



ACA INDIVIDUAL MARKET FORECAST

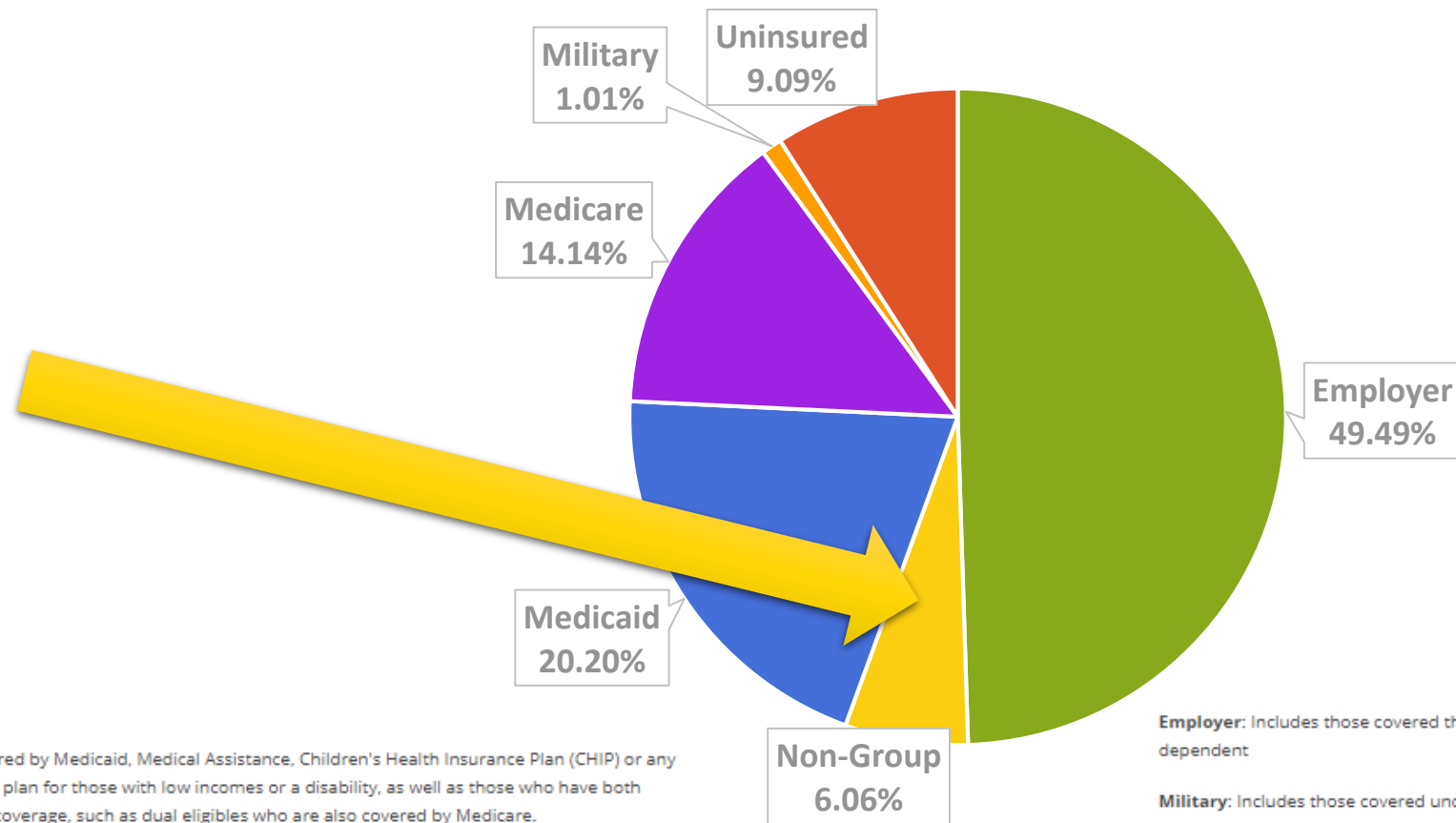
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WHAT I'LL COVER

- Legal Challenges
 - *Texas v. U.S.*
 - CSR cases
 - Reinsurance
- Other Important Considerations
 - Medicaid Expansion
 - Non-ACA Compliant Plans
- The Market
 - Insurer Participation
 - Premiums
 - Enrollment

HEALTH INSURANCE COVERAGE OF TOTAL U.S. POPULATION (2018)



Medicaid: Includes those covered by Medicaid, Medical Assistance, Children's Health Insurance Plan (CHIP) or any kind of government-assistance plan for those with low incomes or a disability, as well as 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 appears to be the primary payer. Excludes seniors who also report employer-sponsored coverage and full-time work, and those covered by Medicare and Medicaid (dual eligibles).

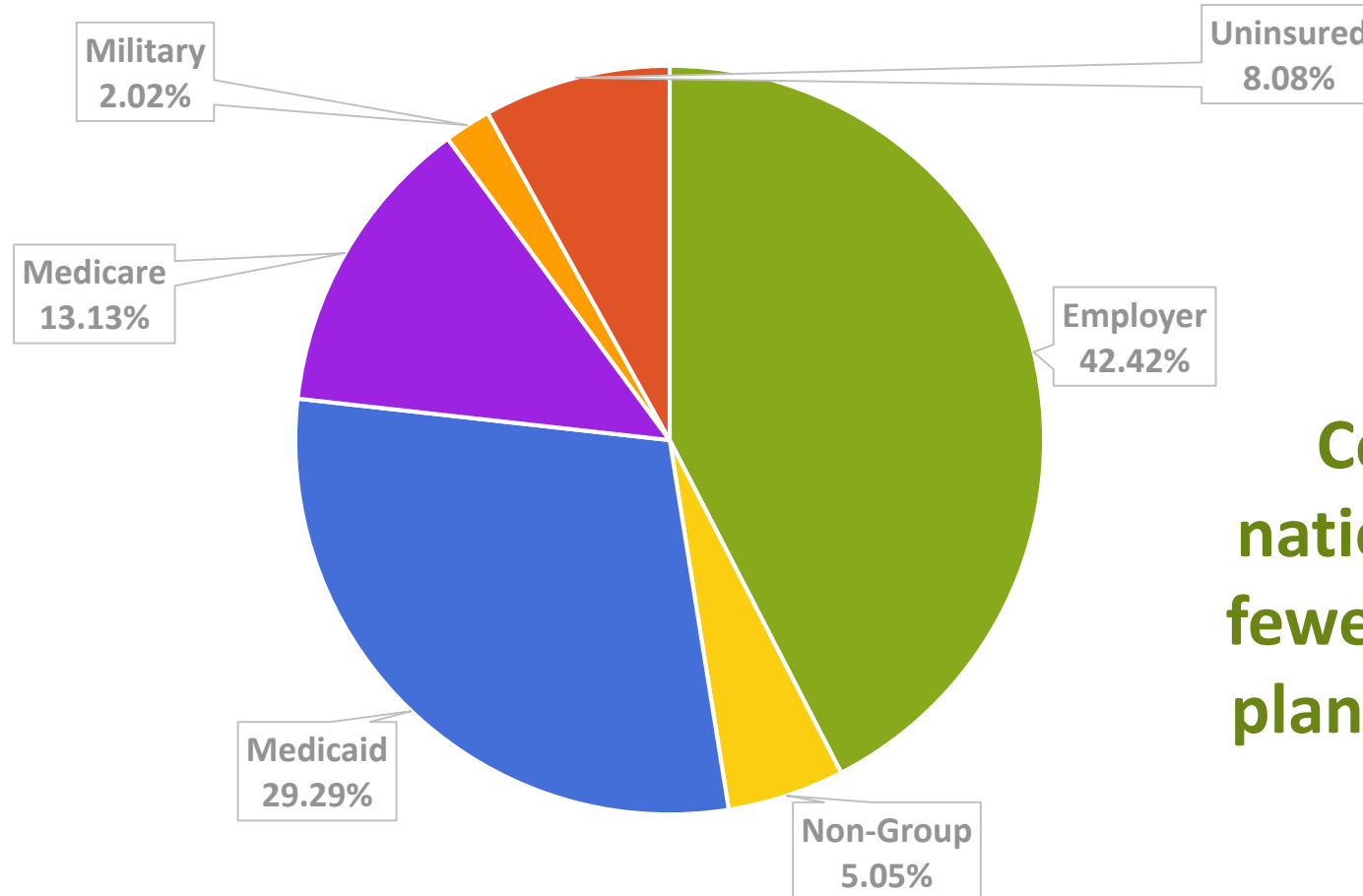
Employer: Includes those covered through a current or former employer or union, either as policyholder or as dependent

Military: Includes those covered under the military or Veterans Administration

Non-Group: Includes those covered by a policy purchased directly from an insurance company, either as policyholder or as dependent

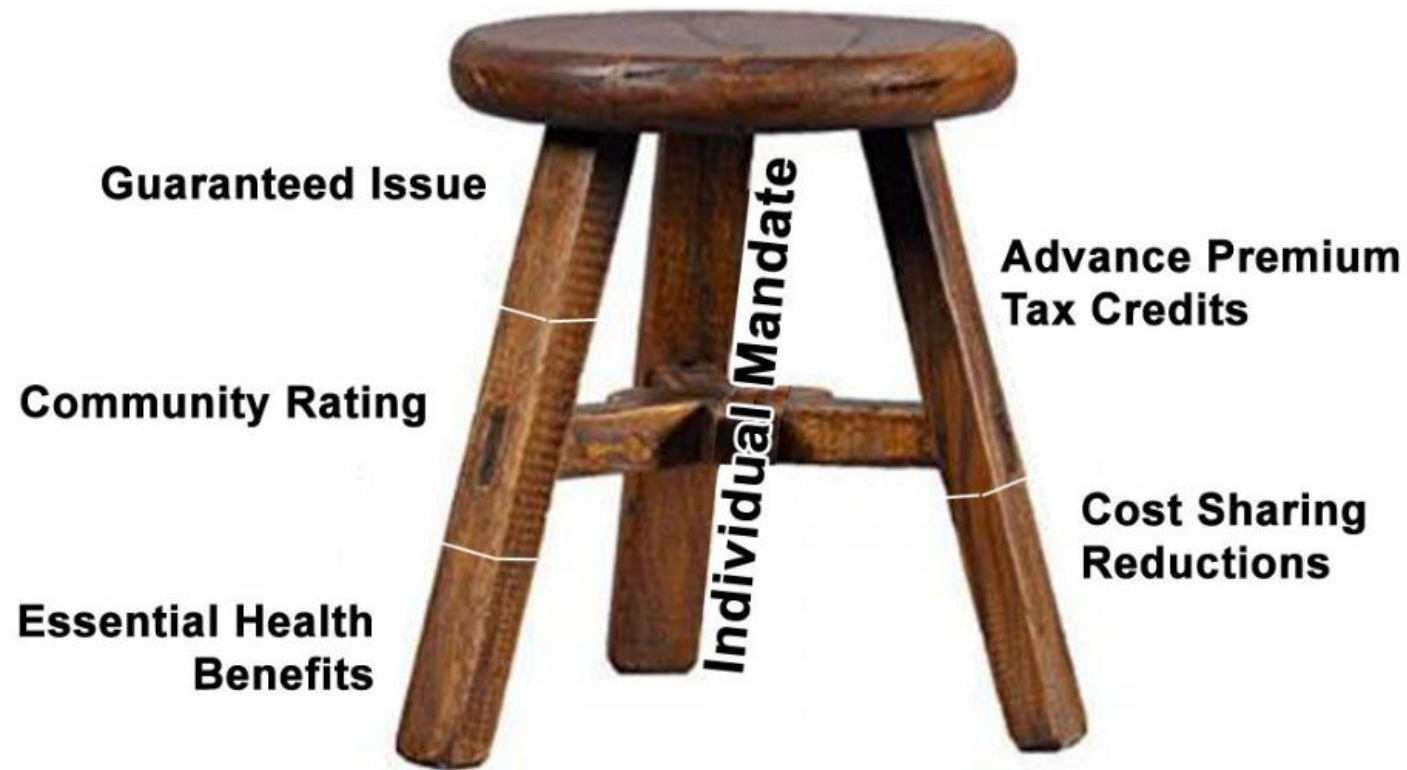
Uninsured: Includes those without health insurance and those who have coverage under the Indian Health Service only.

LOUISIANA HEALTH INSURANCE COVERAGE (2018)

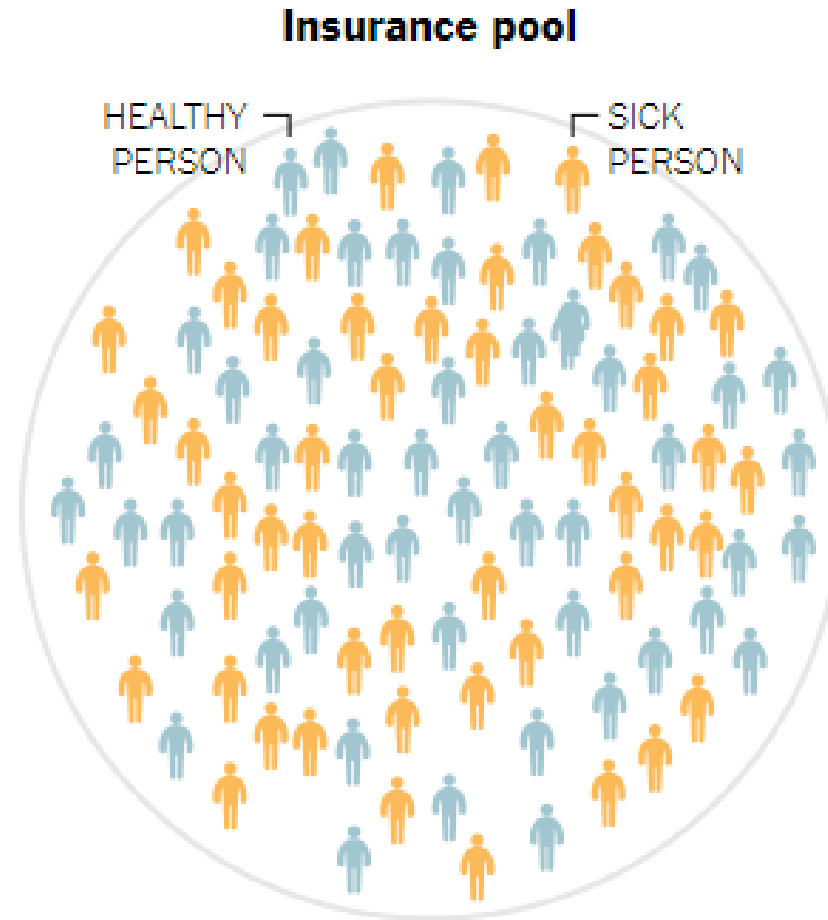


Compared to national numbers, fewer on employer plans and more on Medicaid

ACA'S THREE-LEGGED STOOL



THE ACA'S APPROACH TO ADDRESSING UNINSURED



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UNDERSTANDING THE LATEST LEGAL CHALLENGE

- We have to start with *NFIB v. Sebelius* (2012)
 - Challenge to constitutionality of the individual mandate
 - Congress claims authority under:
 - Commerce Clause
 - Necessary & Proper Clause
 - Taxing Authority
- Justice Roberts opinion: Taxing authority only!

Bottom line: Individual mandate constitutional under taxing authority.

REPEAL OF INDIVIDUAL MANDATE *PENALTY*

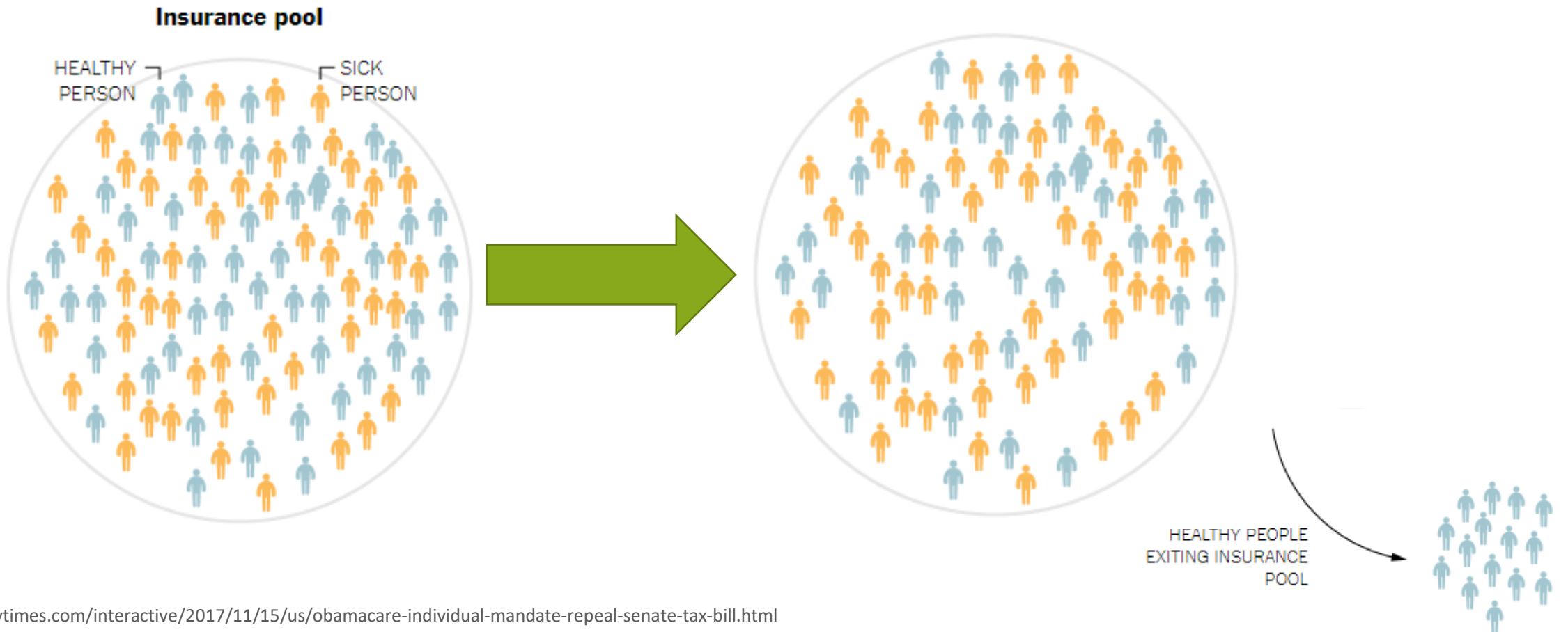
- Repeated attempts to repeal the ACA fail
- But in Dec. 2017, mandate penalty repealed as a part of tax reform (2017 Tax Cuts and Jobs Act (TCJA))
- \$0 penalty went into effect in 2019 (reflected in taxes being filed next month)

WHAT DOES THIS MEAN FOR OUR THREE-LEGGED STOOL?



THE POST-MANDATE PENALTY WORLD

- No death spiral, BUT fewer insureds, higher premiums



TEXAS V. U.S.

- Arguments
 - Individual mandate no longer constitutional because no longer produces any tax revenue
 - Entire ACA must fall because mandate not severable
- Who is suing?
 - A group of states, led by Texas

WHO IS SUING?

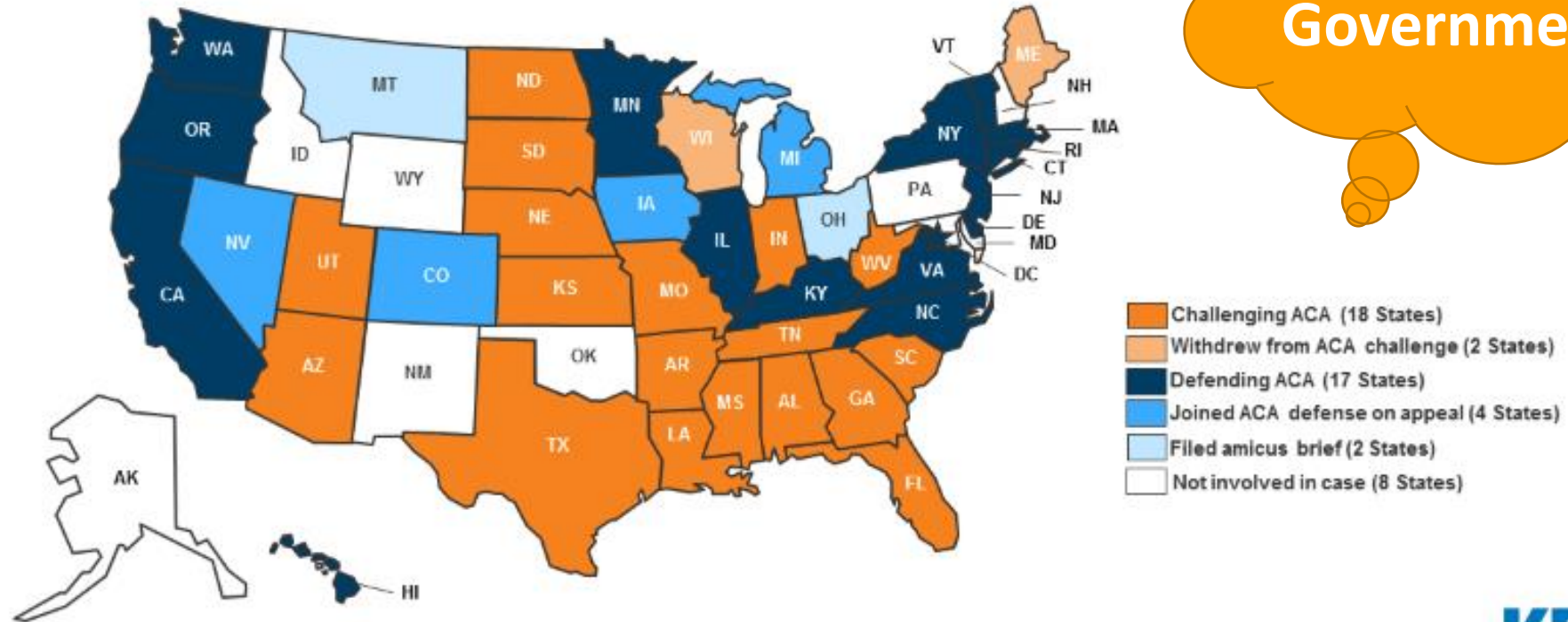


Figure 1: States' positions in Texas v. U.S.



WHO IS DEFENDING?

- 17 States, led by California
- House of Representatives allowed to file a brief in the 5th Circuit

WHAT HAS HAPPENED?

- **District court** found individual mandate unconstitutional and not severable
 - but issued stay pending appeal
- **5th Circuit** in 2:1 decision agreed mandate unconstitutional
 - but sent back to trial court for additional analysis about severability

WHERE DO WE STAND?

- On Monday, Supreme Court decided to hear this case.
- Likely heard in Fall 2020 (near the election), but not decided until Spring or Summer 2021 (after the election)

WHAT COULD HAPPEN?

- Entire law struck down
- Part(s) struck down but most remains
 - Individual mandate
 - Health insurance market reforms
- Entirety remains (but still no mandate penalty)

*Uncertainty about ACA expected to
cause continuing volatility in markets*

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COST-SHARING REDUCTION SUBSIDIES

- CSRs reduce out-of-pocket costs to low-income insureds
- Law anticipated that insurers would be reimbursed but no appropriation
- Under Obama Admin, payments made to insurers
- Trump Admin stopped payments (Oct. 2017), so starting in 2018, plans “silver-loaded” premiums to make up the difference

IMPACT OF SILVER-LOADING

- Silver plan prices increased average of \$780/year
- But tax credits calculated based on silver plans, so that increased tax credits
- Reduced annual premiums for non-silver plans by about \$1,100 in 2018 for a 45-year-old, PTC-eligible consumer
- For those who made over 400% of FPL, silver plans just cost more (but can buy other plans)

WHERE DO WE STAND?

- Several health insurer cases against government for failure to make payments
- Preliminary insurer wins. . . cases on appeal
 - Just three months of 2017 damages? (\$100+ million)
 - Ongoing damages despite silver-loading? (over \$1b)

*Would some have to be returned
in Medical Loss Ratio payments?*

CSR PAYMENT UNCERTAINTY

- Silver loading allowed through 2020, but 2021? Trump admin has hinted at requiring “broad loading” instead.
- How new admin would handle?

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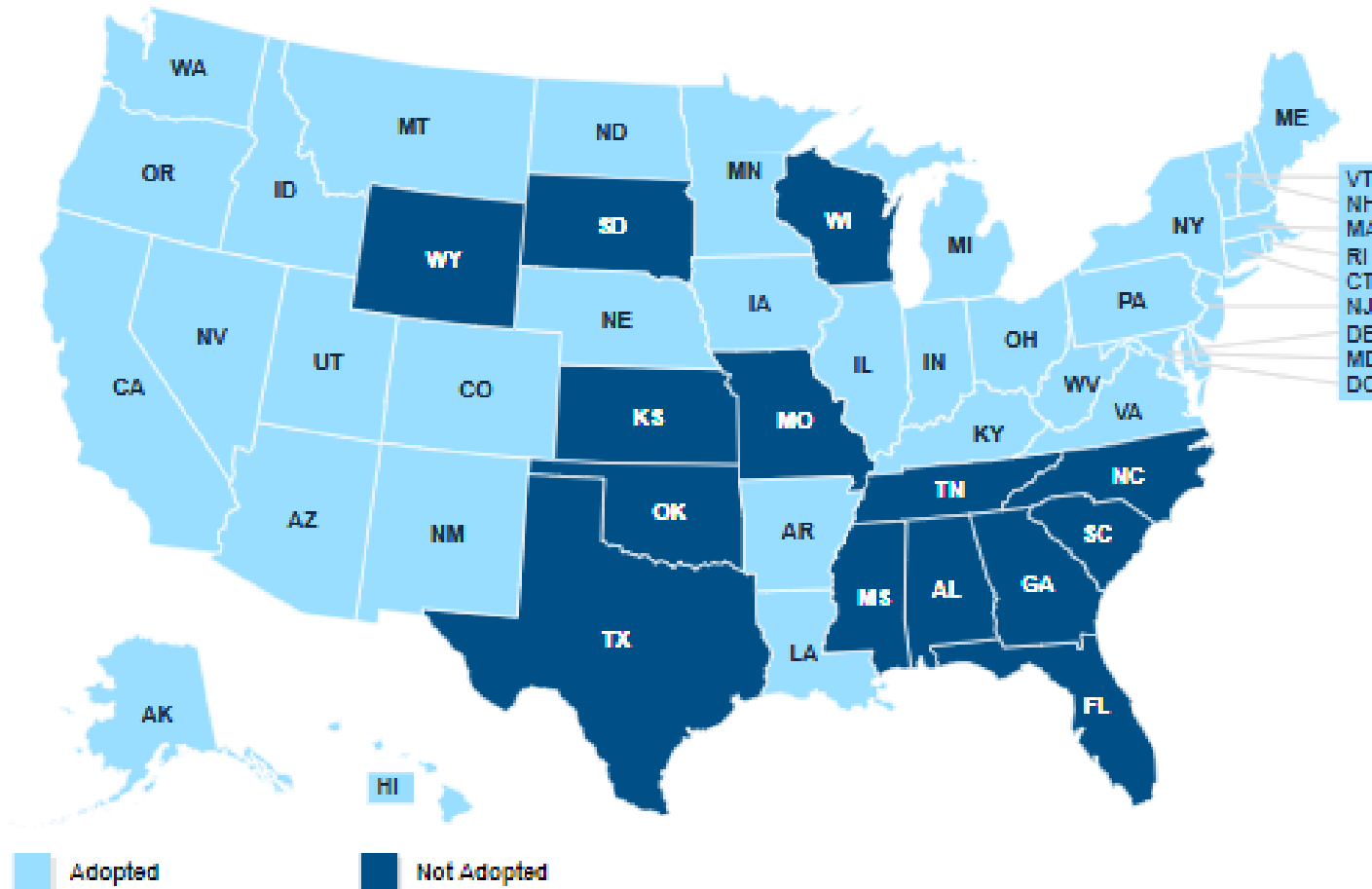
REINSURANCE

- What is it? Insurers compensated for high-cost claims to lower overall premiums
- ACA program only through 2016
- Several states implementing reinsurance
- Louisiana was on path to implement but bill did not pass state Senate in 2018
 - Louisiana DOI projected premiums on average 17.3 percent lower with reinsurance

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STATUS OF MEDICAID EXPANSION NATIONALLY



LOUISIANA'S MEDICAID EXPANSION

- Expansion implemented 7/1/2016 for all people under 138% FPL
- Over 500,000 covered under expansion (close to 90% of eligible population)
- Generally a success and reports show contributed to economic improvement in state.
- But concerns about fraud persist . . .

NEW ELIGIBILITY ENGINE

- Computer upgrade aimed at double-checking Medicaid recipients' income
- Will mean losses in Medicaid coverage
- Many will qualify for substantial premium reductions + some for free or almost free coverage on the exchanges
- ***Opportunity for better coordination***

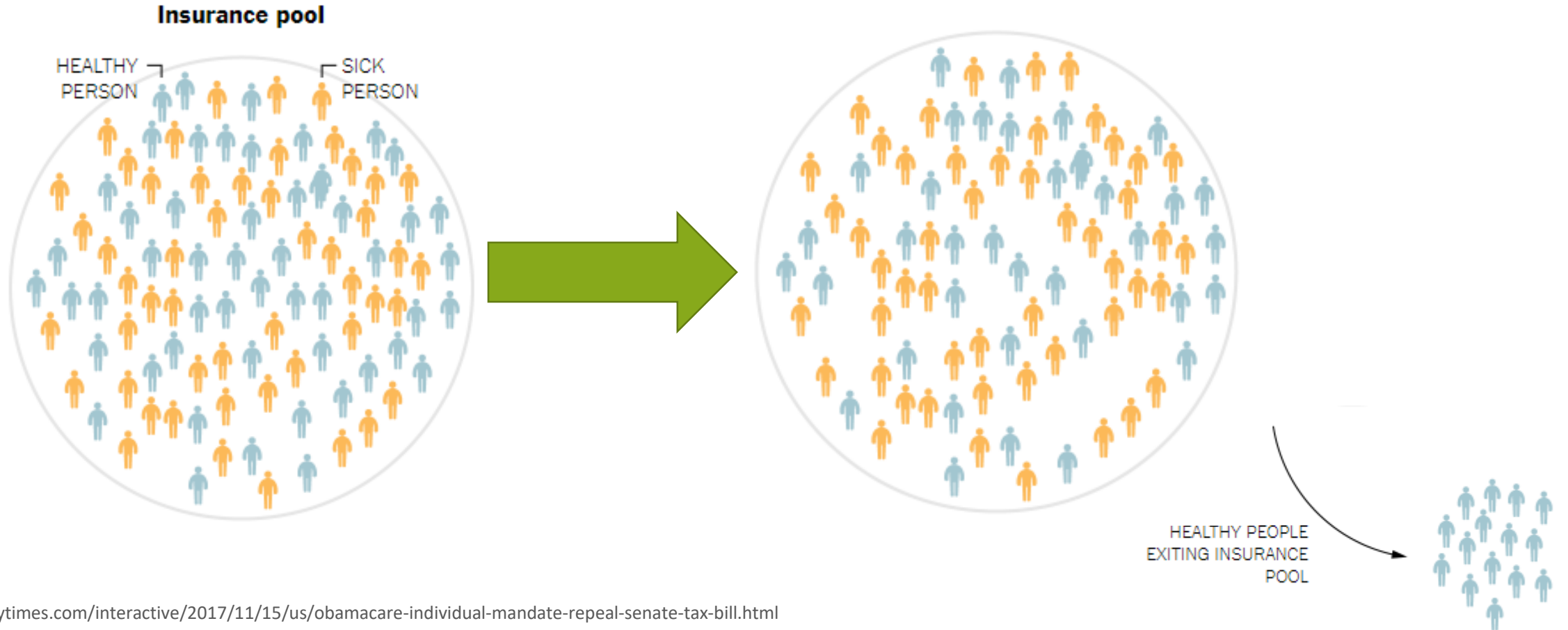
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EXPANSION OF NON-ACA COMPLIANT PLANS

- Trump Admin regs allow sale of products, such as renewable short-term health plans, that are non-ACA compliant
 - At least 9 insurers offering such plans in LA
- Healthy individuals will leave ACA plans?
- Will drive up ACA premiums?

REVISITING THIS SAME GRAPHIC



<https://www.nytimes.com/interactive/2017/11/15/us/obamacare-individual-mandate-repeal-senate-tax-bill.html>

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WHO SELLS IN LOUISIANA'S INDIVIDUAL MARKETS?

- Blue Cross and Blue Shield of Louisiana
- HMO Louisiana
- Vantage Health
- Christus Health Plan Louisiana (only Shreveport, Lake Charles, and Alexandria) – new in 2020
- Possibility of new entrants?

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HISTORY OF PREMIUM CHANGES SINCE ACA

- **2015:** Average **increase** of **12%**
- **2016:** Average **increase** of **15.4%**
- **2017:** Average **increases** ranged from **23% to 41%**
- **2018:** Average **increase** of **21.4%**
- **2019:** Average decrease of **6.4%**
- **2020:** Average **increase** of **10%**

Claims costs up +
health tax is back

COST TO INDIVIDUALS

“Louisiana has seen an overall 42% increase in premiums between 2016 and 2020 for the hypothetical 27-year-old's plan. [average of \$410/month without subsidies]

Monthly premiums for a family of four will be about \$1,600 a month in 2020 across Louisiana, up from \$1,449 in 2019.”

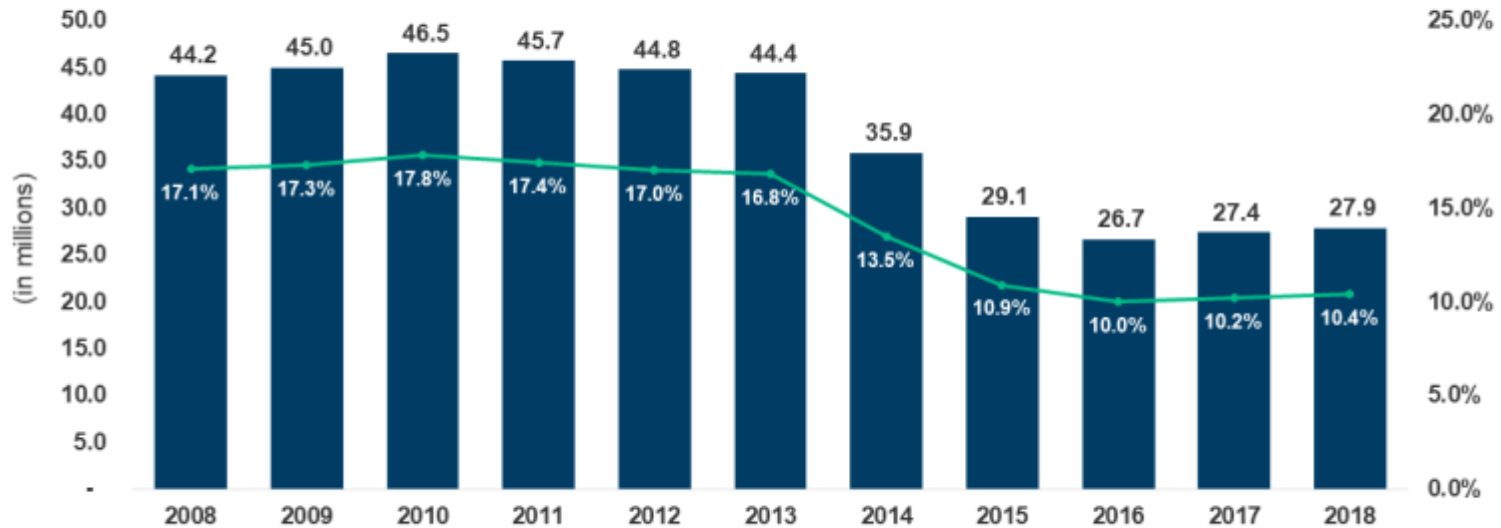
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THE NATIONAL PICTURE

Figure 1

Number of Uninsured and Uninsured Rate among the Nonelderly Population, 2008-2018



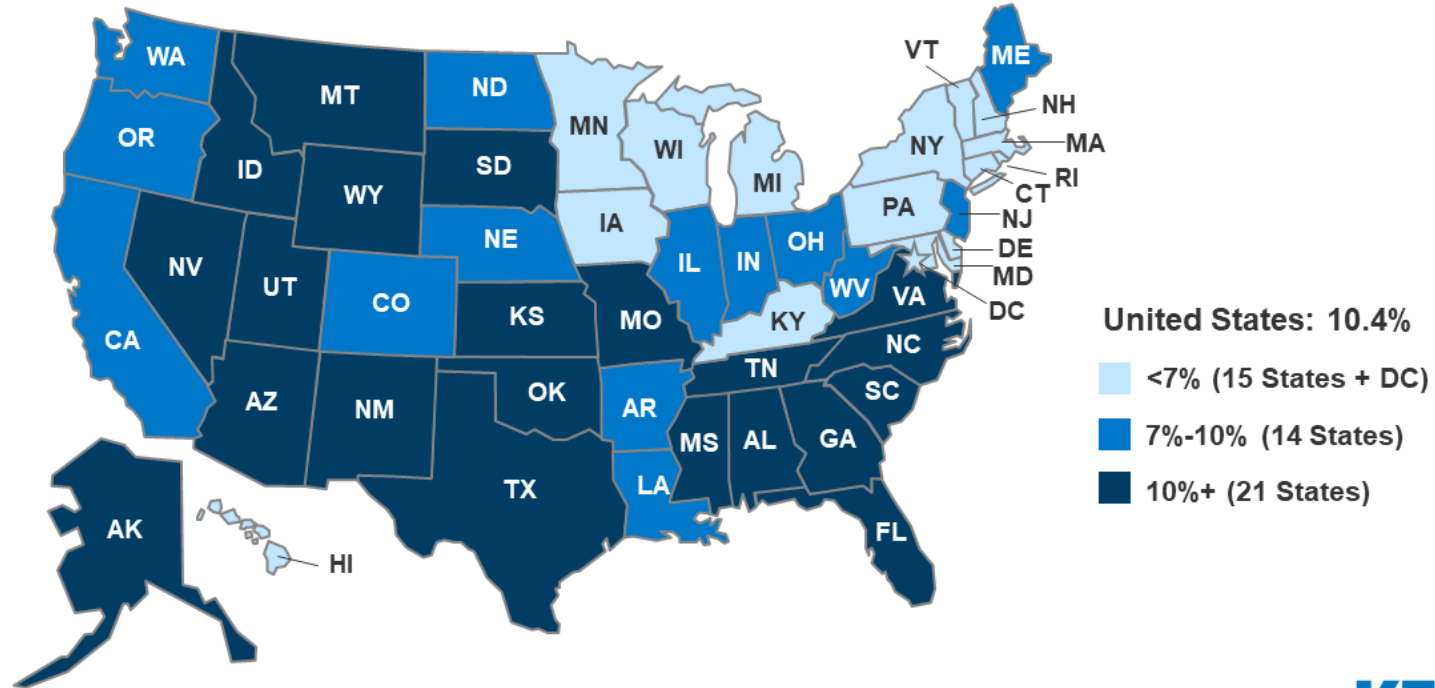
NOTE: Includes nonelderly individuals ages 0 to 64.

SOURCE: KFF analysis of 2008-2018 American Community Survey, 1-Year Estimates.

THE STORY BY STATE

Figure 5

Uninsured Rates among the Nonelderly by State, 2018



NOTE: Includes nonelderly individuals ages 0 to 64.
SOURCE: KFF analysis of 2018 American Community Survey, 1-Year Estimates.

LOUISIANA INDIVIDUAL MARKET ENROLLMENT

- **2014:** 101,778 people enrolled.
- **2015:** 186,277 people enrolled.
- **2016:** 214,148 people enrolled.
- **2017:** 143,577 people enrolled.
- **2018:** 109,855 people enrolled.
- **2019:** 92,948 people enrolled.
- **2020:** 88,224 people enrolled.

Medicaid expansion
in mid-2016

Largest drop in
country

UNINSURED RATE RELATIVELY LOW



September 10, 2019

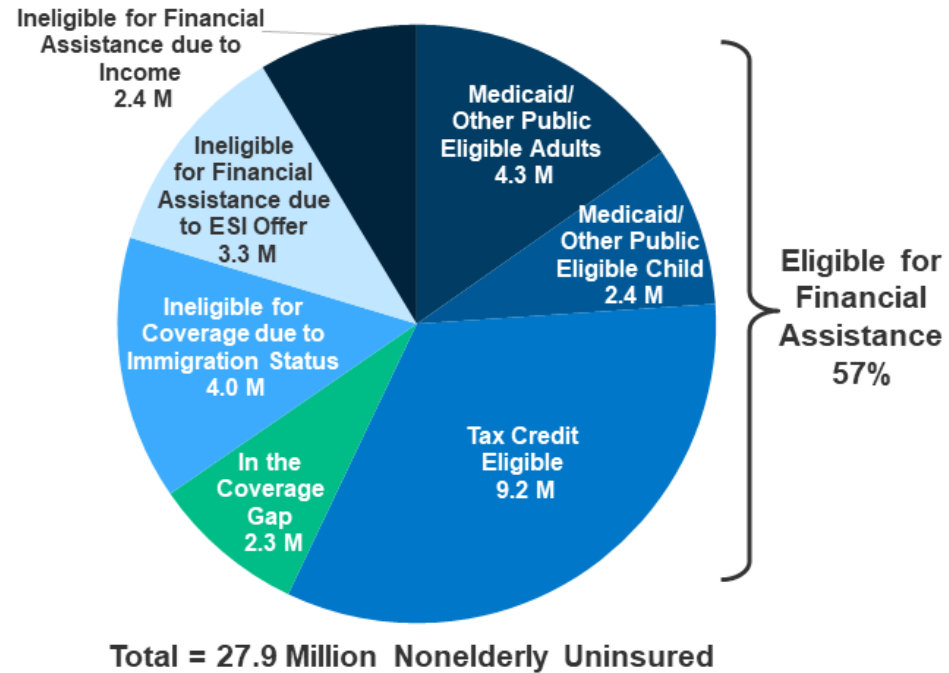
Today, the **United States Census Bureau released new statistics** showing that Louisiana's uninsured rate dropped to 8 percent in 2018, falling further below the national rate of 8.9 percent. Thanks in large part to Medicaid expansion, 19,000 fewer Louisianans were uninsured in 2018 compared to 2017. There are now more people with health insurance than at any point in the state's history, according to the U.S. Census data.

<https://gov.louisiana.gov/index.cfm/newsroom/detail/2146>

WHO IS STILL UNINSURED?

Figure 7

Eligibility for ACA Coverage among Nonelderly Uninsured, 2018



NOTE: Tax Credit Eligible share includes adults in MN and NY who are eligible for coverage through the Basic Health Plan. Medicaid/Other Public also includes CHIP and some state-funded programs for immigrants otherwise ineligible for Medicaid.

SOURCE: KFF analysis based on 2019 Medicaid eligibility levels and 2018 American Community Survey.

TAKEAWAYS

- Continuing legal and regulatory uncertainty
- How will the market adjust to no individual mandate, expanded use of non-ACA plans, addressing Medicaid fraud?
- Premiums stabilized?
- Enrollment may increase with Medicaid decreases?
- How to capture remaining uninsured population, particularly that have access to subsidies.



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