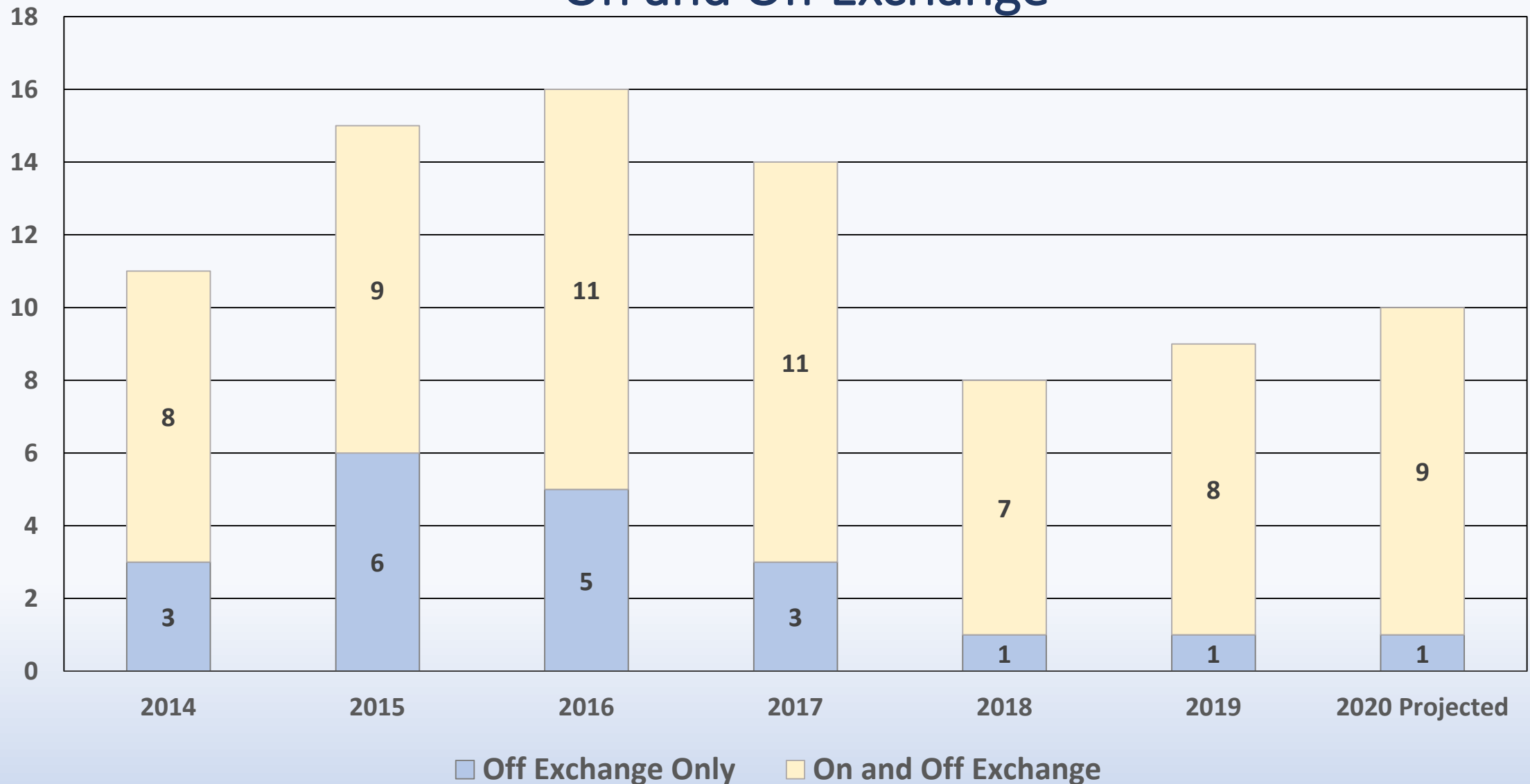


Percentage Change Over Prior Plan Year

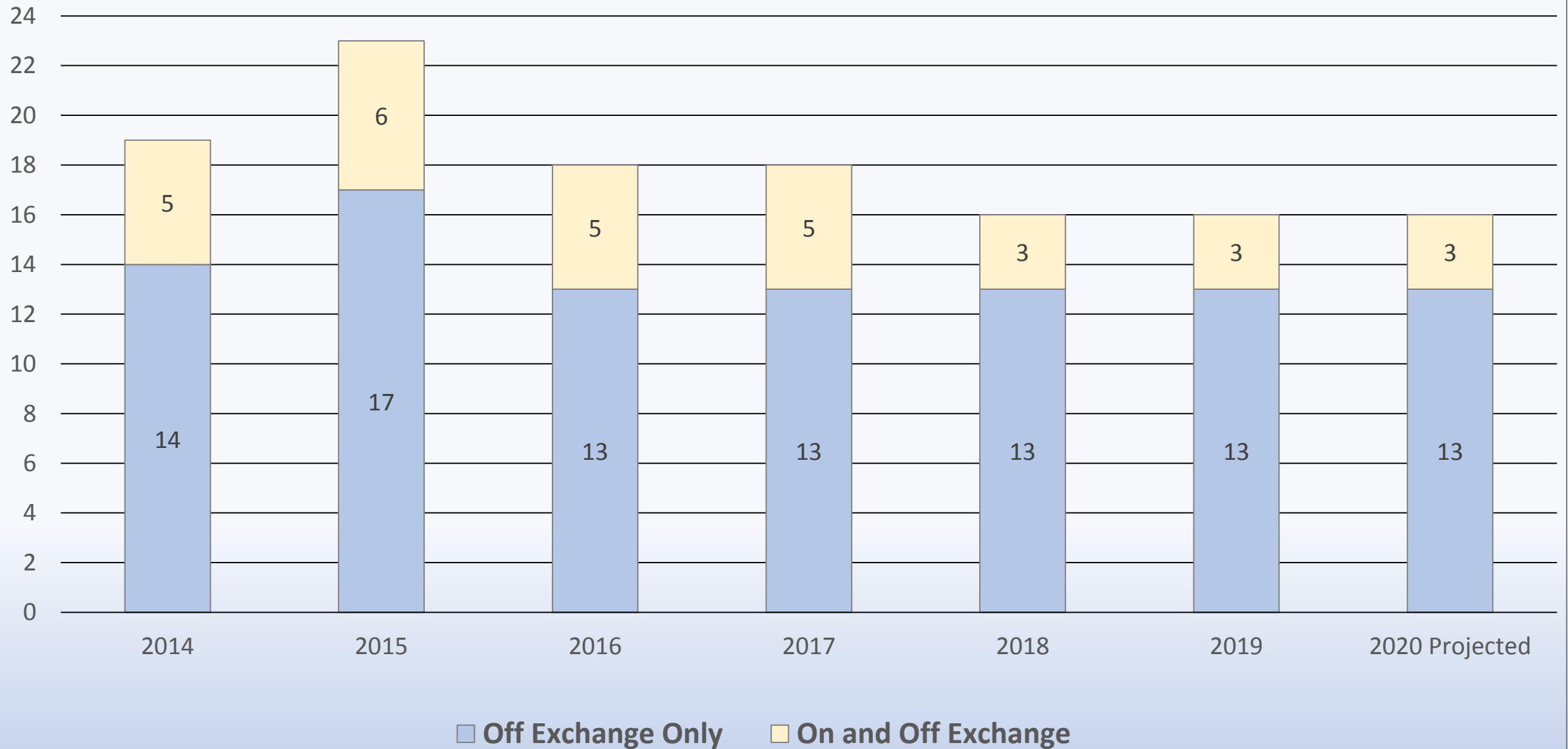


Total Increase of Weighted Average Premium 2014-2019: \$96.56/mo. Total Percentage Increase of Weighted Average Premium 2014-2019: 24%.

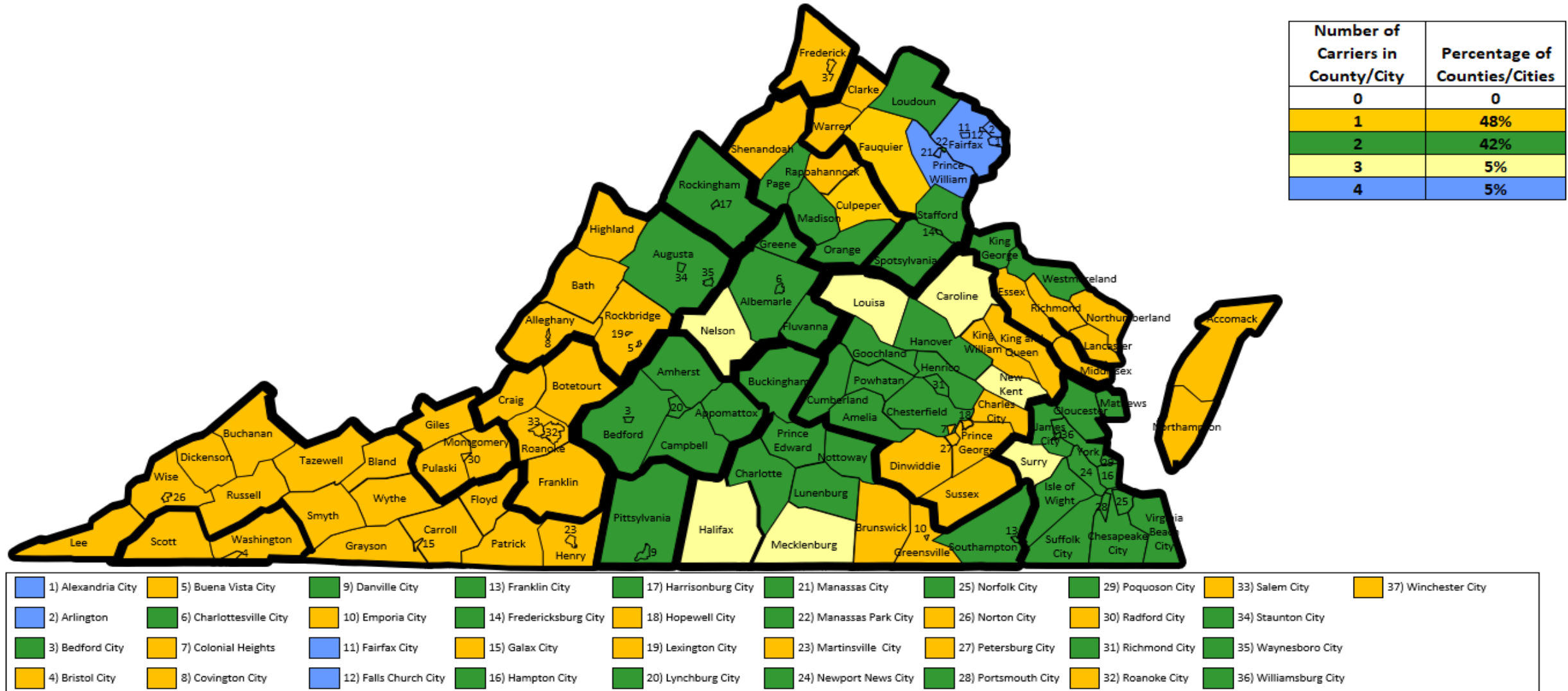
# Number of Carriers in the Individual Market On and Off Exchange



# Number of Carriers in the Small Group Market On and Off Exchange

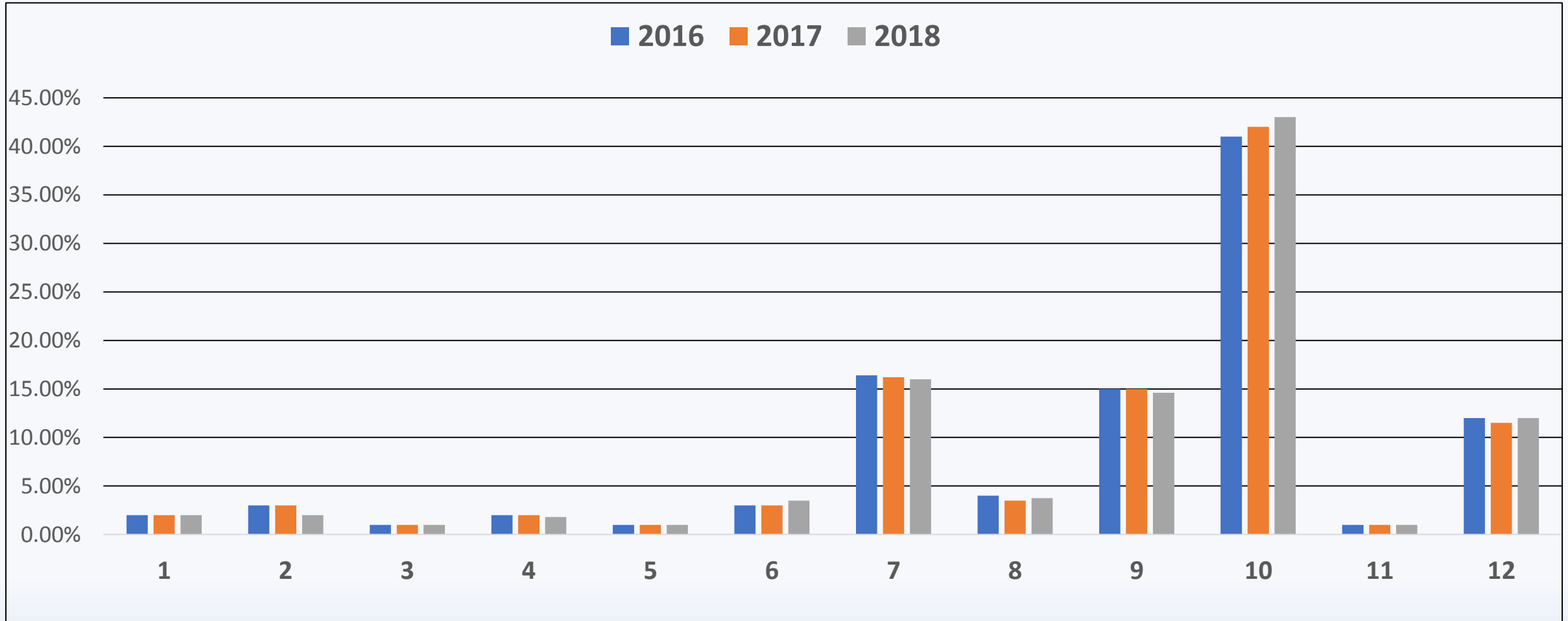


# 2019 Virginia Individual Market – Number of Carriers by County or Independent City



In an effort to provide the most accurate information available, the carrier count for the counties of Caroline, Louisa, Orange, and Westmorland includes a carrier that does not cover the entire county, but who offers coverage to a substantial population in those counties. The carrier count for the counties of Fairfax and Prince William include two carriers that do not cover the entire county, but who offer coverage to a substantial population in those counties. An additional one or two carriers offer coverage to a small population in partial areas of the counties of Loudoun, Culpeper, Fauquier, and Hanover. Those carriers are not counted in the total for these counties.

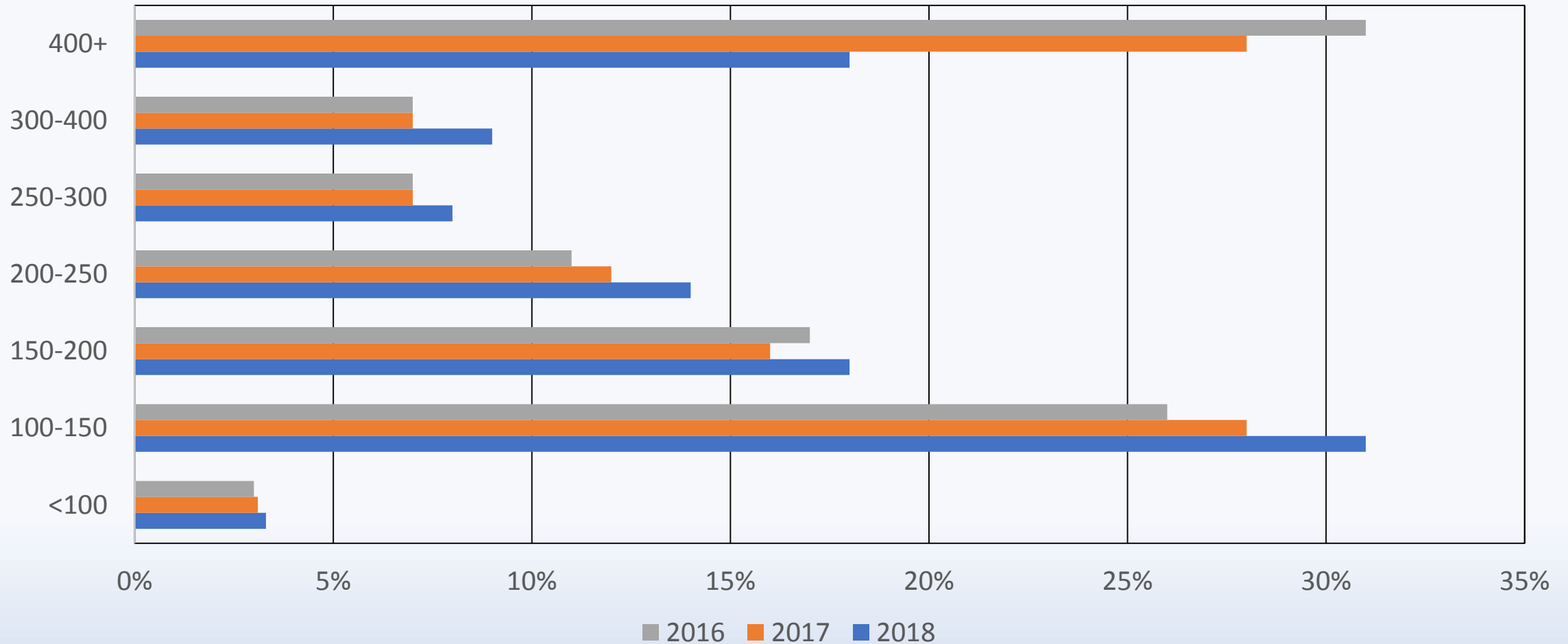
# Distribution of the Individual Market Enrollment by Rating Area



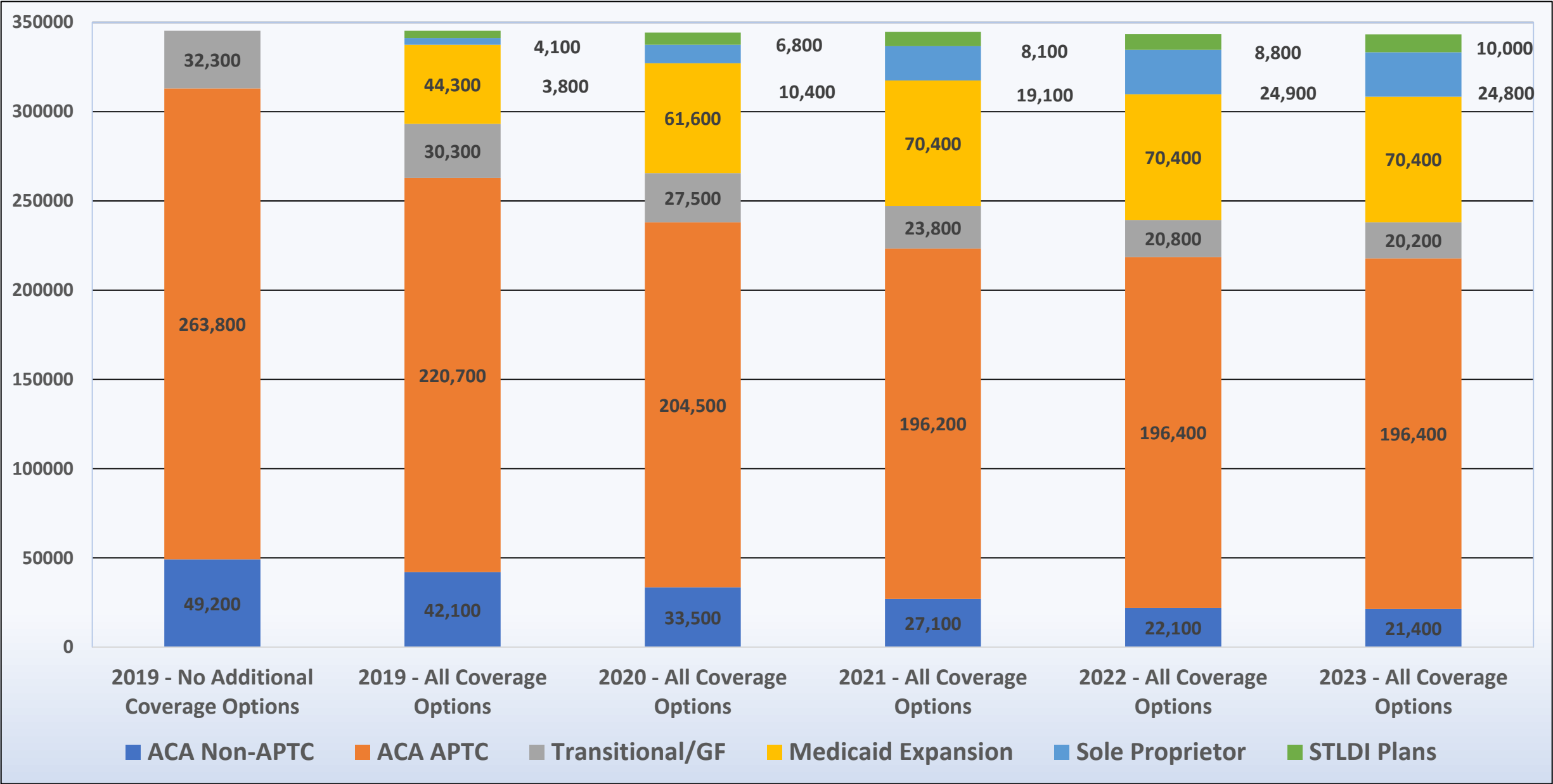
## \*\*Metropolitan Statistical (Rating Area) Key

1 Blacksburg 2 Charlottesville 3 Danville 4 Harrisonburg 5 Bristol 6 Lynchburg 7 Richmond 8 Roanoke 9 VA Beach – Norfolk 10 Washington/Arlington/Alexandria 11 Winchester 12 Non-MSA

# Estimated Distribution of the On-Exchange Individual Market Enrollment by Federal Poverty Level



# Estimated Impact of New Coverage Options on Projected Individual Market Enrollees





# Summary of Markets – Recent Years

- Employer-sponsored coverage covers more than half of the Virginia population; the majority being self-funded
- Employer market steadily decreasing
- Medicare, Medicaid, Other Public increasing as a percentage of total Virginia population
- Uninsured decreased since ACA inception; expect that to decrease more with Medicaid expansion
- Individual market enrollment peaked in early years of ACA, but mostly subsidized individuals remain as the cost of coverage continues to increase; however, carrier interest has re-emerged

# Market Observations; Effect of Other Coverage Options

- Greatest effect on individual market for 2019 is Medicaid expansion – project that approx. 45,000 left the <138% FPL tier to move to Medicaid (about 55% of those eligible)
- Assume those unsubsidized that remain in the individual market are less healthy than in previous years due to high premium
- Assume all self-employed unsubsidized individuals move to small group over time – improves morbidity of individual market due to higher average morbidity of the unsubsidized portion of the market
- Healthy unsubsidized move to less expensive short-term limited-duration coverage – increases morbidity of individual market

# Mandated Benefits and Essential Health Benefits (EHBs)

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*May 6, 2019*

# Overview

- Employer-sponsored and individual health plans have basic benefit and protection requirements under federal law
- Virginia law includes mandated benefits for fully-insured health care coverage
  - Quick summary of mandated benefits report
- ACA requires coverage of EHB for individual and small group plans
- EHB benchmark options

# Self-funded/Fully-insured Comparison

Self-funded employer coverage	Fully-insured employer coverage
ERISA requirements apply <ul style="list-style-type: none"><li>• US Department of Labor enforcement</li></ul>	ERISA requirements apply <ul style="list-style-type: none"><li>• US Department of Labor enforcement of ERISA</li></ul>
Certain ACA requirements apply <ul style="list-style-type: none"><li>• US Health and Human Services enforcement</li></ul>	ACA requirements apply <ul style="list-style-type: none"><li>• State enforcement</li></ul>
State-mandated benefits do not apply	State-mandated benefits apply

# Minimum coverage required for employer groups

- ERISA requires group health plans (fully-insured and self-funded) to provide certain minimum coverage:
  - Coverage of adopted children
  - Mental health parity, if mental health benefits are provided
  - Minimum hospital stays for newborns and mothers
  - Reconstructive surgery after mastectomy
  - Pregnancy Discrimination Act – groups of 15 or more must provide equal coverage for pregnancy as for other conditions.

# Base ACA Requirements

- Benefits and protections for enrollees in fully-insured and self-funded health plans:
  - Prohibition on pre-existing exclusions
  - Prohibition of annual and lifetime dollar limits on EHB
  - Prohibition of rescissions, except for fraud or intentional material misrepresentation
  - Prohibition on discrimination based on health status
  - Prohibition on excessive waiting periods
  - Preventive care services with no cost sharing (non-grandfathered plans)
  - Dependent coverage up to age 26
  - Annual limit on cost-sharing (non-grandfathered plans)
  - Coverage for approved clinical trials (non-grandfathered plans)
  - Internal appeal and independent external review process (non-grandfathered plans)

# VIRGINIA MANDATED BENEFITS

Name of Required Benefit	Market Applicability	Year of Enactment	Citation Number
Coverage of newborn children	Individual, group	1975	§38.2-3411
Coverage for obstetrical services *	Group	1978	§38.2-3414
Coverage for victims of rape and incest	Individual, group	1981	§38.2-3418
Coverage for mammograms	Individual, group	1989	§38.2-3418.1
Coverage for childhood immunizations and well baby visits and care	Individual, group	1990	§38.2-3411.1 - §38.2-3411.3
Coverage for mental health and substance abuse services	Individual, group	1993	§38.2-3412.1
Coverage of procedures involving bones and joints	Individual, group	1995	§38.2-3418.2
Coverage for pap smears	Individual, group	1996	§38.2-3418.1:2
Coverage for postpartum services **	Individual, group	1996	§38.2-3414.1
Coverage for PSA (prostate-specific antigen) testing	Individual, group	1998	§38.2-3418.7
Coverage for reconstructive breast surgery	Individual, group	1998	§38.2-3418.4
Minimal hospital stays mastectomy, certain lymph node dissection patients	Individual, group	1998	§38.2-3418.6
Coverage for early intervention services	Individual, group	1998	§38.2-3418.5
Coverage for hemophilia and congenital bleeding disorders	Individual, group	1998	§38.2-3418.3
Coverage for hospice care	Individual, group	1999	§38.2-3418.11
Minimum hospital stays for hysterectomy	Individual, group	1999	§38.2-3418.9
Coverage for diabetes equipment, supplies, and education	Individual, group	1999	§38.2-3418.10
Coverage for clinical trials for treatment studies on cancer	Individual, group	1999	§38.2-3418.8
Coverage for Colorectal Cancer Screenings	Individual, group	2000	§38.2-3418.7:1
Coverage for Hospitalization and Anesthesia for dental procedures	Individual, group	2000	§38.2-3418.12
Coverage for morbid obesity *	Large Group	2000	§38.2-3418.13
Coverage for infant hearing screening and related diagnostics	Individual, group	2001	§38.2-3411.4
Coverage for Lymphedema	Individual, group	2003	§38.2-3418.14
Coverage for prosthetic devices and components *	Individual, group	2009	§38.2-3418.15
Coverage for telemedicine	Individual, group	2010	§38.2-3418.16
Coverage for preventive care services	Individual, group	2011	§38.2-3442
Coverage for autism spectrum disorders	Large Group	2011	§38.2-3418.17

\* These benefits are mandated offers.    \*\* This benefit is required to be offered if obstetrical services are offered.



## Costs of Virginia Mandated Benefits

Individual Contracts	
Average Annual Claim Cost Per Contract	\$747.00
Average Percentage of Total Claims	14.03%
Least Impact on Premiums – Single Coverage	Hospice Care \$0.01, Mental Health Services – Partial Hospitalization \$0.02; Substance Use Services – Partial Hospitalization \$0.02
Most Impact on Premiums – Single Coverage	Telemedicine Services \$2.13; Mental Health – Outpatient \$1.06; Early Intervention Services \$0.90
Least Impact on Premiums – Family Coverage	Mental Health – partial hospitalization \$0.01; Substance Use – partial hospitalization \$0.01; Pregnancy from Rape or Incest \$0.03
Most Impact on Premiums – Family Coverage	Telemedicine \$1.37; Childhood Immunizations \$1.16; Mental Health – Outpatient \$0.97
Lowest Average Claim Cost Per Contract	Pregnancy from Rape or Incest \$0.01; Prosthetic Devices and components \$0.04; Substance use – partial hospitalization \$0.08
Highest Average Claim Cost Per Contract	Telemedicine \$179.72; Mental Health – outpatient \$67.90; Colorectal cancer screening \$55.00

# Costs of Virginia Mandated Benefits

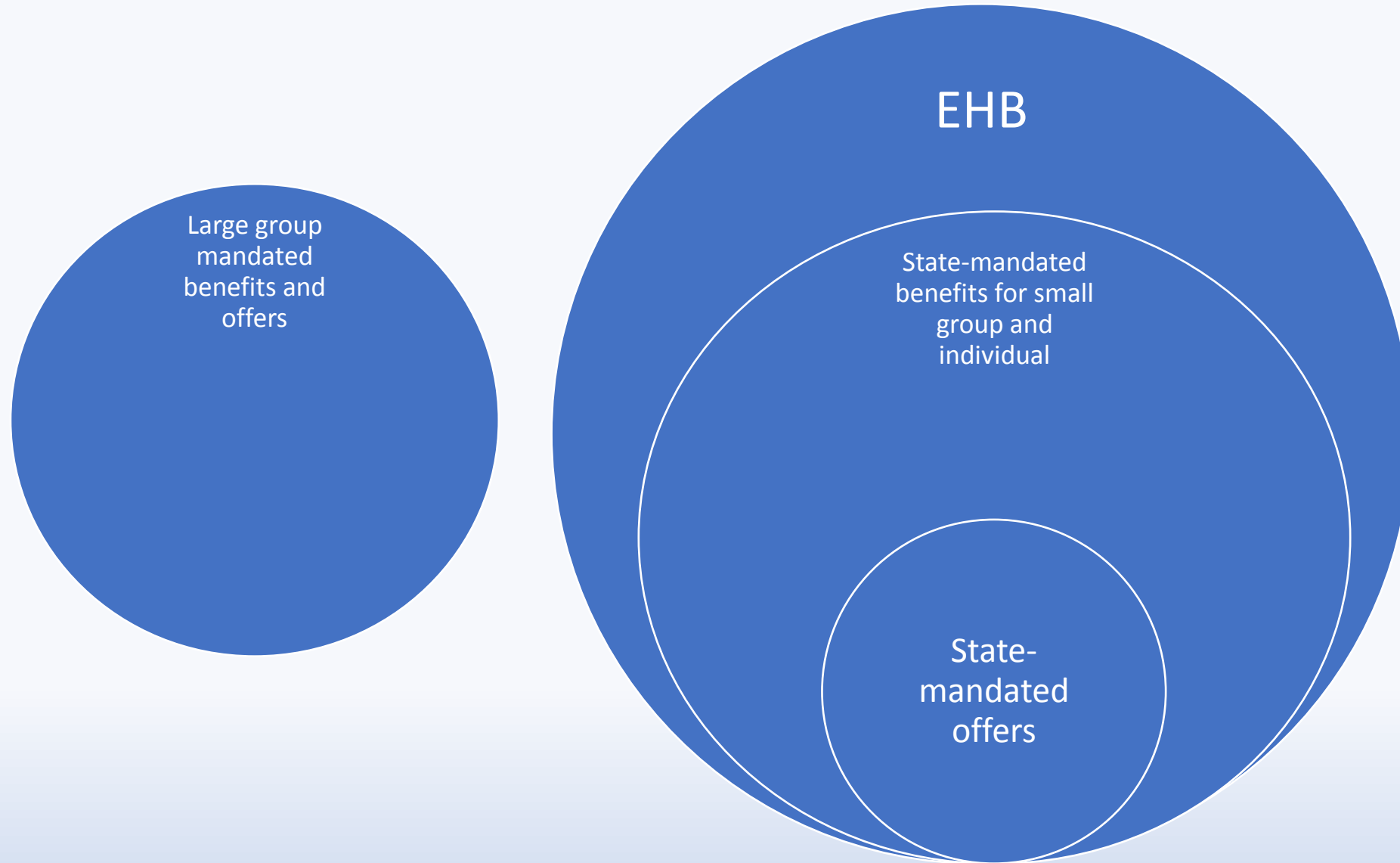
Group Contracts	
Average Annual Claim Cost Per Contract	\$1,237.95
Average Percentage of Total Claims	17.04%
Least Impact on Premiums – Single Coverage	Pregnancy from Rape or Incest \$0.00; Mental Health – Partial Hospitalization \$0.01; Substance Use – Partial Hospitalization \$0.01; Prosthetic Devices and Components
Most Impact on Premiums – Single Coverage	Telemedicine Services \$1.94; obstetrical services – normal \$1.51; obstetrical services – all other \$1.33
Least Impact on Premiums – Family Coverage	Pregnancy from Rape or incest \$0.00; Mental health – partial hospitalization \$0.01; Substance Use – partial hospitalization \$0.01
Most Impact on Premiums – Family Coverage	Telemedicine \$1.86; Newborn children \$1.82; Obstetrical services – normal \$1.63
Lowest Average Claim Cost Per Contract	Pregnancy from rape or incest \$0.04; morbid obesity \$0.15; mental health – partial hospitalization \$0.29
Highest Average Claim Cost Per Contract	Telemedicine \$186.65; Obstetrical services – all other \$151.84; childhood immunizations \$82.34
No Measurable Utilization of Services	Mental health – partial hospitalization; substance use – partial hospitalization; pregnancy from rape or incest; clinical trials for treatment studies on cancer; minimum hospital stay for hysterectomy; hospice care; hospitalization and anesthesia for dental procedures; treatment of morbid obesity
Utilization of Services – Most Visits – Average Visits Per Contract	Telemedicine 2.02; Childhood immunizations 1.18; mental health – outpatient .70
Utilization of Services – Most Inpatient or Partial Inpatient Days	Newborn children .15; obstetrical services – all other 0.12; mental health – inpatient 0.11

# Essential Health Benefits

## Individual and Small Group

- Outpatient Care
- Emergency Care
- Inpatient Services
- Maternity and Newborn
- Lab Services
- Prescription Drug
- Rehabilitative and Habilitative Services
- Mental Health/Substance Use Disorder Services
- Preventive Care and Wellness
- Pediatric Vision and Pediatric Dental

# Relationship of EHB to State-mandated Benefits



# EHB and State-mandated Benefit Requirement Comparison

Self-funded employer coverage	Large group fully-insured coverage	Small group and individual fully-insured coverage
State-mandated benefits do not apply	Subject to state-mandated benefits	Subject to state-mandated benefits
Not required to provide any EHB category	Not required to provide any EHB category	Must provide EHB categories
If provide any EHB category, annual or lifetime dollar limits on EHB are prohibited	If provide any EHB category, annual or lifetime dollar limits on EHB are prohibited	Annual and lifetime dollar limits on EHB prohibited
Must adhere to HHS-set annual out-of-pocket maximum applicable to EHBs	Must adhere to HHS-set annual out-of-pocket maximum applicable to EHBs	Must adhere to HHS-set annual out-of-pocket maximum applicable to EHBs

# New EHB Benchmark Options

- Beginning in 2020, states have opportunity to revise some or all of EHB benchmark; parameters apply
  - Three options:
    - Select an EHB benchmark used by another state
    - Replace a category of EHB from state's current benchmark with a category used by another state's 2017 benchmark
    - Choose its own set of EHBs within parameters
- State may submit options through 1332 waiver
  - Previous requirement was that coverage under a waiver must be at least as comprehensive as absent the waiver
  - New guidance from CMS indicates at least as many individuals have access to affordable and comprehensive coverage as under the waiver

# Summary

- EHB Benchmark applies to a limited segment of the population
- State mandated benefits applies to a broader segment
- All state-mandated benefits applicable to individual and small group are included in EHB
- Self-funded employer-sponsored coverage must meet ERISA and certain ACA requirements
- State may revise EHB benchmark
- State may have other options through 1332 waiver
- State may be required to defray costs of a mandate that is in addition to EHB