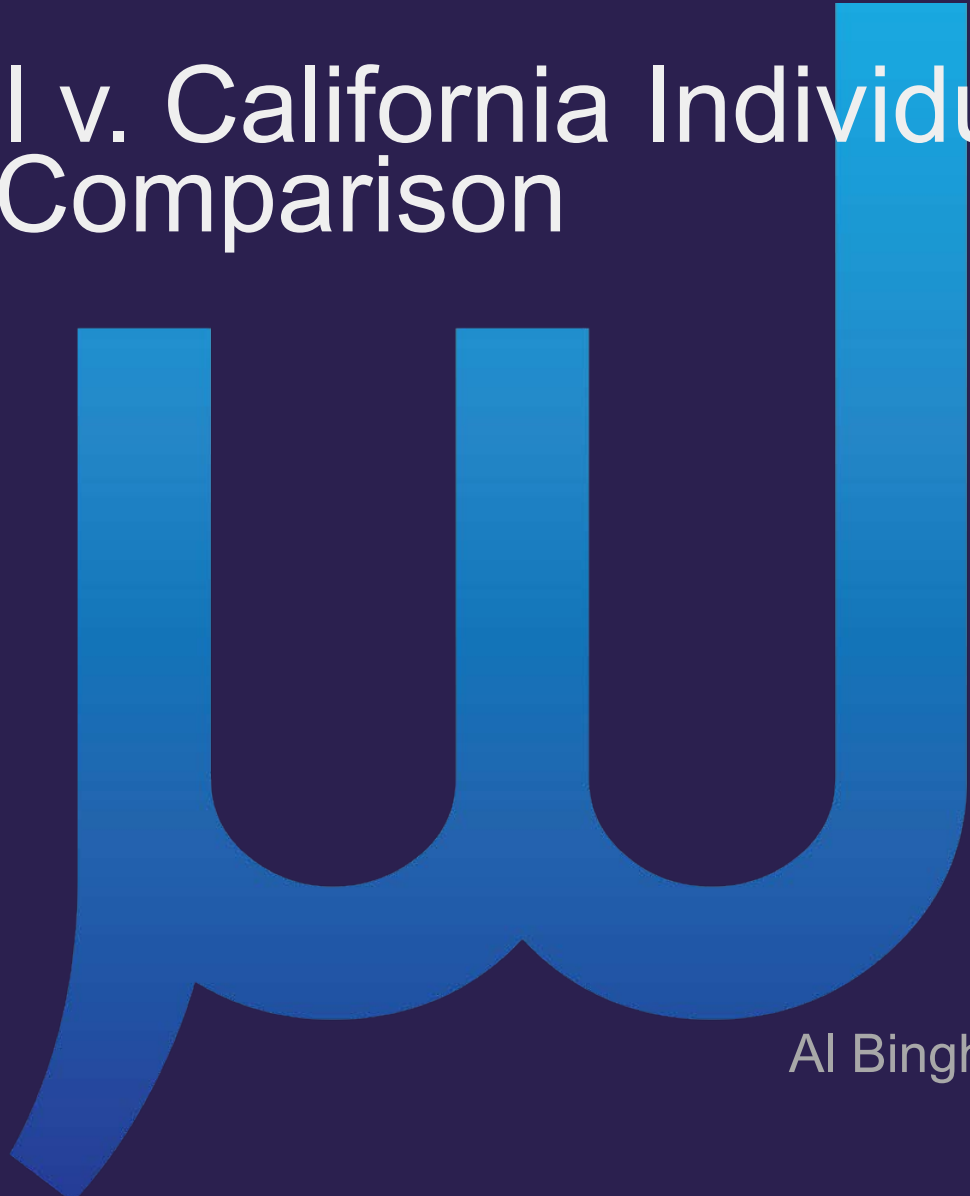


National v. California Individual Market Comparison



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Agenda

- Genesis of the Project
- Research Question and Goals
- Data and Methodology
- Evidence of California's Success
- Limitations and Next Steps

Genesis of the Project

- Covered California vision and market success
- John Bertko connection
- Data and outstanding analysis
 - Unique and available Wakely National Risk Adjustment Reporting data

Research Question

What is the source of California's Individual Market success?

- Description of California's Market
 - Largest individual market and one of the largest relative to eligible population
 - 1.4 million Covered CA enrollees
 - 700,000 "Off-Exchange" enrollees outside of Covered CA
 - Among lowest risk scores (best health) in the U.S. by state
 - Lower premium growth
 - Robust issuer participation

Data and Methodology

Data Source

- Wakely's National Risk Adjustment Reporting Program (WNRAR) simulates the federal results more quickly for insurer actuaries to use
 - Collects diagnostic and demographic data (but not cost)
 - Over 85 participating health insurance carriers in over 30 states since 2014
 - Risk Scores measure average actuarial risk for both on- and off-Exchange enrollees
 - To best measure health differences between California and other states Wakely adjusted risk scores for certain non-health related factors
- Data used was generally from 2015-2017
- Same Risk Adjustment coefficients for 2017 used for all three years.

Various Attributes Studied

- Risk Score comparison by Metal Tier
 - Enrollees choose one of four levels of coverage (Bronze, Silver, Gold, Platinum)
 - Bronze enrollees are generally healthier and use fewer services
- Enrollees can be either on the Exchanges or off the Exchanges
 - On-Exchange enrollees are eligible for premium subsidies and are generally lower income
 - Off-Exchange enrollees tend to have earnings above the top subsidy point of about \$48,000 per person
- States made differing policy choices
 - Most (~30) expanded Medicaid coverage, which enrolled higher risk enrollees to this program for low-income people
 - Many allowed “transition policies” to remain – kept previously underwritten (healthy) enrollees outside the Single Risk Pool
 - A few states (~15) established and managed their own Exchanges (called SBEs); the others (called FFEs) used the default federal Exchange

Comparison-California versus Other States

California Really is Different

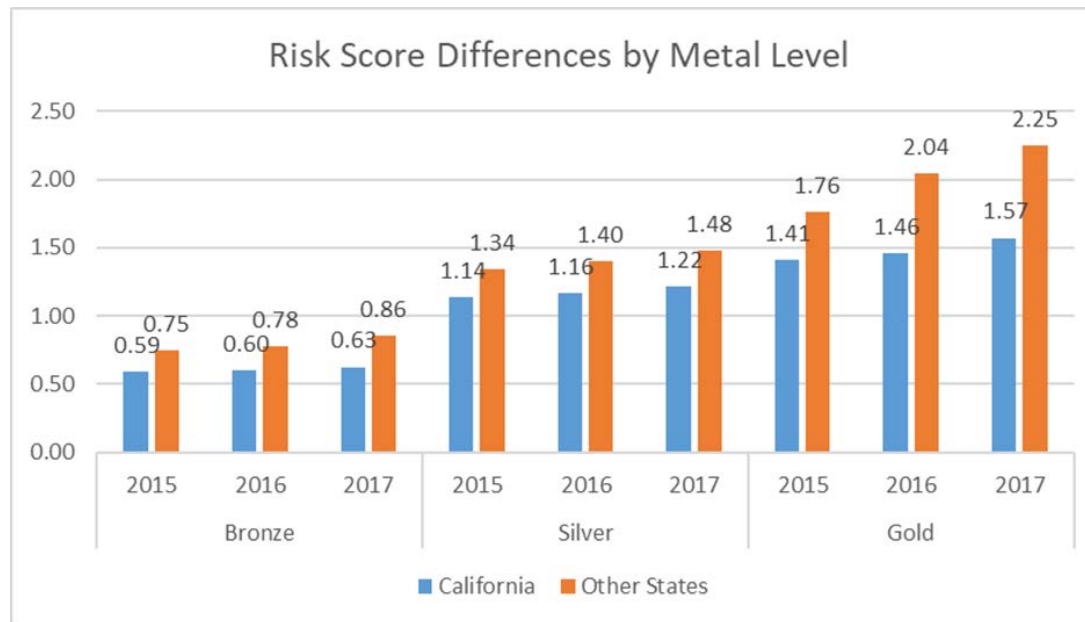
HCC = Hierarchical Condition Categories

	Enrollment in Member-Months			Silver Tier Risk Scores			Healthy Enrollees: Zero HCC Prevalence		
Year	2015	2016	2017	2015	2016	2017	2015	2016	2017
California	24,360,426	25,401,504	24,587,903	1.141	1.164	1.216	81%	82%	81%
Other States in Wakely study	84,234,644	92,091,462	82,528,173	1.342	1.403	1.477	79%	79%	78%

Risk Score Comparison

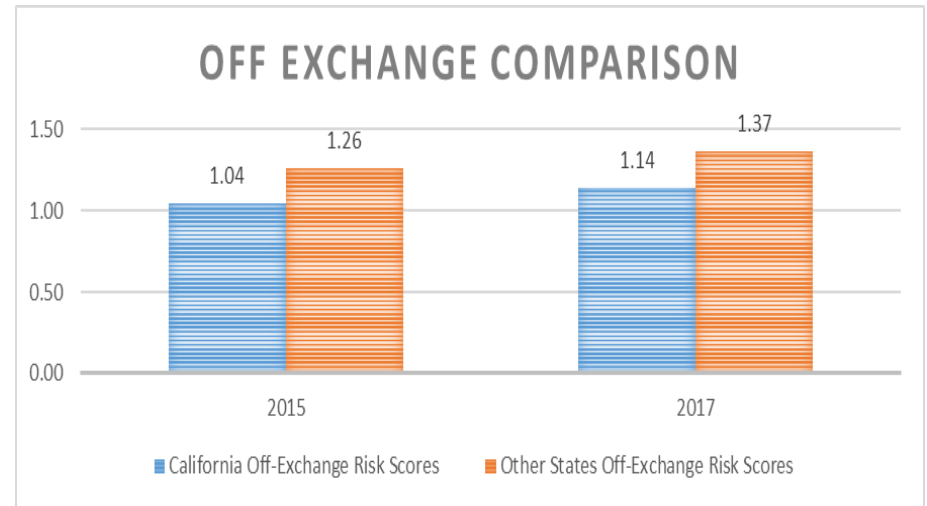
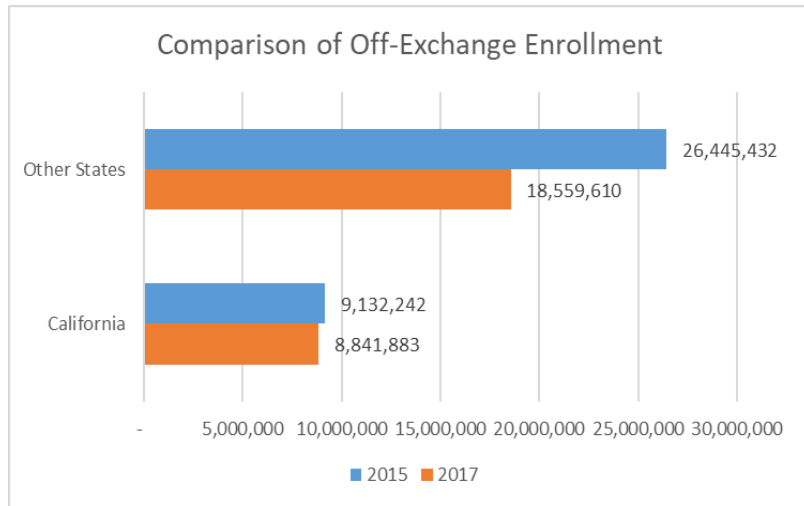
California's success spans metal levels and years

- Enrollees can choose high cost-sharing (Bronze tier) or lower cost-sharing (Silver or Gold Tiers)



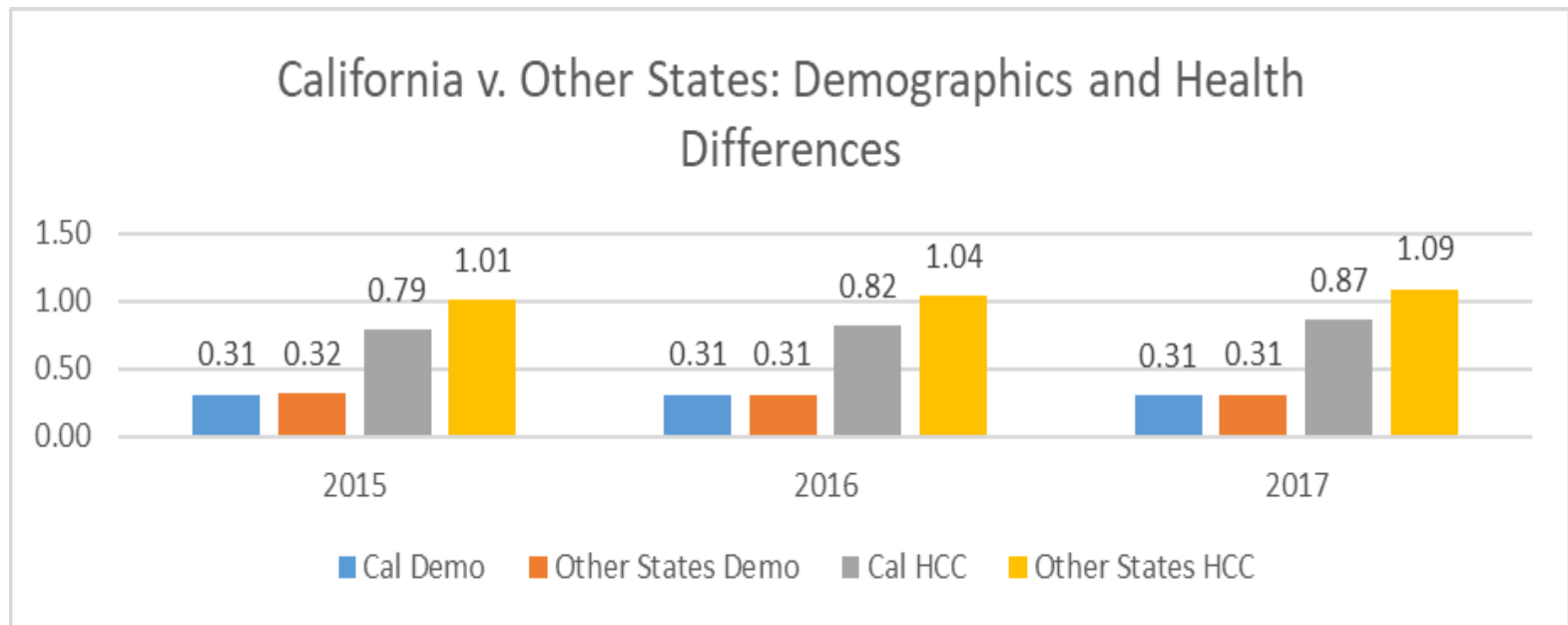
California's Success not Limited to On-Exchange Members

Enrollment Has Declined Substantially in Other States



Health as Key Driver

Health, not Demographics (age), is what drives California's lower risk scores



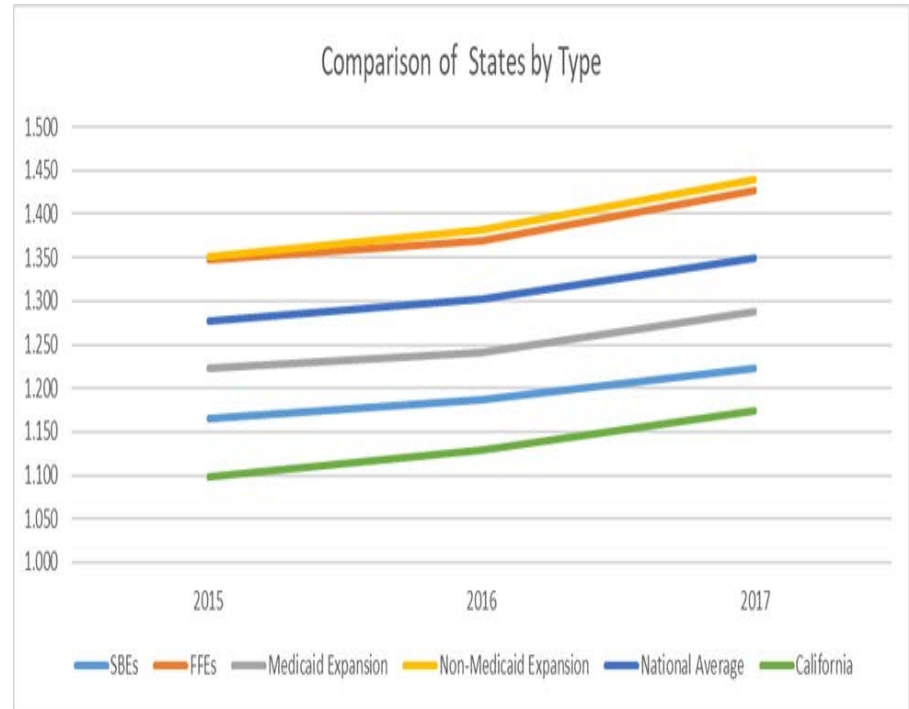
Potential Explanations

Policy Choices

- Medicaid Expansion
- SBEs
- Transitional Plans

Outreach Efforts

- Covered CA spends as much in 2016 as the whole federal market



Caveats and Next Steps

- The data cover only 33 states and approximately 50% of member months for each of the respective years. While we believe the data is representative, further analysis would be needed and it is possible some of the missing data would influence the results.
- The EDGE data used for this analysis is plan level data, and enrollee specific data is not identifiable.
- Another limitation may be that some state characteristics exogenous to the individual market, such as the prevalence of obesity in the state's population, have an effect
- The individual market environment is rapidly changing (state markets are changing) “constantly” and the federal regulatory environment is in flux

Study does have key caveats: <https://www.healthaffairs.org/doi/10.1377/hblog20180710.459445/full/>

Questions and Discussion

