



DATE: August 1, 2018

TO: Chief Executive Officers  
Chief Financial Officers  
Chief Operating Officers  
In-House Counsel

Government Relations Officers  
Managed Care Executives  
Long Term Care Administrators

FROM: Cathleen D. Bennett  
President and CEO

RE: **2017 Insurance Enrollment Issue Brief**

Since the first federally facilitated marketplace (FFM) open enrollment period in 2014, NJHA has monitored and analyzed enrollment data to provide members with insights into the shifting landscape of the individual market.

The attached Issue Brief provides a comprehensive look at enrollment during 2017 as well as a preliminary look at data from the 2018 open enrollment period. The data is useful in drawing broad conclusions and identifying market trends.

NJHA determined that the data from the State Department of Banking and Insurance (DOBI) provides the most reliable count of individuals who are actually insured year-over-year, since it reflects not only enrollment but actual active coverage based on premium payments being made. We also continue to include federal-level data analysis in the Issue Brief to provide for the most up-to-date data on current enrollment levels, due to differences in reporting timeframes.

For fourth quarter 2017, the DOBI data show that:

- The overall gain of covered lives in the individual market from the fourth quarter 2013 to fourth quarter 2017 is 164,367 more individuals\* covered in the New Jersey individual market.
- 310,221 individuals\* in total were covered in the New Jersey individual market at the end of 2017 – a modest increase over year end 2016 when there were 308,821 individuals covered.

Additional information from our analysis shows that:

- The average post-subsidy premium amount for a silver plan in New Jersey during 2018 was \$1,884 per year, this is a modest increase – 6 percent over 2017 post-subsidy premiums.
- From 2017 to 2018 post-subsidy premiums increase slightly by \$9, alternately pre-subsidy premiums increased by \$96. This is significant when comparing pre-subsidy premium growth from 2016 to 2017 when there was actually a decrease. This trend is likely due to silver-loading, a practice discussed more in the issue brief.
- During 2017 the individual market experienced a number of changes at both the state and federal level, as a result healthcare continues to evolve dramatically.

*\*Figures include plans purchased through the FFM and directly from carriers.*

The complete analysis is attached. Please feel free to contact Theresa Edelstein, at 609-275-4102 or [tedelstein@njha.com](mailto:tedelstein@njha.com), or Roger Sarao, at 609-275-4026 or [rsarao@njha.com](mailto:rsarao@njha.com) if you have any questions regarding this document.



## **Individual Insurance Market Enrollment Data June 2018**

One of the key tenets of the Patient Protection and Affordable Care Act (ACA) is that it increases the number of insured individuals in the country.

Since the first open enrollment in 2014, NJHA has monitored enrollment in the individual market at the state and federal level. As the ACA reform efforts were implemented over the intervening years, new data sets and sources have become available.

The 2018 period was the first open enrollment subject to the rules of the Trump Administration. Some critics claimed that several actions undertaken by the new administration would confuse and frustrate consumers, including: shortening the sign-up window; cutting the promotions budget; reducing funding for health navigators; shutting down HealthCare.gov for weekly maintenance on Sundays; and announcing an end to cost-sharing reduction (CSR) payments. Concern also existed that these actions would cause enrollment to go down.

The United States' Department of Health and Human Services (HHS) recently released the final enrollment data for the 2018 open enrollment period. The data revealed a decrease in enrollment nationally and – for the first time – a decrease in New Jersey. Further analysis of the 2018 national enrollment data is detailed below.

### **FFM Insurance Enrollment Data – The National Perspective**

For the first three years (2014, 2015 and 2016), enrollment at the national level through the Federally Facilitated Marketplace (FFM) increased year-over-year, with the reports indicating that 10.3 million, nearly 11.7 million and 12.7 million, non-elderly adults (ages 18-64) enrolled in coverage in each respective year through the Marketplace.

National enrollment decreased for the first time during the 2017 open enrollment period, with approximately 12.2 million consumers selecting a health plan through the FFM. The downward trend continued in 2018, with the final figure rolling back enrollment to 11.7 million individuals (similar to the total for year two).

## **The New Jersey Perspective**

Below is a summary of some of the key trends for New Jersey, identified by the data source. It is important to remember that different data sources are available to review state trends which can lead to variation in conclusions that can be drawn. In addition, data never fully aligns at the federal and state levels due to differences in reporting requirements, coverage churn and other factors.

### ***FFM Enrollment***

For the first time since the ACA was implemented, New Jersey experienced a decrease in the number of individuals selecting a health plan on the FFM. Public use files made available by HHS in early April indicate that 274,782 New Jersey residents selected a health plan for 2018 on the FFM – a decrease of 20,285 individuals compared to 2017.

Enrollment totals for New Jersey show an annual growth for each year prior to 2018:

|                         |                         |
|-------------------------|-------------------------|
| 2014: 161,775           | 2016: 288,573 (+34,257) |
| 2015: 254,316 (+92,541) | 2017: 295,067 (+6,494)  |

As NJHA indicated in prior reports, the data does not capture individuals moving on or off of the Marketplace – referred to as “churn.” However, county-level data for the 2018 open enrollment period shows that except for one county (Mercer) all other New Jersey counties experienced reductions in Marketplace enrollment representing approximately 20,000 individuals in total.

A review of the monthly Medicaid enrollment reports from the N.J. Division of Medical Assistance and Health Services offers some insight into the churning issue. As of December 2017, the number of individuals identified as non-aged, blind or disabled – which predominately represents the Medicaid expansion group – decreased by 8,869 from the beginning of the year. In fact, Medicaid data from the inception of the ACA to the most recent period (2014-2018) shows that enrollment for this group has remained relatively steady after an initial uptick in 2014 when expansion first took place.

Together, these reports suggest that the estimated 20,000 enrollees “lost” from the Marketplace likely did not churn to Medicaid as a source of healthcare insurance coverage. This leaves only a few other options such as gaining employer-based coverage, moving out of state, or having no coverage at all.

Exhibit one includes statewide and county-level enrollment totals for all enrollment periods.

### ***Enrollee Demographics***

During the 2018 open enrollment period, premiums experienced a negative impact due to the Administration’s indication that it would not be paying insurers the cost-sharing reduction (CSR) payments. The ACA requires carriers to provide CSR subsidies to individuals below 250 percent of the federal poverty level. The subsidies represent additional financial assistance in the form of a limit on the amount of cost sharing an individual can be responsible for. Payers were to be reimbursed for these subsidies. Fortunately, in New Jersey, insurers were afforded the opportunity to engage in a practice known as “silver loading.” Silver loading allowed the plans to include the lost revenue from the CSR subsidy payments into the premiums of silver plans. This

shielded consumers from the negative impact of the premium increases because those that receive CSR subsidy payments are also eligible for premium payment subsidies, which can only be used on the Marketplace to purchase a silver plan.

In reviewing the year-over-year variation in premiums pre- and post-subsidy (see exhibit two), premiums for a New Jersey silver plan did increase in 2018. However, it is also evident that the post-subsidy premiums only went up slightly (by \$9) over 2017 premiums. Conversely, pre-subsidy premiums were at their highest for the five-year period, increasing by \$96 – a clear indication that the silver loading process was successful for consumers. It is also notable that post-subsidy premiums didn't return to their highest cost level, which occurred in 2015. This could be an indicator that regardless of the CSR issue, insurers in the New Jersey market have grown more accurate in their ability to determine premium costs.

As has been the case every year, silver plans continue to be the best-selling metal level on the Marketplace. In 2018, the portion of individuals choosing silver plans remained stable at 82 percent.

### ***State Data on Enrollment***

NJHA continues to analyze both federal and state-level data. While it is always difficult to reconcile the figures, the federal data provides much more information on individual purchaser demographics. Therefore, even though we believe that the state-level data is more accurate in terms of the number of enrollees (given that it is supplied by the carriers each quarter based on the policies in effect during the timeframe indicated), we will continue to report on both.

N.J. Department of Banking and Insurance (DOBI) enrollment reports for 2017 allow us to determine that, while extremely modest, New Jersey did continue to see year-over-year gains. The year-end data for each of the four years of ACA open enrollment periods shows the following totals:

|                         |                         |
|-------------------------|-------------------------|
| 2014: 250,386           | 2016: 308,821 (+17,908) |
| 2015: 290,913 (+40,527) | 2017: 309,521 (+700)    |

Therefore, according to the year-end state individual market enrollment reports, there has been an increase of over 163,000 citizens with coverage as of the end of 2017. This modest gain may be the result of several changes that the Administration made with regard to the ACA such as, shortening the open enrollment period and cutting back on advertising and navigator funding. Given the additional changes that were made impacting the 2018 open enrollment period we will closely monitor the state enrollment reports to determine the impact of said changes.

There was some interesting activity among the individuals purchasing plans directly from carriers in 2017. The number of individuals purchasing individual policies directly from carriers increased slightly. While this is a very modest shift overall and may not be indicative of any larger trend, there is reason to monitor it especially in light of another trend displayed in the contract-specific data. Although contract-specific data does not equate with covered lives since more than one person can be covered on a contract, it can be used to identify the types of plans that are being purchased on and off the Marketplace. In reviewing this data, we see an increase in the number of silver plan contracts issued directly by carriers from 31,857 at the end of 2016 to 37,764 in 2017. It remains unclear why these individuals continue to purchase directly from carriers when premium assistance is only available through the Marketplace – if they are

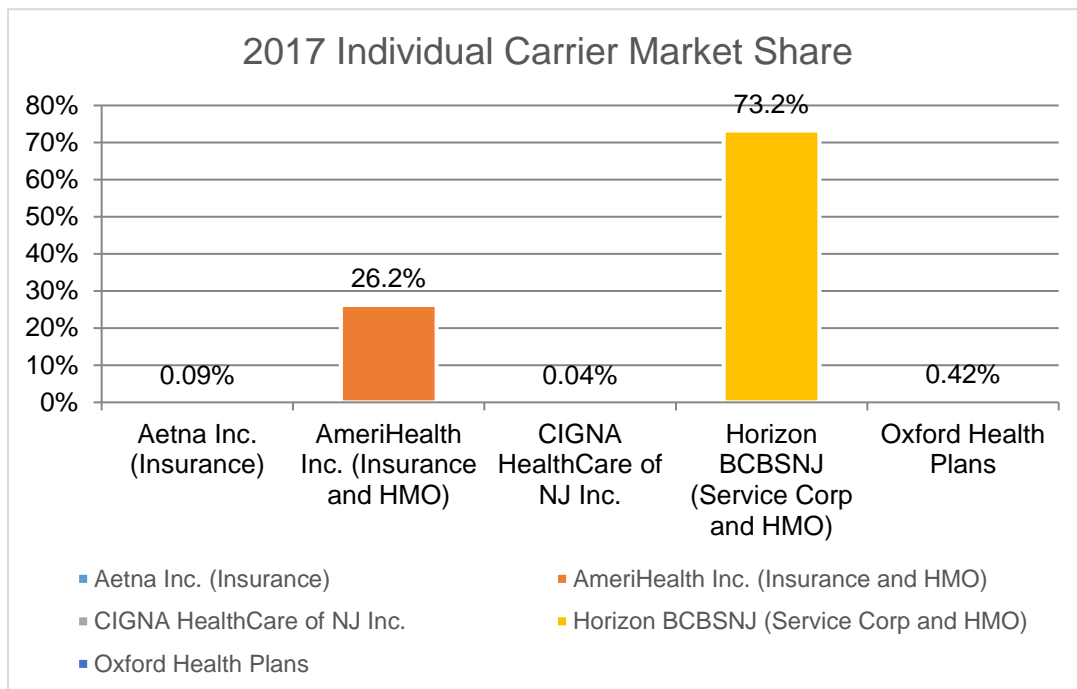
purchasing directly from the carrier they are either foregoing the premium assistance or they aren't eligible.

This trend bears further watching for 2018 because of a potential consequence of the silver loading process previously mentioned. One of the possible unintended consequences could be that individuals purchasing silver plans that are not eligible for premiums might potentially find a less expensive plan off the Marketplace. This would be the result of the rule that requires payers offering plans on and off the Marketplace to charge the same premium for the same plan. Therefore, if the CSR payment cuts were loaded into the costs of the on-Marketplace plan those costs would still be reflected in the off-Marketplace plans. However, carriers strictly doing business off-Marketplace didn't need to include those losses in the premiums. Therefore, it is conceivable that those plans might be more affordable for individuals not concerned with the premium subsidy.

### ***Individual Carrier Changes***

In 2016 there were a total of five carriers offering individual policies on and off the Marketplace: AmeriHealth; Health Republic Insurance of New Jersey (HRINJ), Horizon Blue Cross and Blue Shield of New Jersey (Horizon), Oscar and Oxford/UnitedHealthcare.

In 2017, individuals looking to purchase Marketplace plans had only two carriers to choose from: Horizon and AmeriHealth. Oscar and United Healthcare both left the Marketplace and HRINJ became insolvent. This led to a significant difference in the landscape. AmeriHealth and Horizon comprise 99.4 percent of the individual market. This is a significantly different landscape from the pre-ACA market when Horizon was the only payer in this space with any substantive market share (80 percent). AmeriHealth was third with its 7.4 percent market share, and UnitedHealthcare was second with slightly more than 11 percent of the market.



Source: NJ DOBI Individual Health Coverage Program Enrollment Reports

## **Conclusion**

It was anticipated that the change in federal Administration would impact Marketplace enrollment and the data seems to suggest that this occurred. Trending data assists in monitoring the levels of uninsured residents and contributes to an overall understanding of the New Jersey insurance market. This information continues to prove useful especially as the state begins to implement legislative and regulatory changes, such as the recently passed N.J. individual mandate and reinsurance program, in response to federal changes. The Trump Administration effectively eliminated the individual mandate, which requires individuals to purchase insurance or pay a penalty, by lowering the amount of the penalty to \$0 effective in 2019. New Jersey passed legislation establishing an individual mandate for state residents and a reinsurance program. These laws are intended to stabilize the state's individual insurance market to stave off massive premium hikes expected because of the federal tax reforms law's elimination of the tax penalty on individuals, as well as the loss of federal reimbursement for subsidies required of insurers to keep out-of-pocket costs manageable for low- and moderate-income enrollees. By continuing to monitor data, we will be able to determine the impact of both federal and state policy changes.

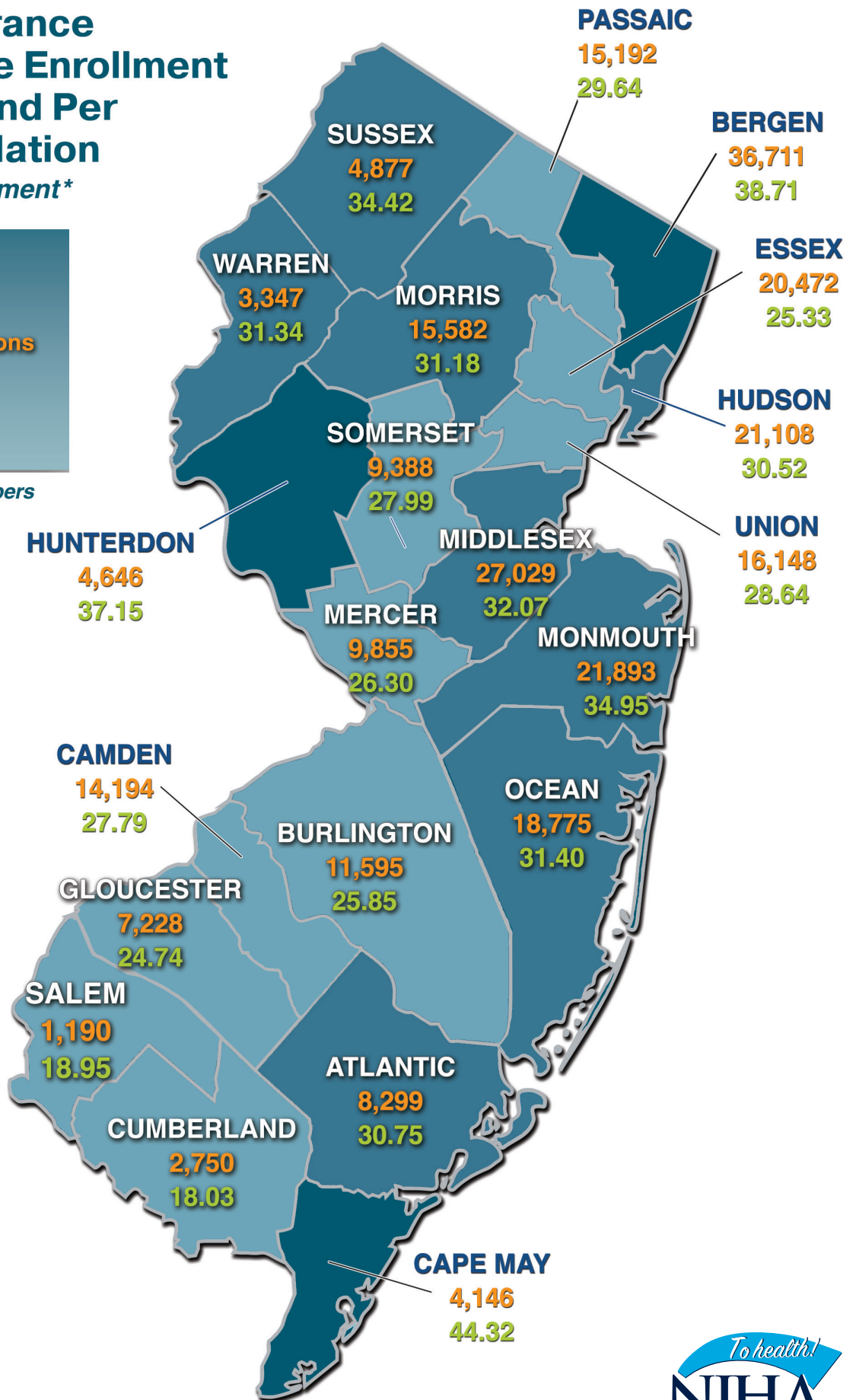
Attachments

# Health Insurance Marketplace Enrollment by County and Per 1,000 Population

2018 Open Enrollment\*

**STATEWIDE**  
**274,782**  
 Total Plan Selections  
**30.51**  
 Enrollment per  
 1,000 Population

\*Non-effectuated numbers



New Jersey Hospital Association

Exhibit One

Enrollment on the Health Insurance Marketplace by County

Source: Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation (ASPE) for 2014-2016; Centers for Medicare and Medicaid Services (CMS) for 2017 and 2018

| County                 | 2014 Open Enrollment Period<br>(October 15, 2013 - April 19, 2014) |                                    | 2015 Open Enrollment Period<br>(November 15, 2014 - February 22, 2015) |                                    | 2016 Open Enrollment Period<br>(November 1, 2015 - January 31, 2016) |                                    | 2017 Open Enrollment Period<br>(November 1, 2016 - January 31, 2017) |                                    | 2018 Open Enrollment Period<br>(November 1, 2016 - December 15, 2016) |                                    | Variance: 2018 Open Enrollment Period Vs.<br>2014 Open Enrollment Period |                                    |
|------------------------|--|------------------------------------|--|------------------------------------|--|------------------------------------|--|------------------------------------|---|------------------------------------|--|------------------------------------|
|                        | Total Enrollment   | Enrollment per 1,000<br>Population | Total Enrollment   | Enrollment per 1,000<br>Population | Total Enrollment   | Enrollment per 1,000<br>Population | Total Enrollment   | Enrollment per 1,000<br>Population | Total Enrollment  | Enrollment per 1,000<br>Population | Total Enrollment   | Enrollment per 1,000<br>Population |
| Atlantic               | 5,346  | 19.4                               | 8,880  | 32.3                               | 9,000  | 32.8                               | 9,603  | 35.4                               | 8,299   | 30.7                               | 2,953  | 11.4                               |
| Bergen                 | 20,146   | 21.8                               | 32,157   | 34.4                               | 36,317   | 38.7                               | 38,349   | 40.8                               | 36,711  | 38.7                               | 16,565   | 16.9                               |
| Burlington             | 7,615  | 16.9                               | 11,567   | 25.7                               | 13,362   | 29.7                               | 12,879   | 28.7                               | 11,595  | 25.8                               | 3,980  | 9.0                                |
| Camden                 | 10,352   | 20.2                               | 15,406   | 30.1                               | 16,426   | 32.1                               | 15,444   | 30.3                               | 14,194  | 27.8                               | 3,842  | 7.6                                |
| Cape May               | 2,034  | 21.2                               | 3,509  | 36.8                               | 4,225  | 44.6                               | 4,369  | 46.3                               | 4,146   | 44.3                               | 2,112  | 23.1                               |
| Cumberland             | 1,886  | 12.0                               | 2,738  | 17.4                               | 3,038  | 19.5                               | 3,076  | 20.0                               | 2,750   | 18.0                               | 864  | 6.0                                |
| Essex                  | 14,624   | 18.5                               | 20,940   | 26.3                               | 22,525   | 28.2                               | 22,791   | 28.6                               | 20,472  | 25.3                               | 5,848  | 6.8                                |
| Gloucester             | 4,608  | 15.9                               | 7,343  | 25.2                               | 7,927  | 27.2                               | 8,468  | 29.0                               | 7,228   | 24.7                               | 2,620  | 8.9                                |
| Hudson                 | 13,427   | 20.3                               | 19,213   | 28.7                               | 22,022   | 32.6                               | 23,006   | 33.9                               | 21,108  | 30.5                               | 7,681  | 10.2                               |
| Hunterdon              | 2,282  | 18.1                               | 4,080  | 32.4                               | 4,653  | 37.1                               | 4,734  | 38.0                               | 4,646   | 37.2                               | 2,364  | 19.1                               |
| Mercer                 | 5,679  | 15.3                               | 8,677  | 23.4                               | 9,775  | 26.3                               | 9,743  | 26.3                               | 9,855   | 26.3                               | 4,176  | 11.0                               |
| Middlesex              | 15,029   | 18.1                               | 23,425   | 28.0                               | 25,101   | 29.9                               | 29,191   | 34.9                               | 27,029  | 32.1                               | 12,000   | 13.9                               |
| Monmouth               | 10,741   | 17.1                               | 18,430   | 29.3                               | 23,674   | 37.7                               | 22,515   | 36.0                               | 21,893  | 35.0                               | 11,152   | 17.9                               |
| Morris                 | 7,649  | 15.3                               | 13,326   | 26.7                               | 15,574   | 31.2                               | 16,482   | 33.1                               | 15,582  | 31.2                               | 7,933  | 15.9                               |
| Ocean                  | 8,199  | 14.1                               | 15,449   | 26.3                               | 18,505   | 31.4                               | 19,393   | 32.7                               | 18,775  | 31.4                               | 10,576   | 17.3                               |
| Passaic                | 9,303  | 18.4                               | 14,605   | 28.7                               | 17,178   | 33.6                               | 17,071   | 33.6                               | 15,192  | 29.6                               | 5,889  | 11.2                               |
| Salem                  | 717  | 11.0                               | 1,138  | 17.6                               | 1,367  | 21.3                               | 1,478  | 23.3                               | 1,190   | 19.0                               | 473  | 7.9                                |
| Somerset               | 5,032  | 15.2                               | 8,180  | 24.6                               | 11,115   | 33.3                               | 10,884   | 32.6                               | 9,388   | 28.0                               | 4,356  | 12.8                               |
| Sussex                 | 2,251  | 15.4                               | 4,376  | 30.2                               | 5,011  | 34.9                               | 5,133  | 36.0                               | 4,877   | 34.4                               | 2,626  | 19.0                               |
| Union                  | 10,680   | 19.5                               | 16,195   | 29.3                               | 16,697   | 30.0                               | 17,061   | 30.7                               | 16,148  | 28.6                               | 5,468  | 9.2                                |
| Warren                 | 1,731  | 16.1                               | 2,902  | 27.1                               | 3,365  | 31.5                               | 3,397  | 31.9                               | 3,347   | 31.3                               | 1,616  | 15.2                               |
| County Unassigned      | 2,444  |                                    | 1,780  |                                    | 1,716  |                                    | 0  |                                    | 357   |                                    | (2,087)  |                                    |
| <b>Statewide Total</b> | <b>161,775</b>   | <b>18.2</b>                        | <b>254,316</b>   | <b>28.5</b>                        | <b>288,573</b>   | <b>32.2</b>                        | <b>295,067</b>   | <b>33.0</b>                        | <b>274,782</b>  | <b>30.5</b>                        | <b>113,007</b>   | <b>12.3</b>                        |



**New Jersey Hospital Association**

**Exhibit Two**

**Average Premium For New Jersey Silver Plan**

Source: Health and Human Services (HHS) Office of the Assistant Secretary for Planning and Evaluation (ASPE) for 2014-2016; Centers for Medicare and Medicaid Services (CMS) for 2017-2018

| Monthly<br>Yearly | 2014                |                      | 2015                |                      | 2016                |                      | 2017                |                      | 2018                |                      | Dollar Variance<br>(2017 Vs. 2014) |                      |
|-------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|---------------------|----------------------|------------------------------------|----------------------|
|                   | Average Pre-Subsidy | Average Post-Subsidy | Average Pre-Subsidy | Average Post-Subsidy | Average Pre-Subsidy | Average Post-Subsidy | Average Pre-Subsidy | Average Post-Subsidy | Average Pre-Subsidy | Average Post-Subsidy | Average Pre-Subsidy                | Average Post-Subsidy |
|                   |                     | \$457                | \$127               | \$481                | \$172               | \$484                | \$161               | \$479                | \$148               | \$575                | \$157                              | \$118                |
|                   | \$5,484             | \$1,526              | \$5,772             | \$2,064              | \$5,808             | \$1,932              | \$5,748             | \$1,776              | \$6,900             | \$1,884              | \$1,416                            | \$358                |

New Jersey Hospital Association

Exhibit Three

Total Covered Lives by Insurance Carrier (Through the Marketplace Or Issued Directly By the Carriers)

Source: NJ DOBI Individual Health Coverage Program Enrollment Reports

| Plan Name                             | Quarter Four 2013 (October 1, 2013 - December 31, 2013) |              | Quarter Four 2014 (October 1, 2014 - December 31, 2014) |              | Quarter Four 2015 (October 1, 2015 - December 31, 2015) |              | Quarter Four 2016 (October 1, 2016 - December 31, 2016) |              | Quarter Four 2017 (October 1, 2017 - December 31, 2017) |              | Variance:<br>Quarter Four 2017 Vs. Quarter Four 2013 |              |
|---------------------------------------|---|--------------|---|--------------|---|--------------|---|--------------|---|--------------|--|--------------|
|                                       | Total Covered Lives                                     | Market Share | Total Covered Lives                                     | Market Share | Total Covered Lives                                     | Market Share | Total Covered Lives                                     | Market Share | Total Covered Lives                                     | Market Share | Total Covered Lives                                  | Market Share |
| Aetna Inc. (Insurance)                | 2,454   | 1.7%         | 1,451   | 0.6%         | 742   | 0.3%         | 418   | 0.1%         | 281   | 0.09%        | (2,173)  | (1.6%)       |
| AmeriHealth Inc. (Insurance and HMO)  | 10,789  | 7.4%         | 109,160   | 43.6%        | 53,789  | 18.5%        | 65,501  | 21.2%        | 81,892  | 26.2%        | 71,103   | 18.8%        |
| CIGNA HealthCare of NJ Inc.           | 40  | 0.0          | 52  | 0.0%         | 29  | 0.0%         | 45  | 0.0%         | 131   | 0.04%        | 91   | 0.0%         |
| Health Republic Ins of NJ             | 0   | 0.0%         | 4,152   | 1.7%         | 44,541  | 15.3%        | 18,386  | 6.0%         |   |              | 0  | 0.0%         |
| Horizon BCBSNJ (Service Corp and HMO) | 116,407   | 79.8%        | 127,940   | 51.1%        | 173,933   | 59.8%        | 193,274   | 62.6%        | 226,630   | 73.2%        | 110,223  | (6.6%)       |
| Oscar Ins Corp of NJ                  | 0   | 0.0%         | 0   | 0.0%         | 2,800   | 1.0%         | 21,284  | 6.9%         |   |              | 0  | 0.0%         |
| United Healthcare (Oxford)            | 16,164  | 11.1%        | 7,631   | 3.0%         | 15,079  | 5.2%         | 9,913   | 3.2%         | 1,287   | 0.42%        | (14,877)   | (10.7%)      |
| <b>Statewide Total</b>                | <b>145,854</b>  |              | <b>250,386</b>  |              | <b>290,913</b>  |              | <b>308,821</b>  |              | <b>310,221</b>  |              | <b>164,367</b>                                       |              |