



DATE: July 17, 2019

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: **2018 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 2018 as well as a preliminary look at data from the 2019 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 information on current enrollment levels, due to differences in reporting timeframes.

For fourth quarter 2018, DOBI's data shows that:

- The overall gain of covered lives in the individual market from the fourth quarter 2013 (prior to the ACA implementation) to fourth quarter 2018 is 141,008 more individuals* covered in the New Jersey individual market.
- 287,103 individuals* in total were covered in the New Jersey individual market at the end of 2018. Since the implementation of the ACA in 2014, this is the first time there was a decline in year-end enrollment with 23,118 fewer individuals than year-end 2017, when there were 309,521 individuals covered.

Additional information from our analysis shows that:

- From 2017 to 2018 Amerihealth and Horizon continued to dominate the individual market. However, Amerihealth saw market share growth year-over-year while Horizon lost market share, 8.49 percent and -11.42 percent respectively, while Oscar did re-enter the market and United Healthcare increased its covered lives, that does not fully explain the shift. Therefore, it is arguably evidence of the two largest plans continuing to hone in on the market's demographics and offer truly competitive plans.
- During 2018 the state engaged in efforts to mitigate federal changes to the ACA. These changes could lead to more changes in the healthcare landscape.

**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, or Colleen Picklo, at 609-275-4020 or cpicklo@njha.com, if you have any questions regarding this document.



Individual Insurance Market Enrollment Data July 2019

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 2019 period was the second open enrollment under 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 2019 open enrollment period. The data revealed a decrease in enrollment nationally and – for the second year in a row – a decrease in New Jersey. Further analysis of the 2019 national enrollment data is detailed below.

FFM Insurance Enrollment Data – The National Perspective

During 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 8 million, nearly 11.7 million and nearly 12.7 million, non-elderly adults (ages 18-64) enrolled through the Marketplace in coverage in each respective year.

Beginning in 2017, those gains began to slowly reverse. In 2017, 2018 and 2019, enrollment through the FFM decreased year-over-year, with reports indicating that 12.2 million, 11.7 million and 11.4 million individuals enrolled each respective year. Despite these reductions, the number of uninsured continues to be comparatively low. However, the decreases suggest that federal activity is impacting enrollment. For example, the individual mandate that was part of the ACA and required everyone to have a benchmark level of healthcare coverage or pay a tax penalty was, in essence, repealed for 2019 by actions at the federal level that lowered the penalty to \$0.

While there is no way to ascertain whether the loss in enrollment was caused by the removal of the penalty, it is noteworthy that the Congressional Budget Office found that the repeal of the individual mandate would cause 13 million fewer Americans to be insured by 2027. New Jersey passed legislation, covered in more depth in the New Jersey Perspective section of this document, to mitigate the negative impacts of the federal changes in 2018 and has continued to do so in 2019.

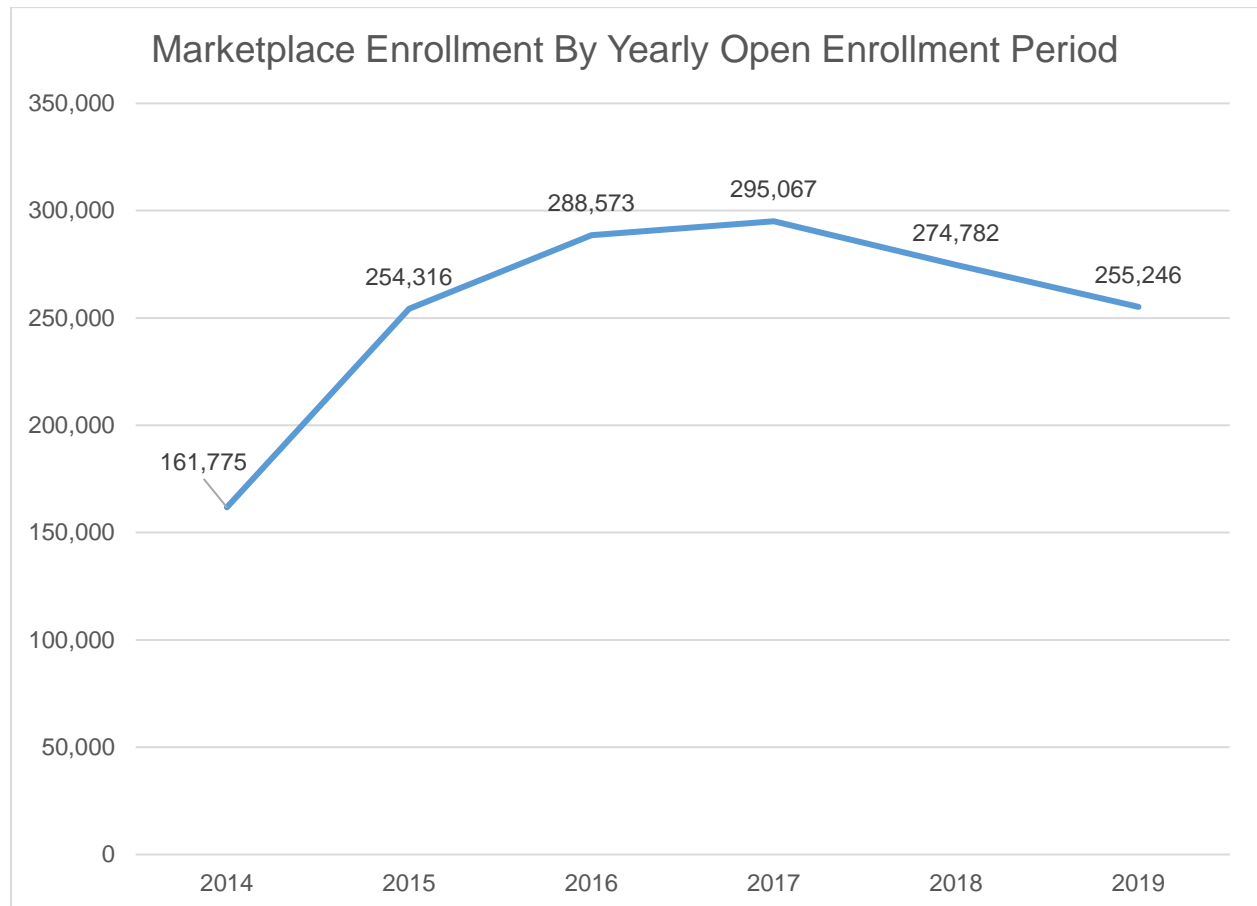
The New Jersey Perspective

Below is a summary of some of the key trends for New Jersey. It is important to remember that different data sources are available to review state trends, which can lead to variation in conclusions. 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

Similar to 2018, New Jersey experienced another moderate decrease in the number of individuals selecting a health plan on the FFM in 2019. According to public use files made available by HHS, 255,246 New Jersey residents selected a health plan for 2019 – a decrease of 19,536 individuals compared to 2018. Combined with the 2018 reduction of 20,285 individuals, the total loss for the last two years is 39,821 individuals.

HHS-reported enrollment totals for New Jersey since the Marketplaces opened, are:



The data identifies that there were decreases in enrollment in both 2018 and 2019. However, the data does not capture the possible cause of individuals moving on or off the Marketplace, such as gaining employer coverage, moving out of state, dropping coverage, etc. – referred to as “churn.”

It is imperative for a market that experiences as much churn as healthcare does to ensure that individuals continue to be motivated to purchase insurance. By doing so the risk can be better managed across a larger and more health-diverse population. In New Jersey, one of the measures taken to avoid enrollment losses – as result of the removal of the penalty – was to establish a state tax penalty for individuals who don’t purchase insurance. However, the HHS enrollment data indicates that there was a dip in New Jersey’s enrollment anyway. But additional state-level data on health insurance purchases directly from the carriers off the Marketplace is not yet available. It is possible there may be less of a loss once those numbers are taken into account.

Exhibit 1 includes statewide and county-level enrollment totals for all enrollment periods.

Enrollee Demographics

During the 2019 open enrollment period, premiums increased modestly by \$19 per month, post-subsidy. Another market stabilization measure that New Jersey implemented to position itself better was the establishment of a reinsurance fund. The reinsurance program is intended to offset the insurance companies’ costs for high-cost claims. By implementing this program, premium increases were mitigated. For some plans, premiums actually decreased.

Exhibit 2 includes pre- and post-subsidy data on premiums from 2014 - 2019. Other noteworthy demographics from the data include:

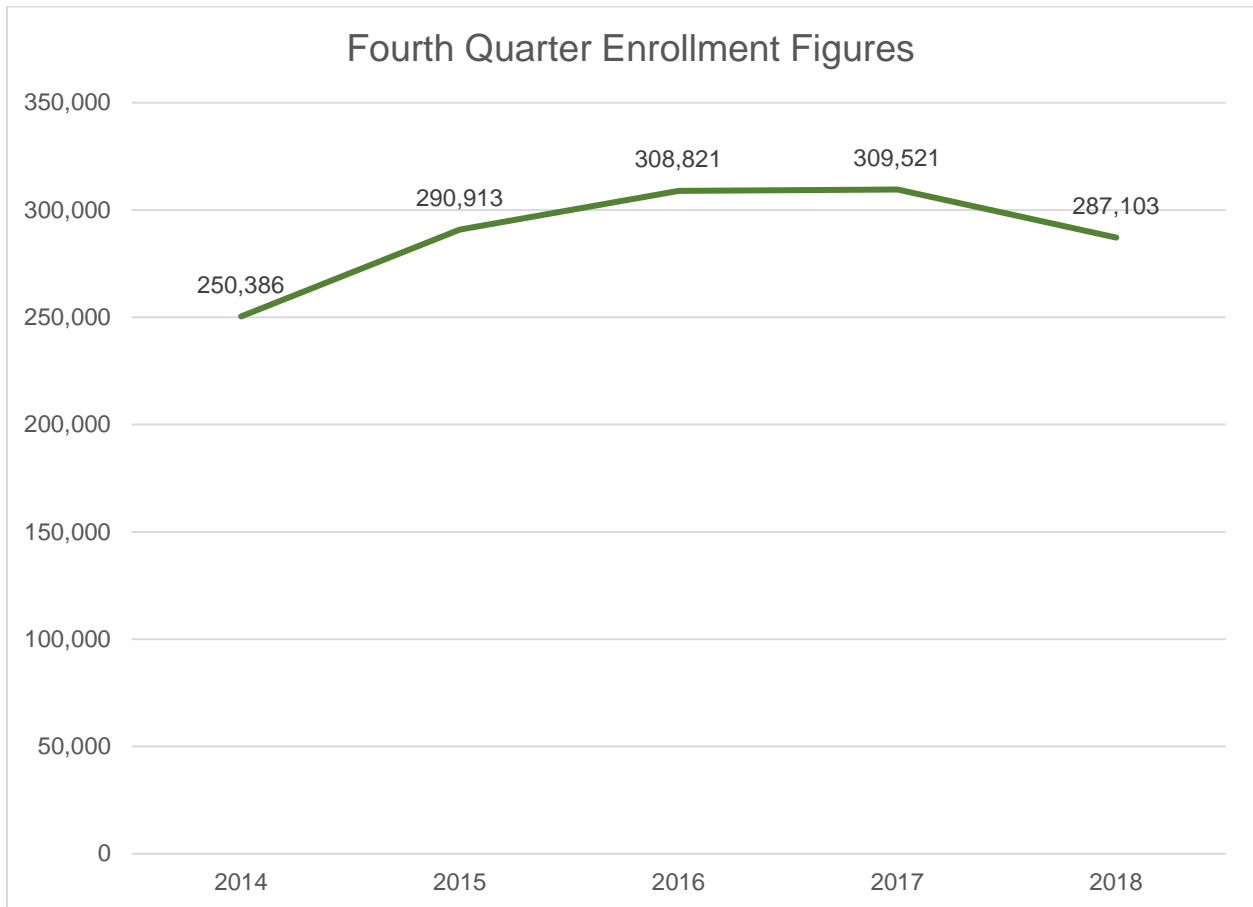
- More than 97 percent of the enrollees in the Marketplace are enrolled in either a bronze or silver plan;
- Slightly more than 50 percent of enrollees are between the ages of 45 and 64; and
- The percentage of active re-enrollees who switched plans on the Marketplace continued its downward trend, decreasing from approximately 40 percent in 2018 to 27 percent in 2019.

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 tend to view the state-level data as 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 2018 allow us to determine that, per the carriers’ self-reported data, New Jersey experienced its first year-end loss in enrollment since the inception of the FFM.

The state report indicates that at the end of the fourth quarter 2018, only 287,103 individuals still had insurance coverage. Year-end data for the last five years shows the following totals:



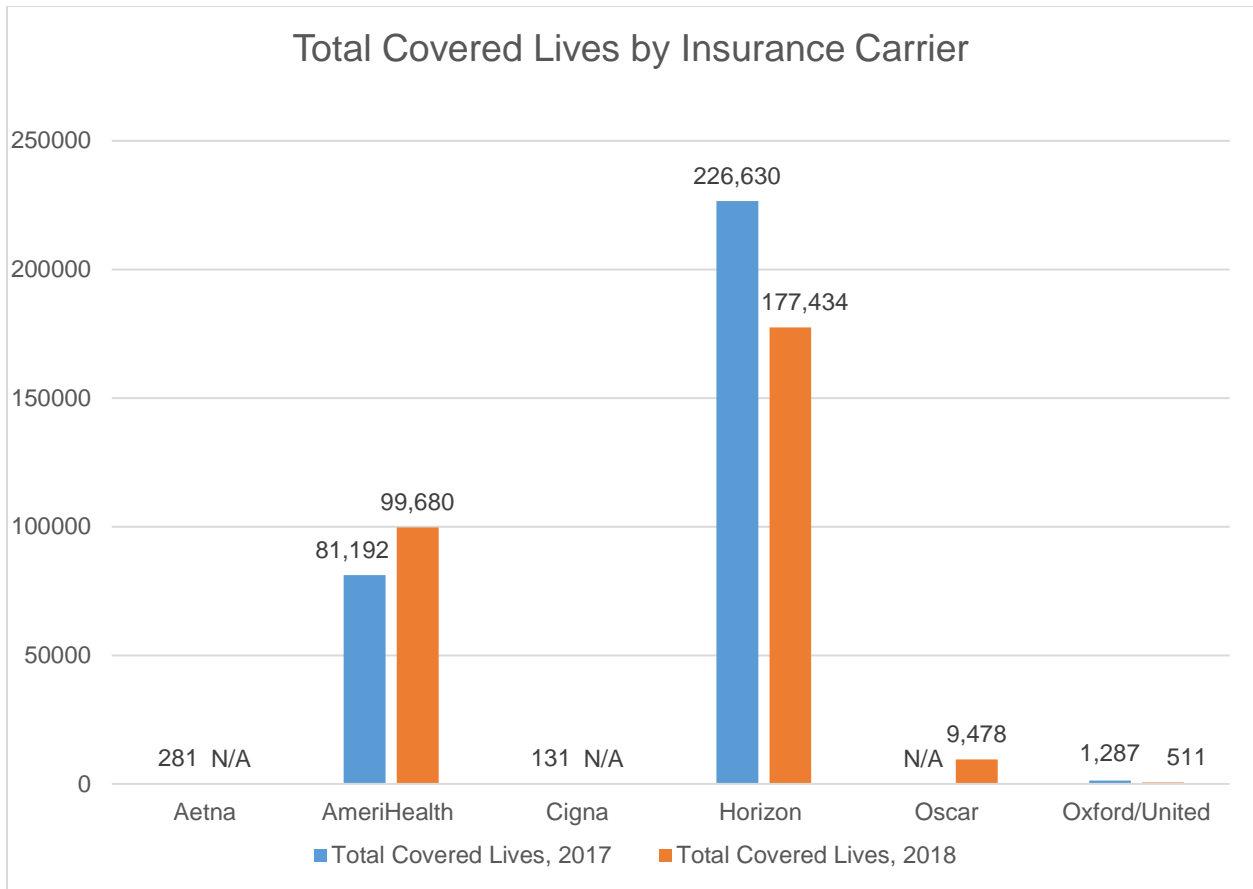
DOBI Enrollment Reports – Total Enrollment - FFM and Direct from Carrier

In comparing first quarter 2018 enrollment reports with fourth quarter 2018, most of the churn takes place on the FFM. Between the beginning and the end of 2018, FFM enrollment decreased by 34,867 while the direct-from-carrier (DFC) market decreased by 6,791. These represent losses of 14.5 and 7.6 percent of the FFM and DFC markets, respectively. This is logical given that individuals off the Marketplace are likely not in need of the tax credit and would therefore be above the 400 percent of the FPL needed to qualify for the advanced premium tax credits.

Individual Carrier Changes

In 2018 there were three carriers offering individual policies on the Marketplace: AmeriHealth, Horizon Blue Cross and Blue Shield of New Jersey (Horizon) and Oscar. Oscar returned in 2018 after a year out of the N.J. market.

AmeriHealth's market share experienced a significant increase in 2018, growing from 26 percent at year-end 2017 to 35 percent at year-end 2018. However, when looking at the FFM and DFC markets separately, most of that gain is through the FFM (see exhibit 3).



Source: NJ DOBI Individual Health Coverage Program Enrollment Reports

Conclusion

New Jersey took a proactive approach to stabilize the healthcare market for 2019, including a state-based individual penalty and the reinsurance program. It is impossible to tell from federal-level data the exact impact of these policy decisions. It is anticipated that as New Jersey moves closer to a state-specific approach, the federal data may become less meaningful. However, the monitoring of both federal and state-level data will continue to be important to further determine successes and areas for improvement concerning these policies. Data will continue to play an important role in monitoring and evaluating other future market stabilization efforts, such as the establishment of a state-based exchange – legislation for which was enacted June 28.

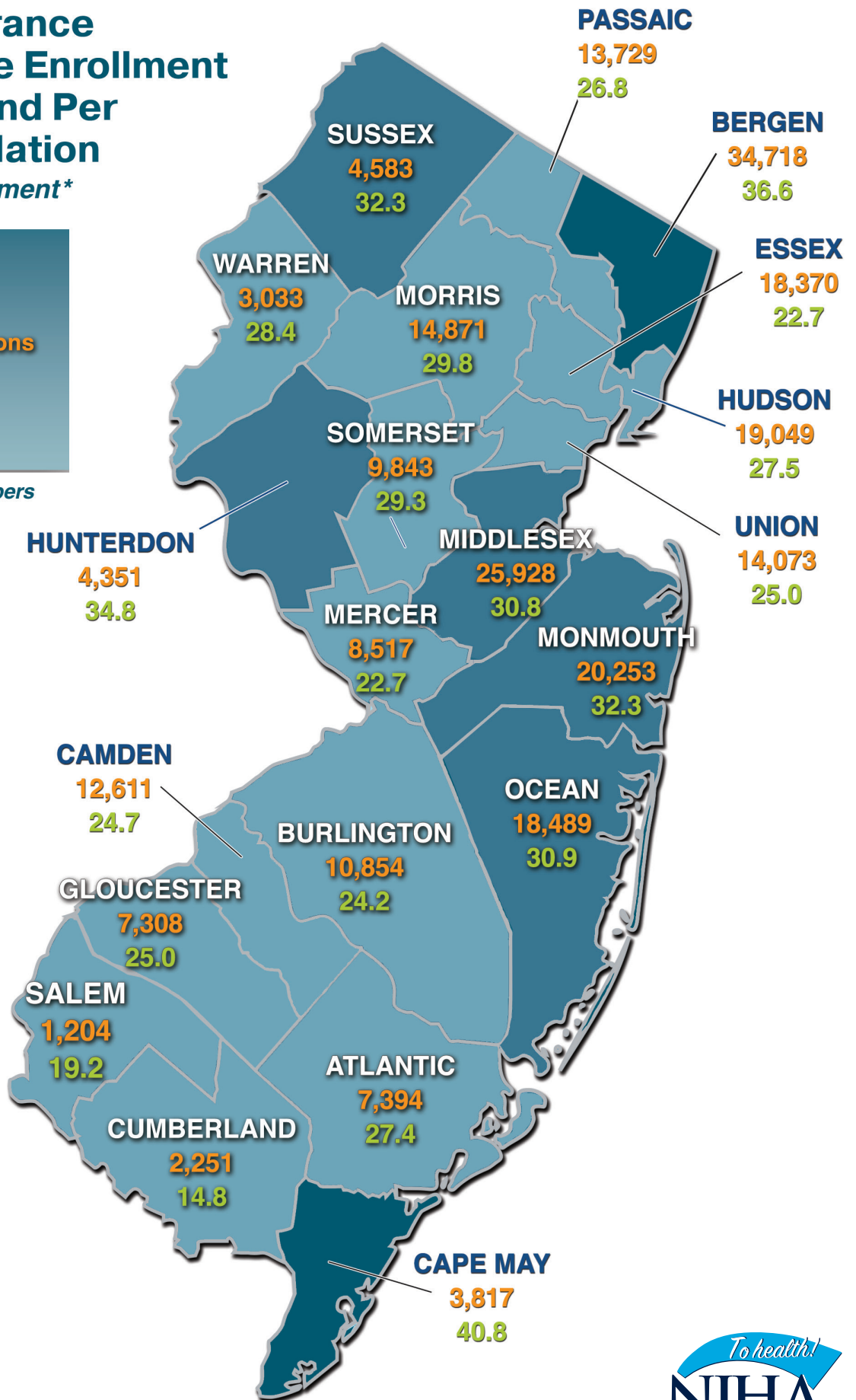
Attachments

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

2019 Open Enrollment*

STATEWIDE
255,246
 Total Plan Selections
28.3
 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 to Present

County	2014 Open Enrollment Period (October 15, 2013 - April 19, 2014)		2015 Open Enrollment Period (November 15, 2014 - February 22, 2015)		2016 Open Enrollment Period (November 1, 2015 - January 31, 2016)		2017 Open Enrollment Period (November 1, 2016 - December 15, 2017)		2018 Open Enrollment Period (November 1, 2018 - December 15, 2018)		Variance: 2018 Open Enrollment Period Vs. 2014 Open Enrollment Period	
	Total Enrollment	Enrollment per 1,000 Population	Total Enrollment	Enrollment per 1,000 Population	Total Enrollment	Enrollment per 1,000 Population	Total Enrollment	Enrollment per 1,000 Population	Total Enrollment	Enrollment per 1,000 Population	Total Enrollment	Enrollment per 1,000 Population
Atlantic	5,346	19.4	8,880	32.3	9,000	32.8	9,603	35.4	7,394	27.4	2,048	8.0
Bergen	20,146	21.8	32,157	34.4	36,317	38.7	38,349	40.8	34,718	36.6	14,572	14.8
Burlington	7,615	16.9	11,567	25.7	13,362	29.7	12,879	28.7	10,854	24.2	3,239	7.3
Camden	10,352	20.2	15,406	30.1	16,426	32.1	15,444	30.3	12,611	24.7	2,259	4.5
Cape May	2,034	21.2	3,509	36.8	4,225	44.6	4,369	46.3	3,817	40.8	1,783	19.6
Cumberland	1,886	12.0	2,738	17.4	3,038	19.5	3,076	20.0	2,251	14.8	365	2.8
Essex	14,624	18.5	20,940	26.3	22,525	28.2	22,791	28.6	18,370	22.7	3,746	4.2
Gloucester	4,608	15.9	7,343	25.2	7,927	27.2	8,468	29.0	7,308	25.0	2,700	9.1
Hudson	13,427	20.3	19,213	28.7	22,022	32.6	23,006	33.9	19,049	27.5	5,622	7.2
Hunterdon	2,282	18.1	4,080	32.4	4,653	37.1	4,734	38.0	4,351	34.8	2,069	16.7
Mercer	5,679	15.3	8,677	23.4	9,775	26.3	9,743	26.3	8,517	22.7	2,838	7.4
Middlesex	15,029	18.1	23,425	28.0	25,101	29.9	29,191	34.9	25,928	30.8	10,899	12.6
Monmouth	10,741	17.1	18,430	29.3	23,674	37.7	22,515	36.0	20,253	32.3	9,512	15.3
Morris	7,649	15.3	13,326	26.7	15,574	31.2	16,482	33.1	14,871	29.8	7,222	14.4
Ocean	8,199	14.1	15,449	26.3	18,505	31.4	19,393	32.7	18,489	30.9	10,290	16.9
Passaic	9,303	18.4	14,605	28.7	17,178	33.6	17,071	33.6	13,729	26.8	4,426	8.4
Salem	717	11.0	1,138	17.6	1,367	21.3	1,478	23.3	1,204	19.2	487	8.2
Somerset	5,032	15.2	8,180	24.6	11,115	33.3	10,884	32.6	9,843	29.3	4,811	14.1
Sussex	2,251	15.4	4,376	30.2	5,011	34.9	5,133	36.0	4,583	32.3	2,332	16.9
Union	10,680	19.5	16,195	29.3	16,697	30.0	17,061	30.7	14,073	25.0	3,393	5.5
Warren	1,731	16.1	2,902	27.1	3,365	31.5	3,397	31.9	3,033	28.4	1,302	12.3
County Unassigned	2,444		1,780		1,716		0		0		(2,444)	
Statewide Total	161,775	18.2	254,316	28.5	288,573	32.2	295,067	33.0	255,246	28.3	93,471	10.2

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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) 2017 - Present

	2014		2015		2016		2017		2018		2019		Dollar Variance (2019 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	Average Pre-Subsidy	Average Post-Subsidy
	Monthly	\$457	\$127	\$481	\$172	\$484	\$161	\$479	\$148	\$575	\$157	\$541	\$176	\$84
Yearly	\$5,484	\$1,526	\$5,772	\$2,064	\$5,808	\$1,932	\$5,748	\$1,776	\$6,900	\$1,884	\$6,492	\$2,112	\$1,008	\$586

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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 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 (November 1, 2017 - December 15, 2017)		Quarter Four 2018 (November 1, 2018 - December 15, 2018)		Variance: Quarter Four 2018 Vs. Quarter Four 2014	
	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)	1,451	0.6%	742	0.3%	418	0.1%	281	0.09%			(1,451)	(8.9%)
AmeriHealth Inc. (Insurance and HMO)	109,160	43.6%	53,789	18.5%	65,501	21.2%	81,192	26.2%	99,680	34.72%	(9,480)	(0.0%)
CIGNA HealthCare of NJ Inc.	52	0.0%	29	0.0%	45	0.0%	131	0.04%			(52)	(1.7%)
Health Republic Ins of NJ (Insolvent 2017)	4,152	1.7%	44,541	15.3%	18,386	6.0%					(4,152)	10.7%
Horizon BCBSNJ (Service Corp and HMO)	127,940	51.1%	173,933	59.8%	193,274	62.6%	226,630	73.2%	177,434	61.80%	49,494	3.3%
Oscar Ins Corp of NJ	0	0.0%	2,800	1.0%	21,284	6.9%			9,478	3.30%	9,478	(2.9%)
Oxford Health Plans	7,631	3.0%	15,079	5.2%	9,913	3.2%	1,287	0.42%	511	0.18%	(7,120)	0.0%
Statewide Total	250,386		290,913		308,821		309,521		287,103			