

Colorado Individual Exchange Renewals

# Consumer Impact Analysis

October 25, 2021

PRESENTED BY  
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# Overview

- Connect for Health Colorado (C4) contracted Wakely Consulting Group, LLC (Wakely) to analyze the individual market rate changes for 2022 before and after federal premium subsidies
- Analysis was performed using QHP templates provided by the Colorado Department of Regulatory Agencies (DORA) and enrollment data provided by C4

## Caveats and Limitations

- Wakely relied on plan data provided by DORA and plan information provided by C4; any errors in the underlying data could have any impact on the results. Wakely performed reasonability checks of the data but did not audit the data for accuracy.
- This presentation and attachments should only be shared in their entirety and should only be utilized by qualified individuals
- Analysis is meant to approximate rather than replicate premiums from C4 system
- Analysis does not explicitly account for plans with elective abortion coverage for which federal funding is not available
- Enrollment data includes duplicates if same Member ID appears in multiple Family IDs
- Enrollment data had some individuals with no valid plan ID or no valid county, which are excluded from any premium analysis

# Key Changes

# Key Changes 2021 to 2022

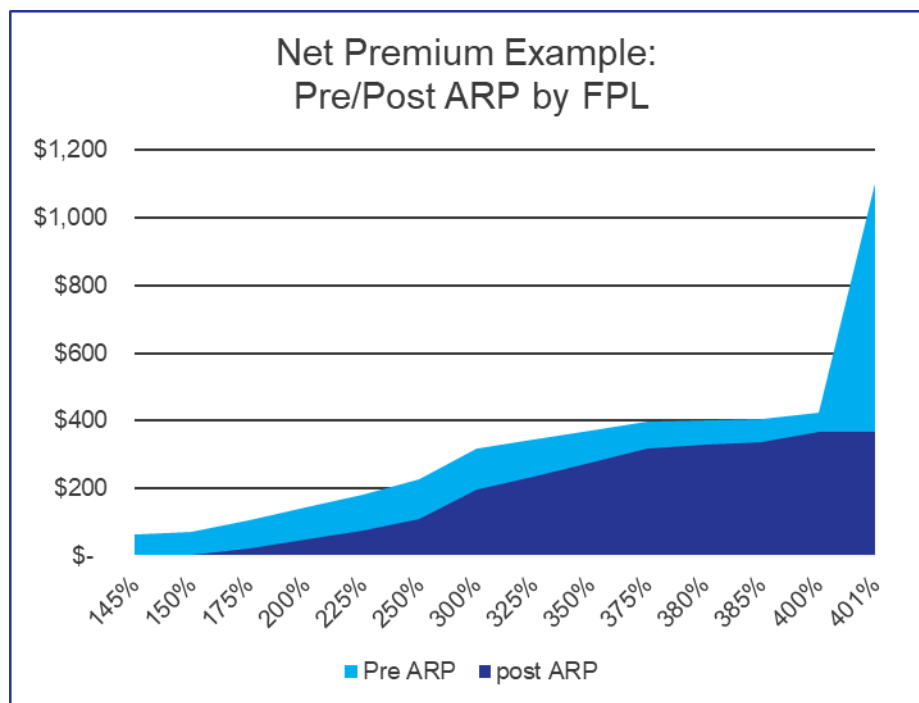
	2021	2022
Issuers	8	8
Plans		
On Exchange	159	257
Substantially Similar Off Exchange	33	21
Counties with One Issuer	10	1
Average Rate Change (Unsubsidized)	3% (\$12)	2% (\$11) ARP: -6% (-\$25)
Average Rate Change (APTC-Eligible)	26% (\$30)	-33% (-\$47)

- ARP refers to the American Rescue Plan Legislation
- Unsubsidized eligible individuals are defined based on their eligibility at the beginning of 2021; those with FPL incomes greater than 400%. Some of these enrollees making more than 400% FPL may be eligible for subsidies under the ARP.
- “Substantially Similar Off-Exchange” refers to silver plans which have a nearly identical cost-sharing structure as an on-exchange silver counterpart. These Off-Exchange options do not have CSR loads, however consumers are not eligible for premium tax credits (APTC) if they enroll in these options. (Colorado Bulletin B 4.100)

# Key Changes 2021 to 2022

## American Rescue Plan (ARP) – Signed March 2021

- Expanded eligibility and amount of premium subsidies for 2021 & 2022 Only
- In 2023, subsidy limits will return to eligibility under 400% of the Federal Poverty Level (FPL) Only
- Enrollees over 400% of the FPL are now eligible for premium subsidies on the exchange

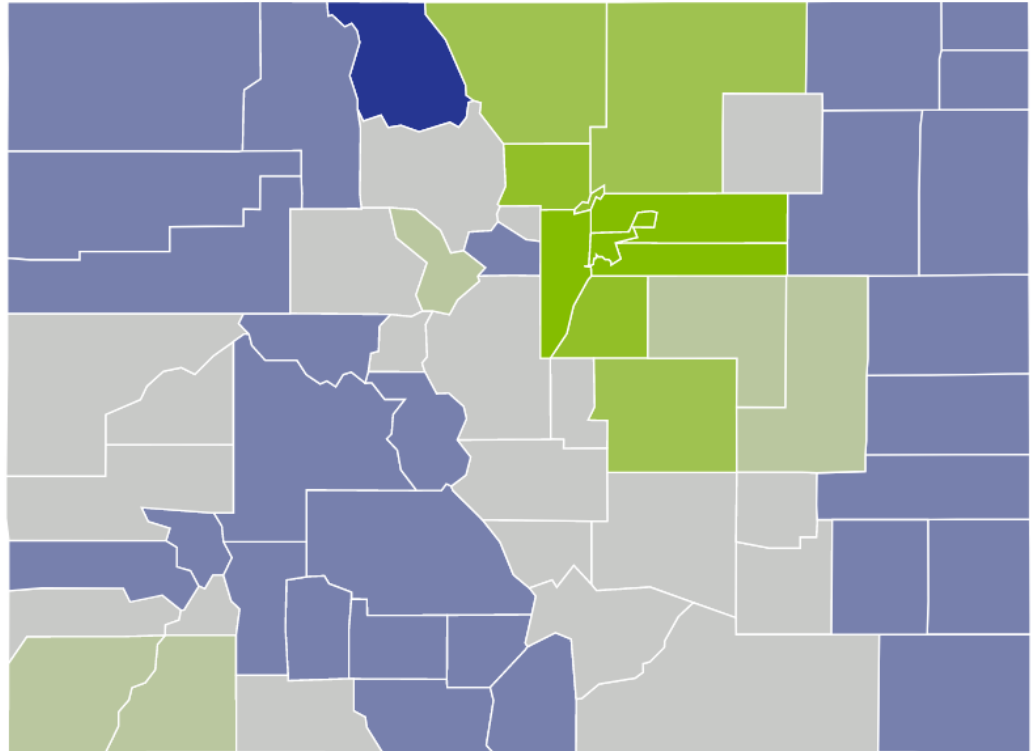
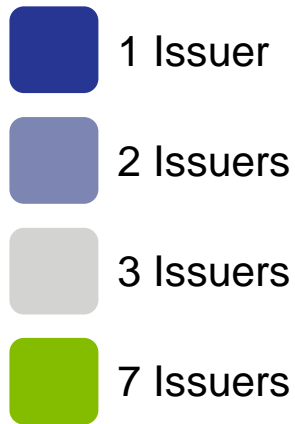


Income FPL* %	Premium Cap Max % of Income for 2nd Lowest Silver	
	2021 Pre - ARP	2021 Post ARP and 2022
Under 133%	2.07%	0.00%
133% - 150%	3.10% - 4.14%	0.00%
150% - 200%	4.14% - 6.52%	0% - 2.0%
200% - 250%	6.52% - 8.33%	2.0%-4.0%
250% - 300%	8.33% - 9.83%	4.0%-6.0%
300% - 400%	9.83%	6.0%-8.5%
Over 400%	NA	8.5%

# Consumer Choice

## Issuers Density by County

Issuers in County	Number of Counties	% of 2021 Enrollment
1	1	0.0%
2	28	8.9%
3	20	10.8%
4+	15	80.3%

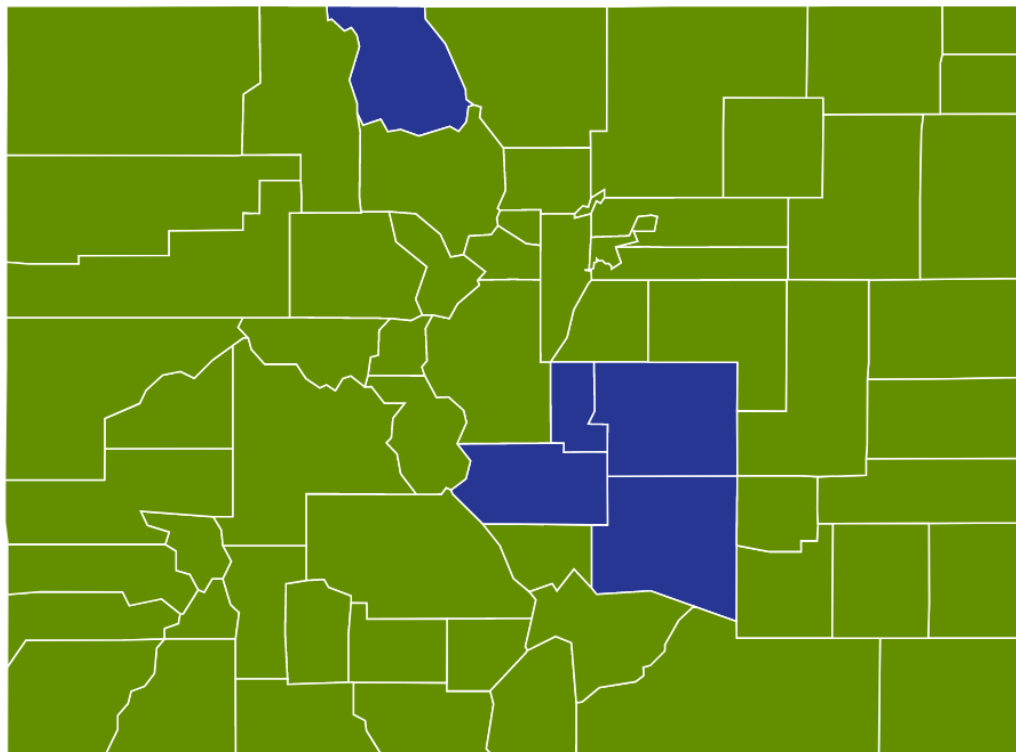


- Only one issuer has plan options in every county of the state in 2021 and 2022
- There will be two or fewer issuer options in 29 of 64 counties in the state. This is lower than 2021.
- Total enrollment in counties with only one issuer option is 0.03% of enrollment. This is a decrease from 3.6% of enrollment in single issuer counties last year.

# Consumer Choice

## Change in Plan Availability by County

Plan Change by County	Number of Counties	% 2021 Enrollment
Increasing	59	90%
No Change	0	0%
Decreasing	5	10%



- Arapahoe, Denver, Adams and Jefferson county are the most competitive counties, with 143 total offerings
- El Paso, Teller, Pueblo, Fremont, and Jackson counties will have less offerings than 2021
- Majority of the counties in the East and West areas add new plans

# Comparison of Plan Offerings

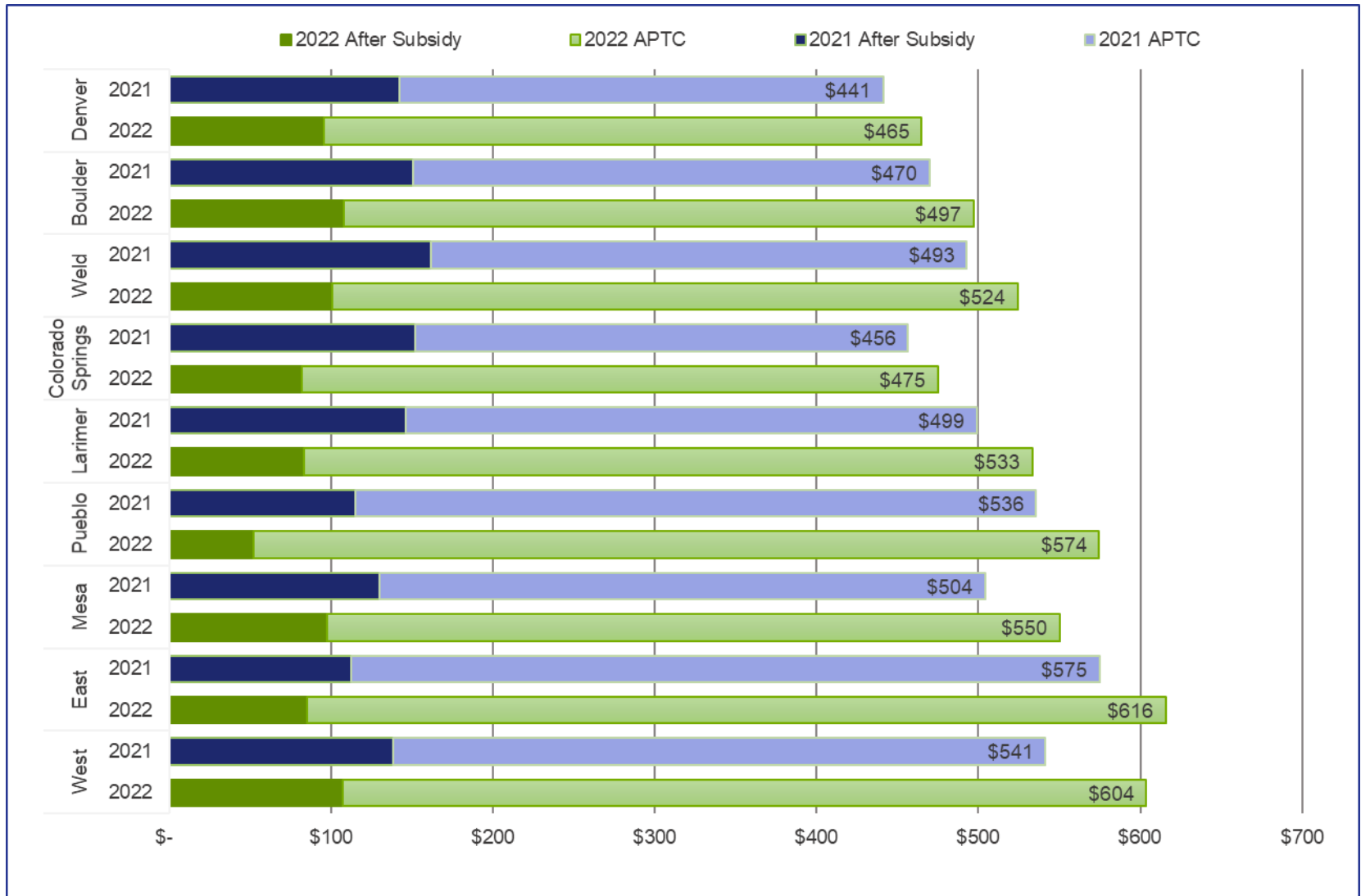
- There were 159 plans offered on the exchange in 2021 and 257 in 2022
- Growth was in the number of Silver and Bronze plans offered
- Plans identified as continuing include plans replaced with new plans
- Discontinued plans in the table are those where enrollees will need to select new plan, and include 3,433 enrollees, or 2.4% of 2021 enrollees
- Not all plans are offered in all regions of the state

	Gold	Silver	Bronze	Catastrophic	Total
<b>2021 Plans</b>	<b>27</b>	<b>62</b>	<b>61</b>	<b>9</b>	<b>159</b>
Continuing	26	54	58	9	147
Merging	4	15	15	1	35
Discontinued	-1	-8	-3	0	-12
New	13	34	27	1	75
<b>2022 Plans</b>	<b>43</b>	<b>103</b>	<b>100</b>	<b>11</b>	<b>257</b>
<b>Net Change</b>	<b>16</b>	<b>41</b>	<b>39</b>	<b>2</b>	<b>98</b>



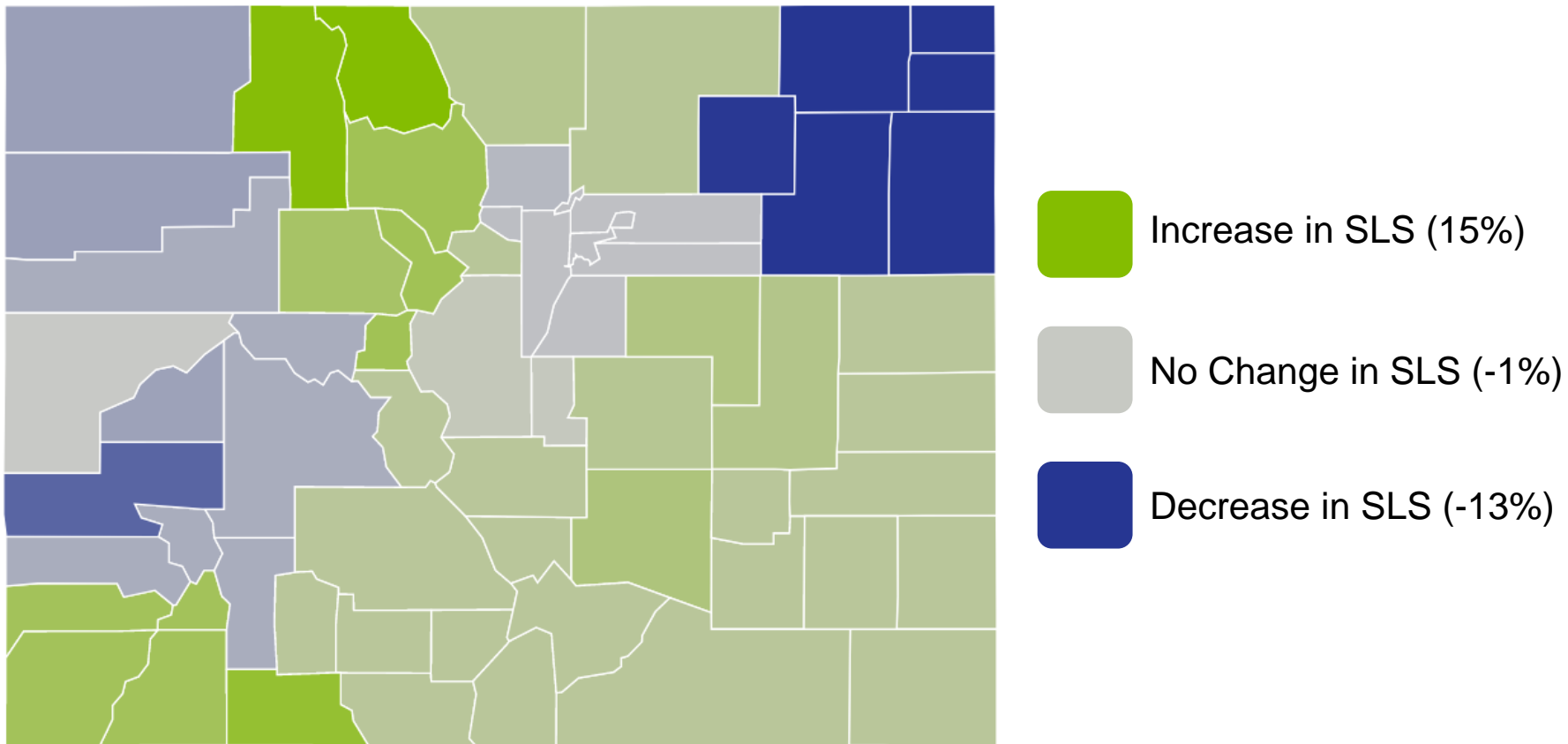
# Consumer Impact

## 2021 to 2022 Auto-Renew Premium Changes



# Consumer Impact

Weighted Average Change in Second Lowest Silver (SLS) by County

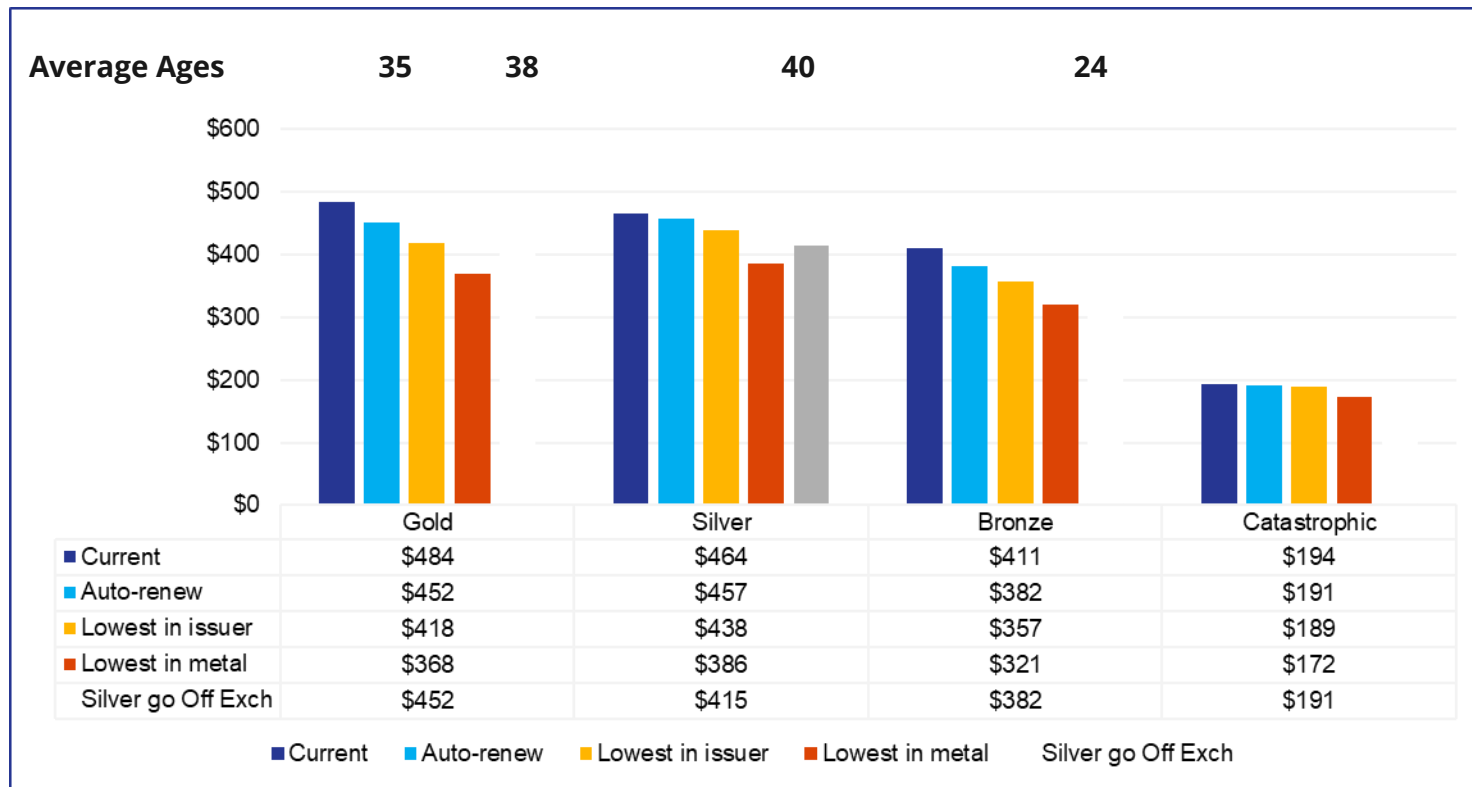


- Washington, Yuma, Phillips, Logan and Sedgewick saw decreases (-13%)
- Archuleta, Routt, and Jackson saw increases (>10%)
- ~44% of rating groups will see a change in SLCS issuer.

# Consumer Impact

## Premium Changes and Shopping Impact

### Non-Subsidy Eligible By Metal

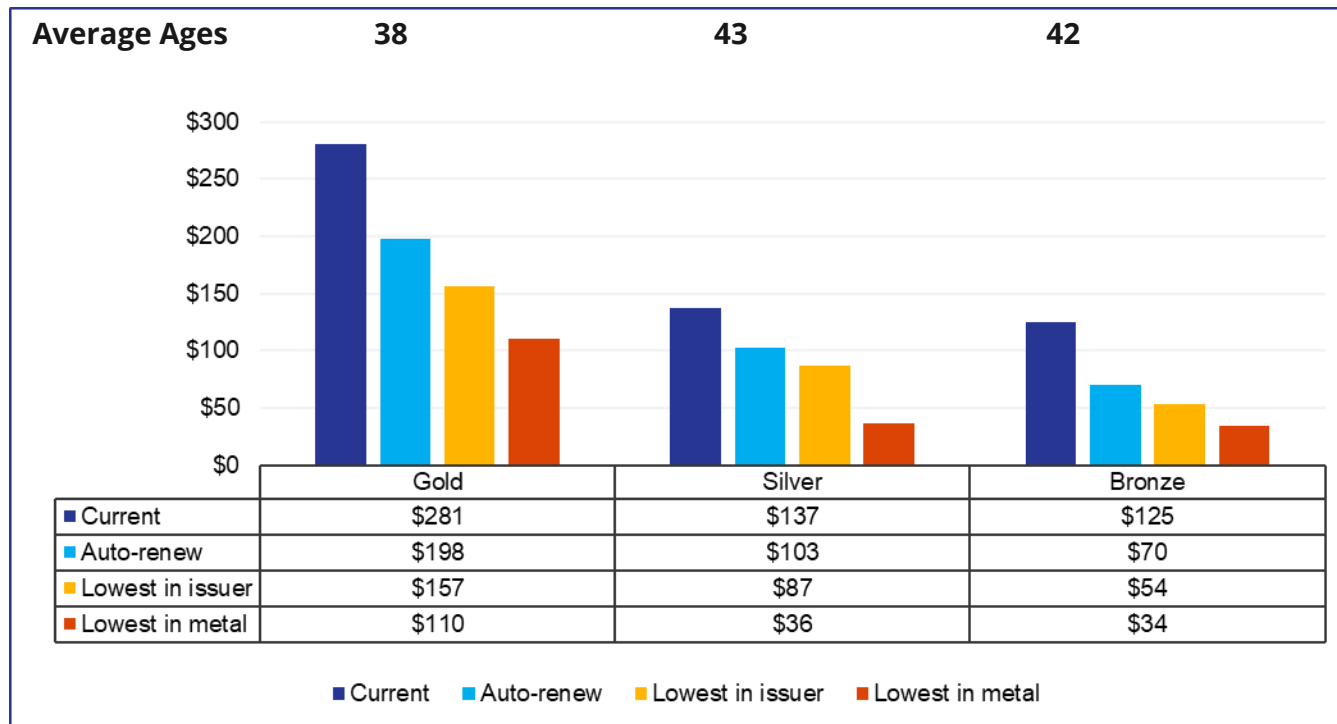


All metal tiers could benefit from shopping, with more savings available if willing to move from current issuer. Notably, Silver plan members could shift to a Gold plan for a lower premium (lowest cost Gold is \$368 on average versus the lowest cost Silver of \$386)

# Consumer Impact

## Premium Changes and Shopping Impact

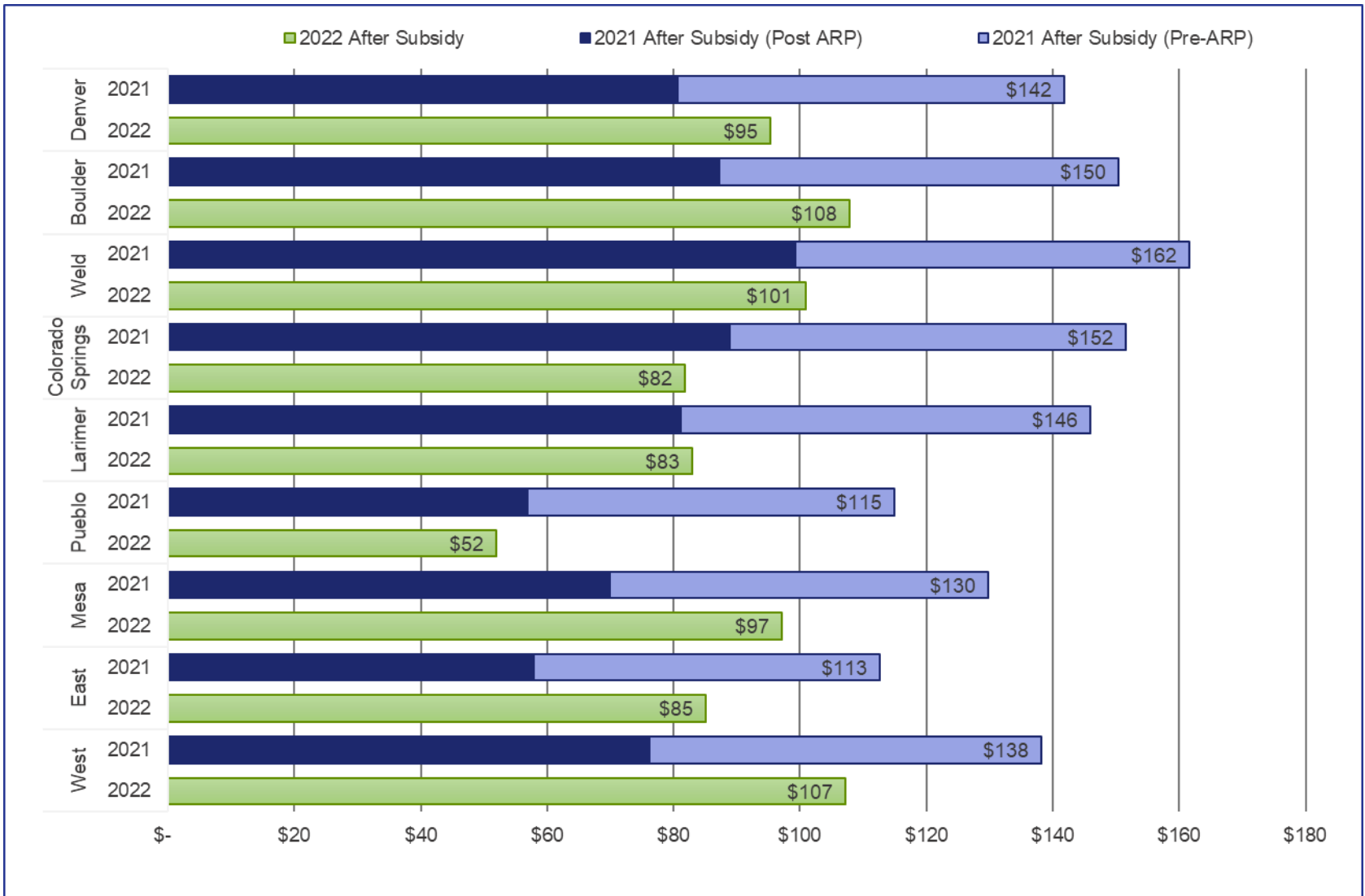
### Subsidy Eligible By Metal



- Subsidized individuals that auto-renew to their current plan are likely to see a net premium decrease due to rich APTC offerings
- All metal tiers could benefit from shopping, and achieve an overall decrease in net premium from 2021.

# Key Findings: Estimated Impact of ARP

2021 to 2022 Auto-Renew Premium Changes After Subsidy



# Key Findings

## Subsidy Use

- Approximately 18,217 (20,353 in 2020) enrollees appear to be eligible for Cost Sharing Reduction (CSR) plans but are not enrolled in Silver plans so they cannot take advantage of CSRs
  - Roughly 15,554 (18,250 in 2020) of these are in Bronze plans
  - More than 2,000 of these are in Gold plans, of which roughly 1,250 (800 in 2020) have household incomes below 200% FPL and are eligible for CSRs that would provide plans with a similar actuarial value for a lower premium
- 692 (516 in 2020) enrollees appear to be eligible for premium subsidies but are enrolled in Catastrophic plans
- Due to the decrease in the second lowest cost silver premiums in most areas of the state, there are 98 (1,974 in 2020) households in coverage through C4 who may stop receiving subsidies because the cost of the benchmark plan is lower than their required contribution
  - Rate increases resulting from the potential loss of subsidy will exceed 150%

# Appendix

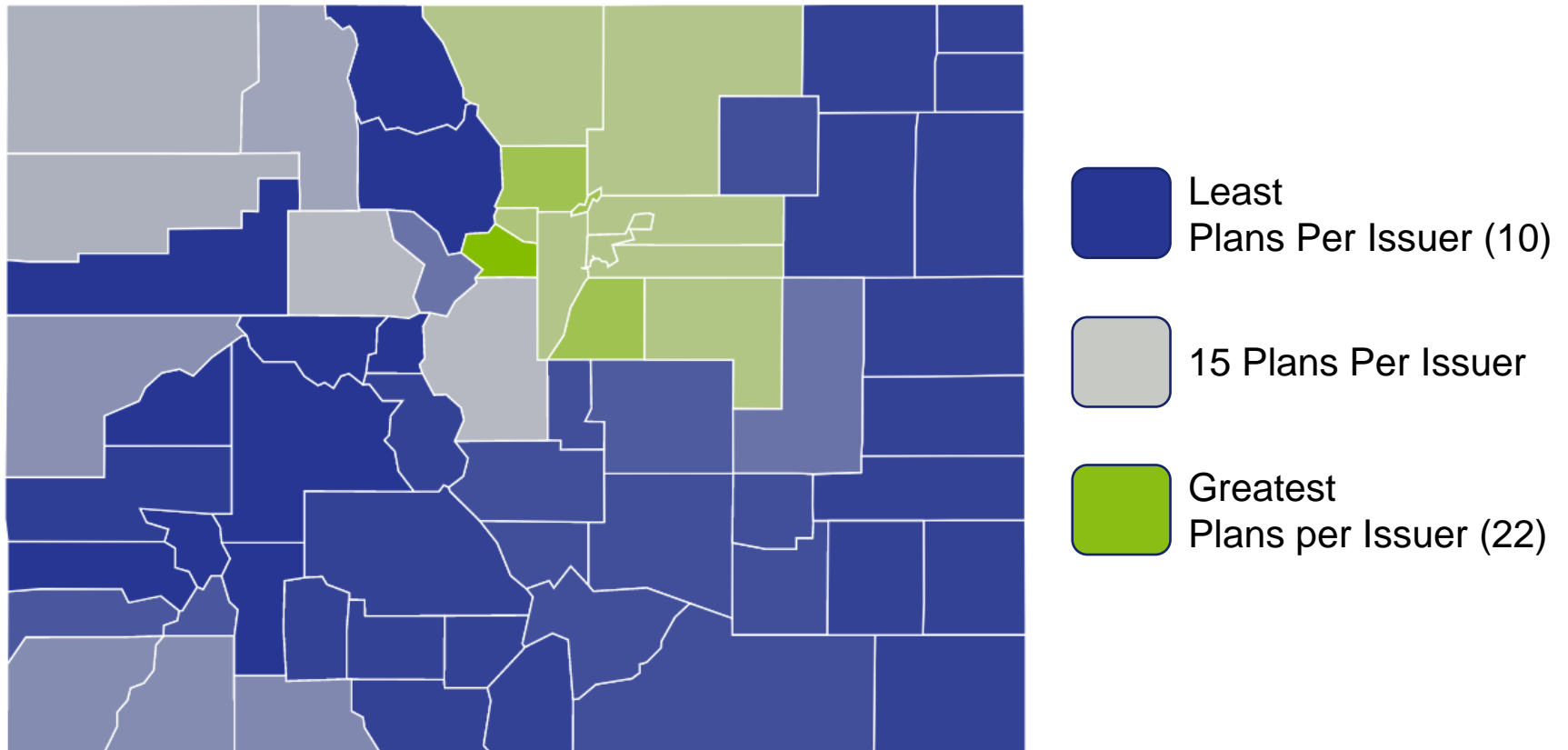
# Definitions

- Subsidy-eligible: Reported % of FPL in Enrollment detail between 0% and 400%
- Non-Subsidy-eligible: Reported % of FPL in Enrollment detail above 400% or not indicated
- Enrollee: Individual member enrolled in a plan
- Household: Group of family members covered by same plan
- County/zip group: Subset of zip codes within a county where all zip codes have same benchmark plan
- Discontinued Plans:
  - Plans that are not cross-walked to a 2021 plan on the exchange



# Consumer Choice

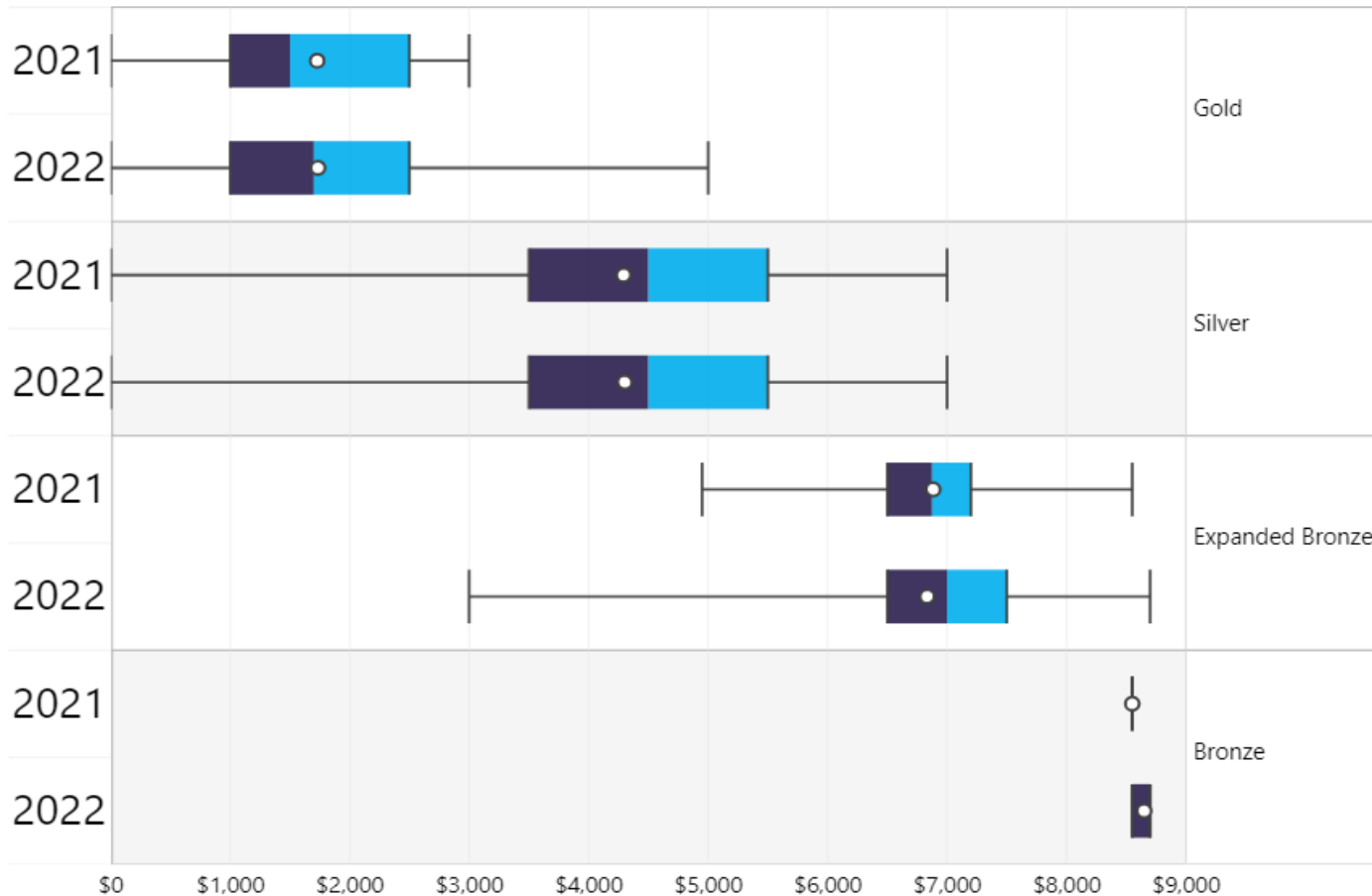
## Average Plans Per Issuer



In counties with only one issuer, there are at least 11 plans being offered.

No material difference in number of plans offered per issuer by county from 2020.

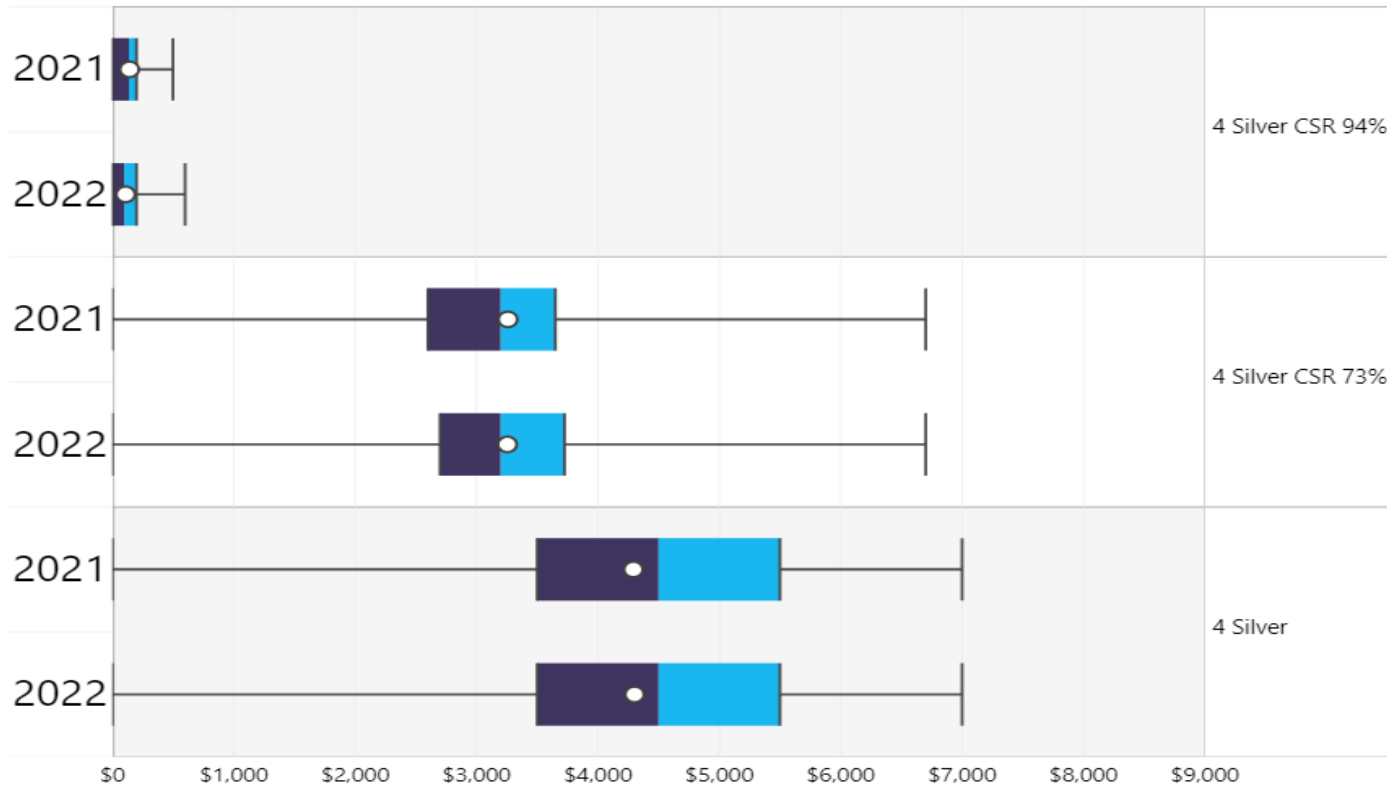
# Plan Design



## 2022 Deductible Ranges

Bronze:	\$8550-\$8700
Expanded Bronze:	\$3000-\$8700
Silver:	\$0-\$7000
Gold	\$0-\$5000

# Plan Design – Silver Variants



## 2022 Deductible Ranges

Silver 94% AV	\$0-\$600
Silver 73% AV	\$0-\$6700
Standard Silver	\$0-\$7000

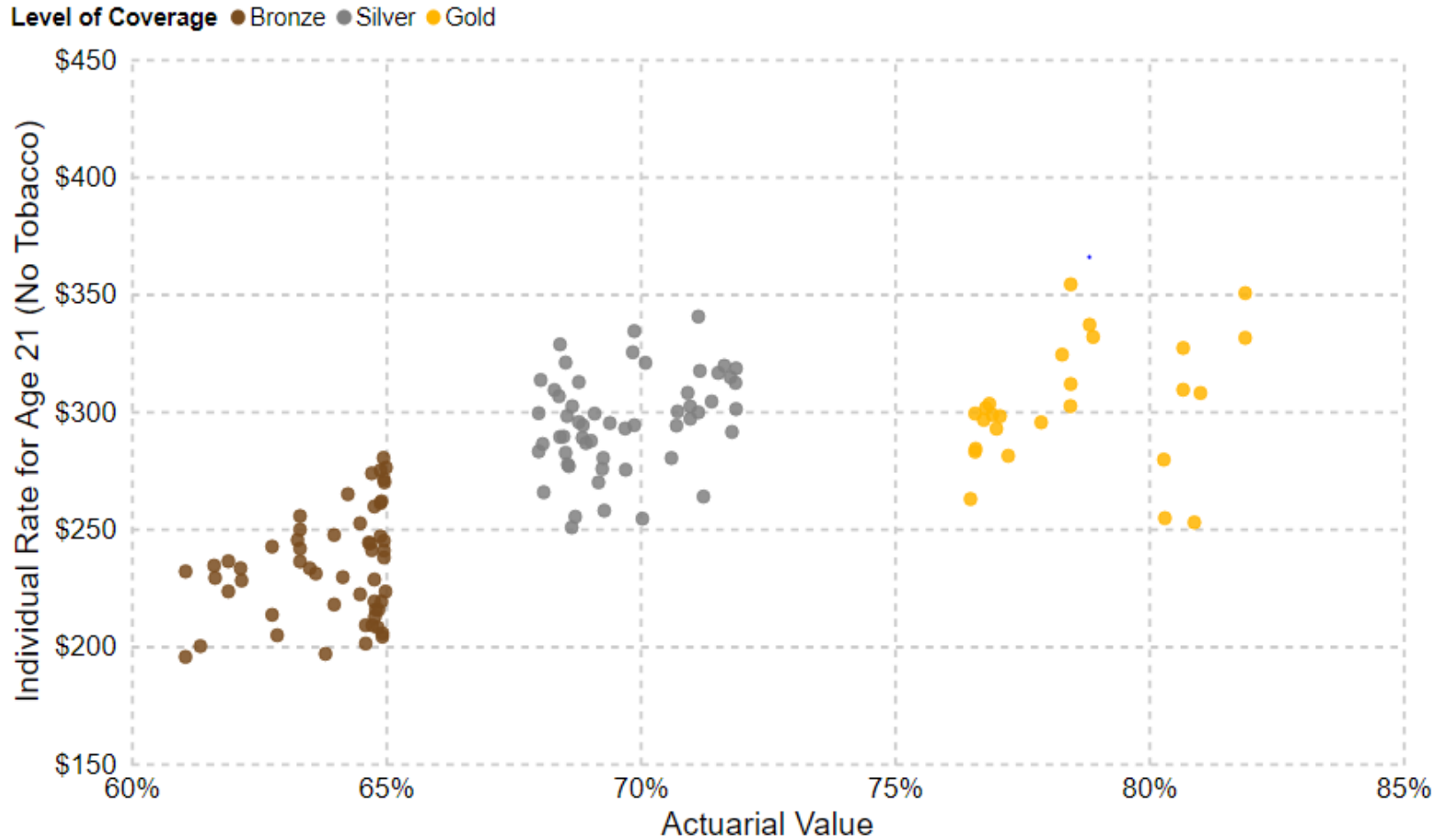
# AV and Premium Relationship

## 2021 Plan AVs and Premiums – Jefferson County



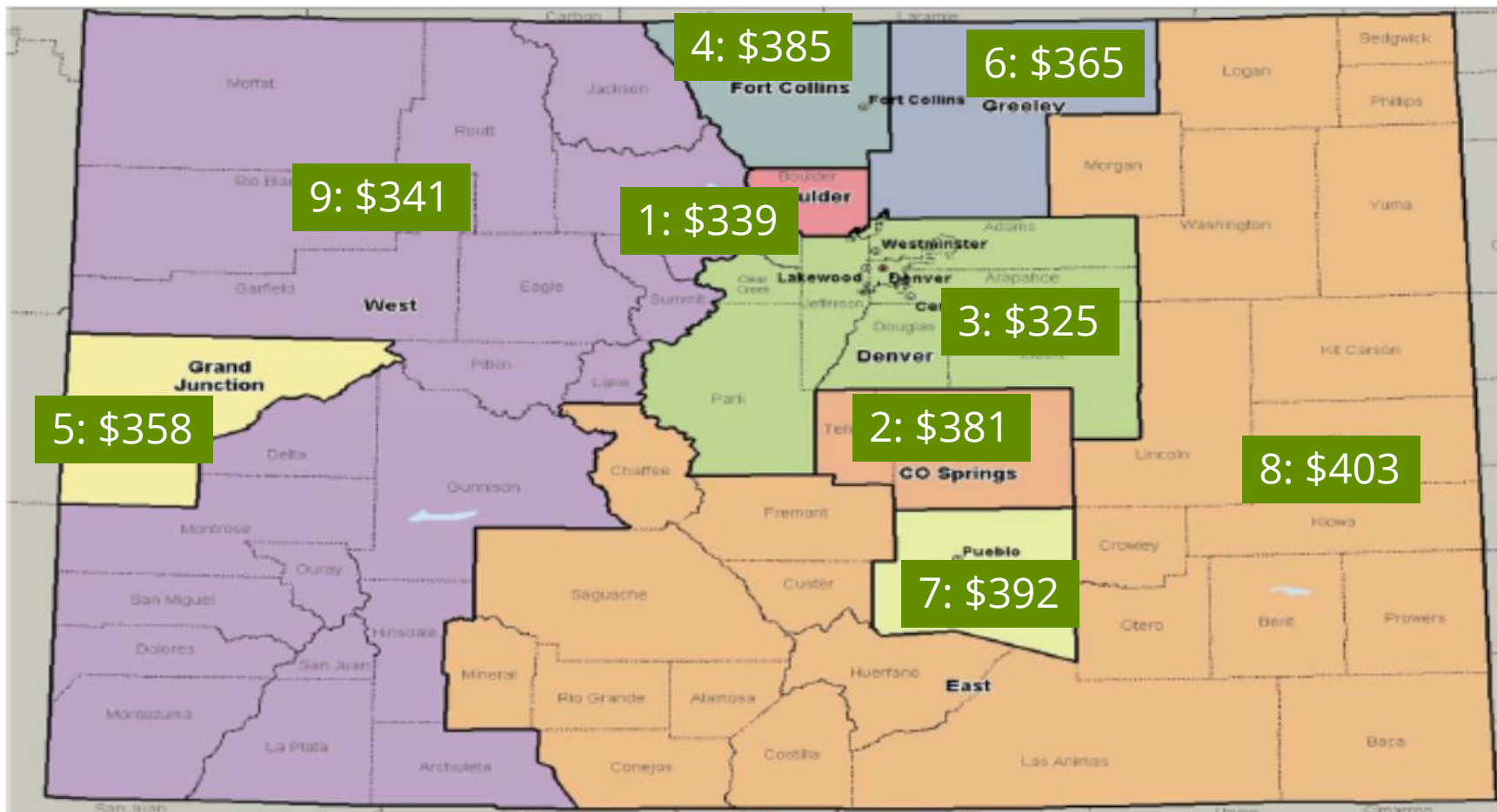
# AV and Premium Relationship

## 2022 Plan AVs and Premiums – Jefferson County



# Premiums

## Regional Differences in Rates

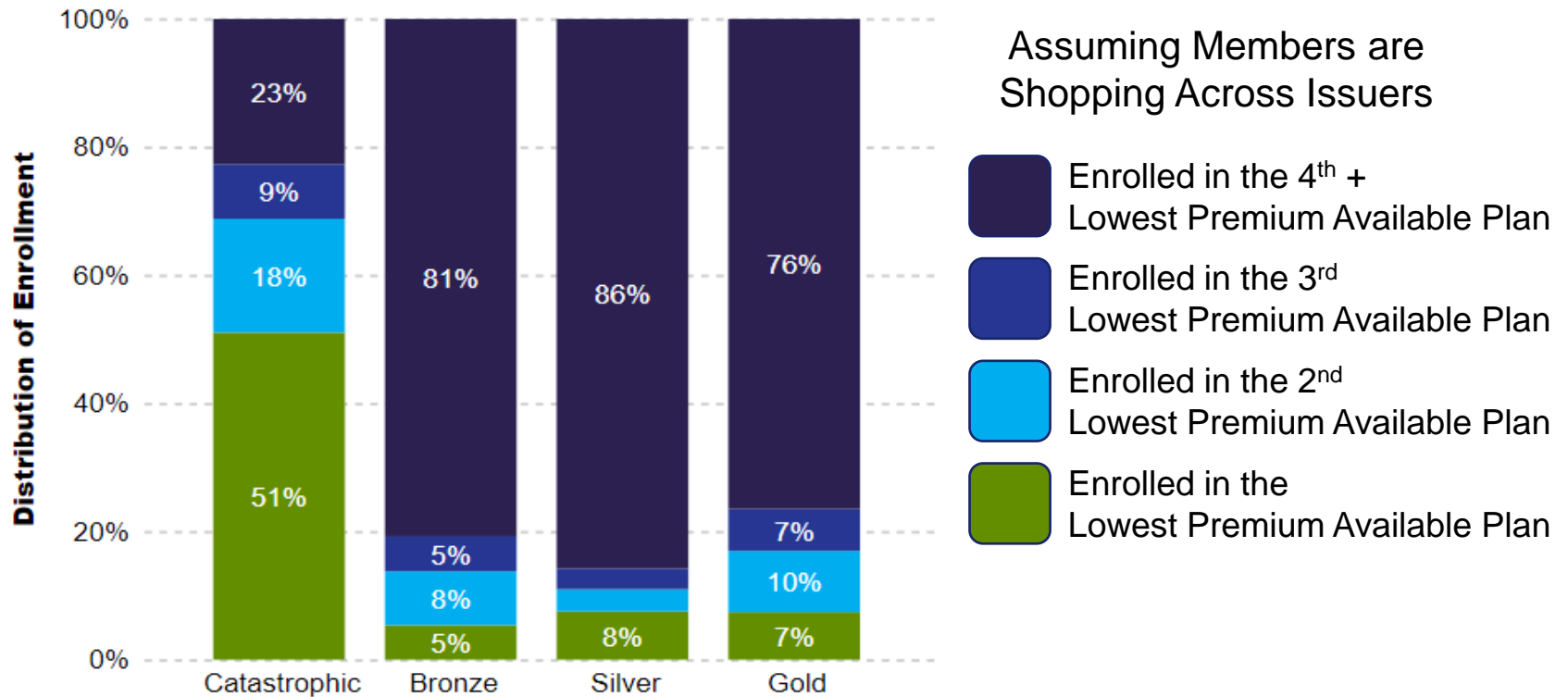


Rates reflect weighted average Second Lowest Silver for Age 40 in rating area before advance premium tax credits

# Consumer Impact

## Enrollment by Plan Premium Rank

### Non-Subsidy Eligible - By Metal

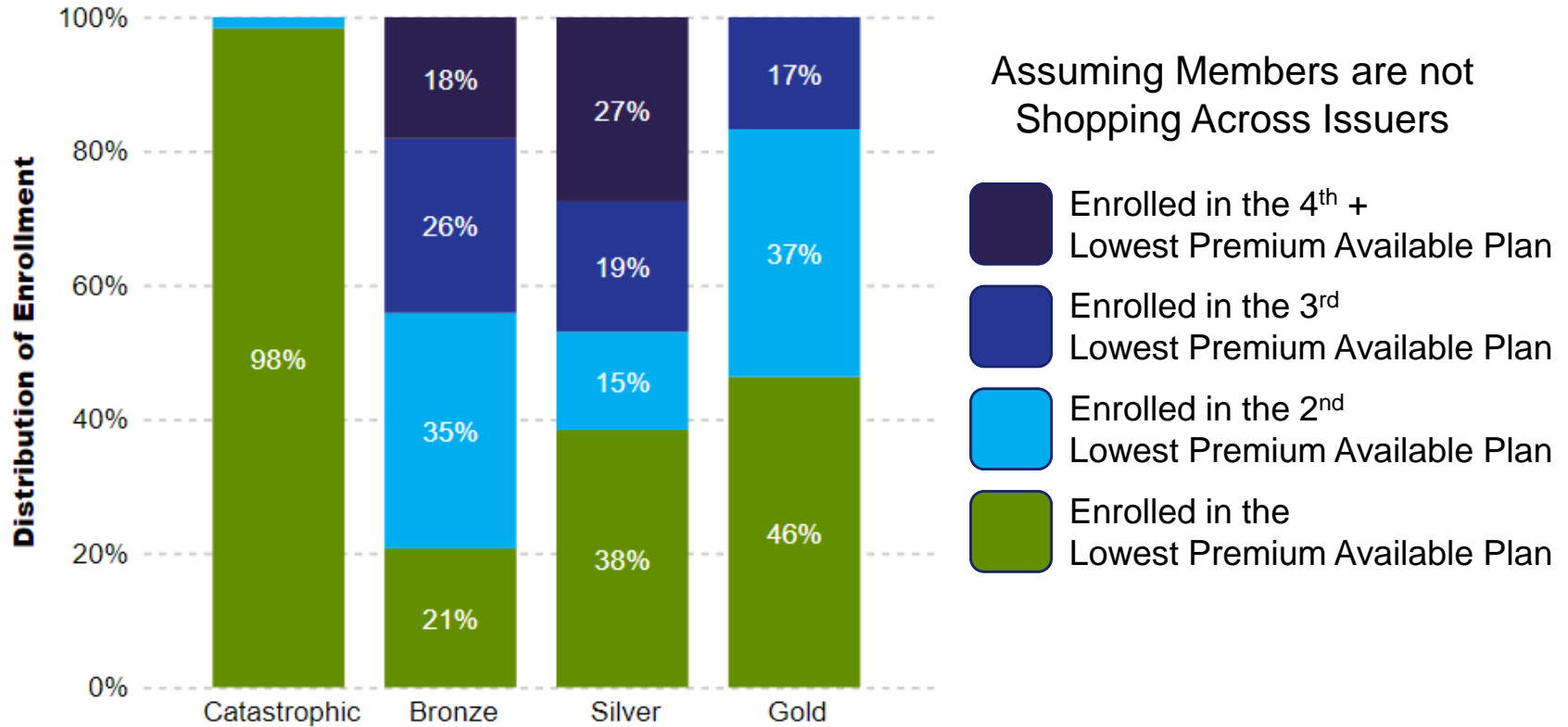


Enrollees show some preference for lowest cost plans offered in a metal tier.

# Consumer Impact

## Enrollment by Plan Premium Rank

### Non-Subsidy Eligible - By Metal & Issuer



Within a given issuer, almost half of enrollees opt for the lowest premium plan.

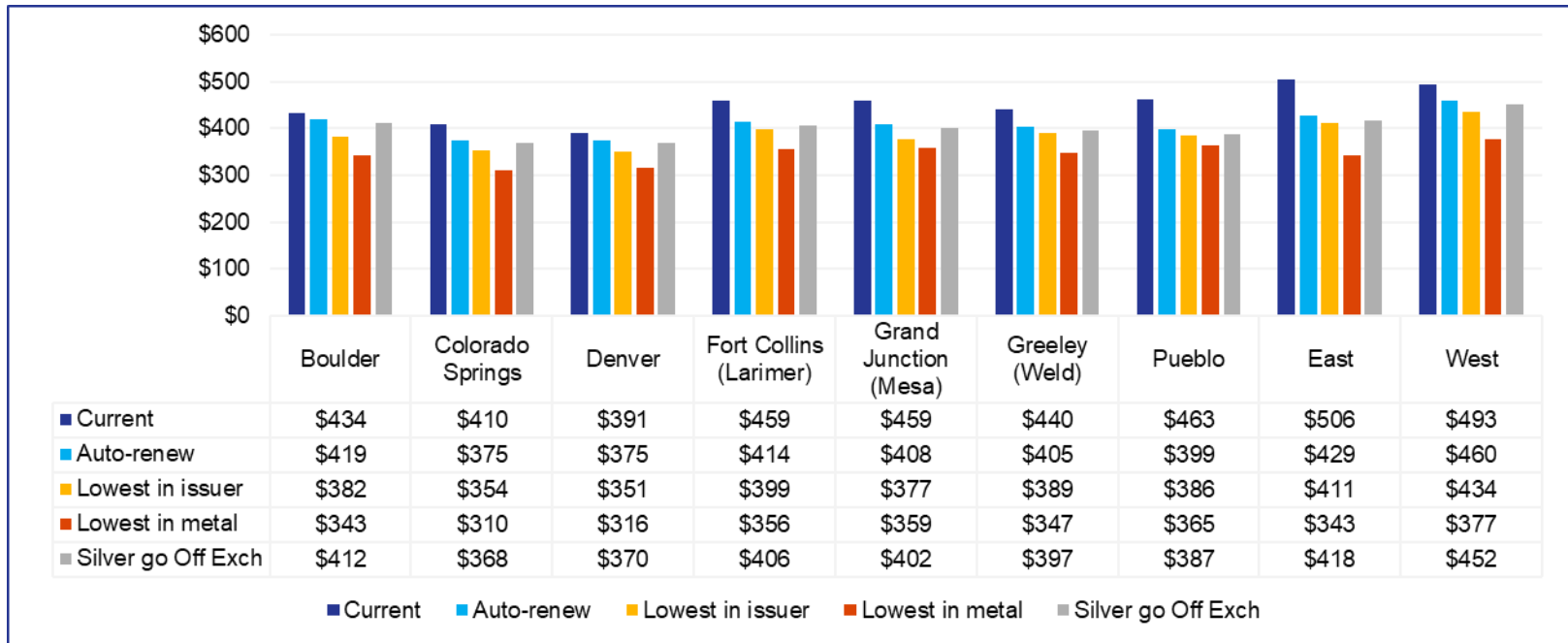


# Consumer Impact

## Premium Changes and Shopping Impact

### Impact of Shopping for Non-Subsidy Eligible Enrollees By Area

Enrollment      4.7K      2.7K      23.4K      2.6K      0.6K      1.5K      0.3K      1.1K      3.6K



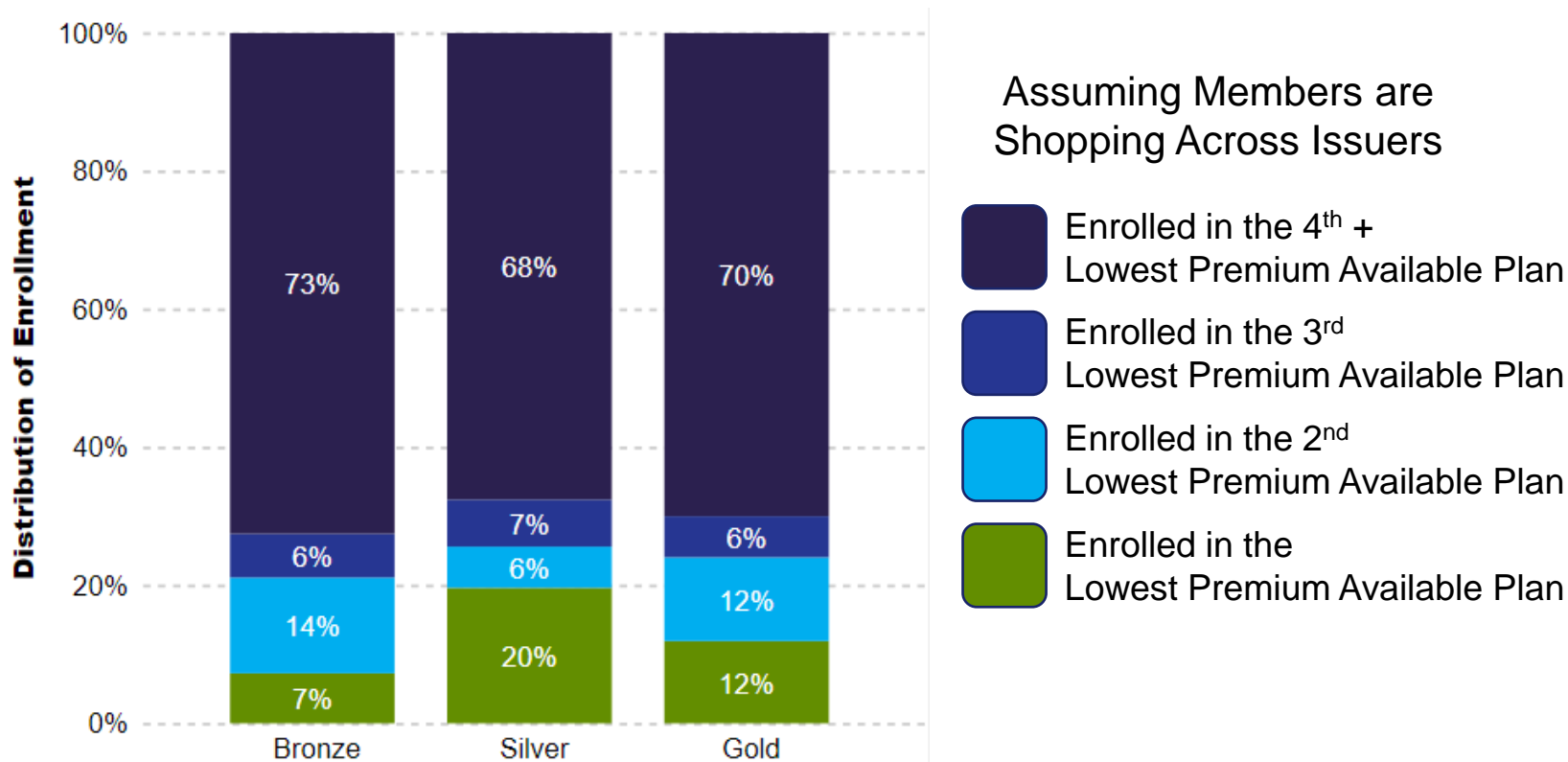
The decreases in APTCs are generally less than the decreases in standard plan rates. After APTC, premiums rise for enrollees in aggregate if individuals auto-renew.

Enrollees in some areas may need to change issuers in order to achieve premium reductions.

# Consumer Impact

## Enrollment by Plan Premium Rank

### Subsidy Eligible - By Metal

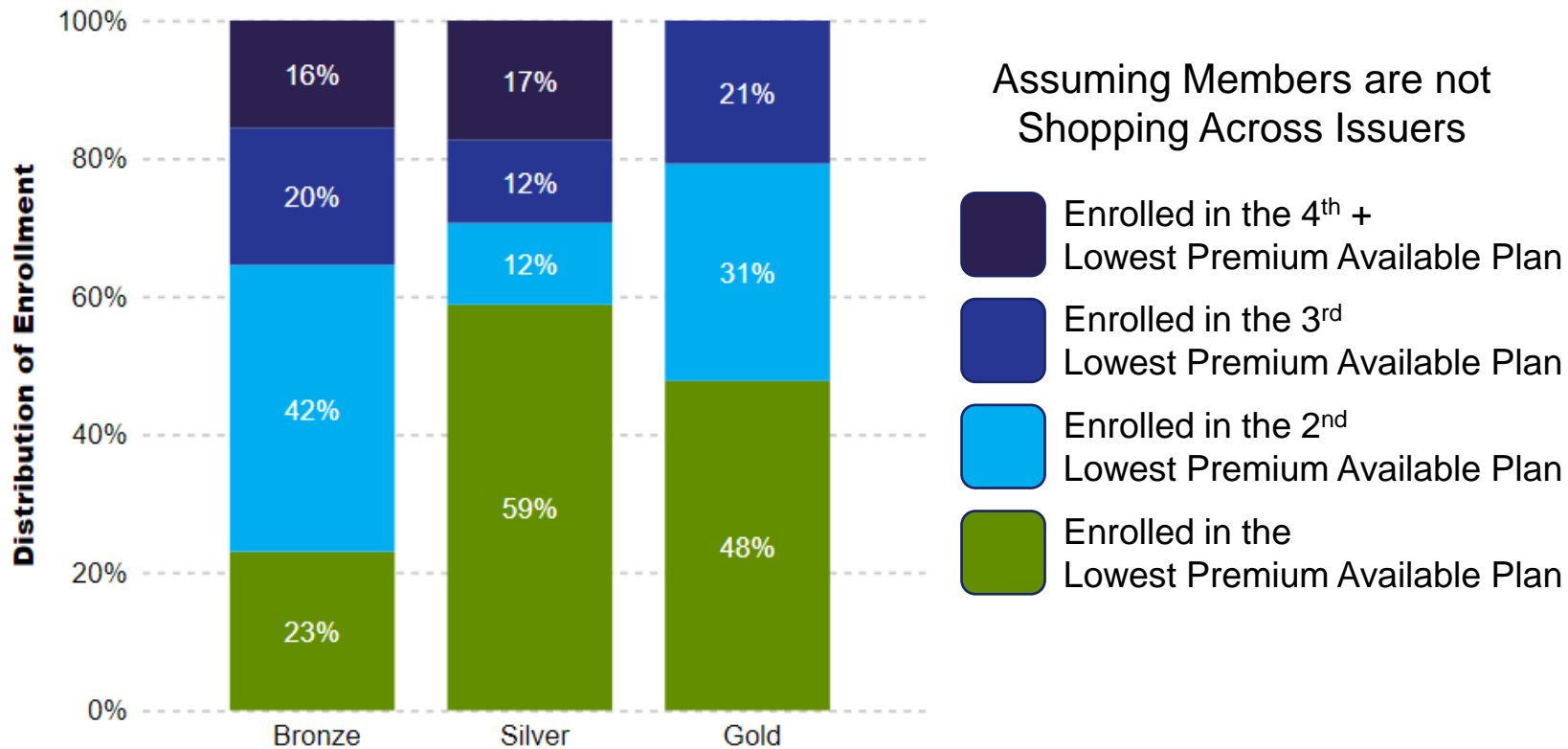


Enrollees show some preference for lowest cost plans offered in a metal tier.

# Consumer Impact

## Enrollment by Plan Premium Rank

### Subsidy Eligible - By Metal & Issuer



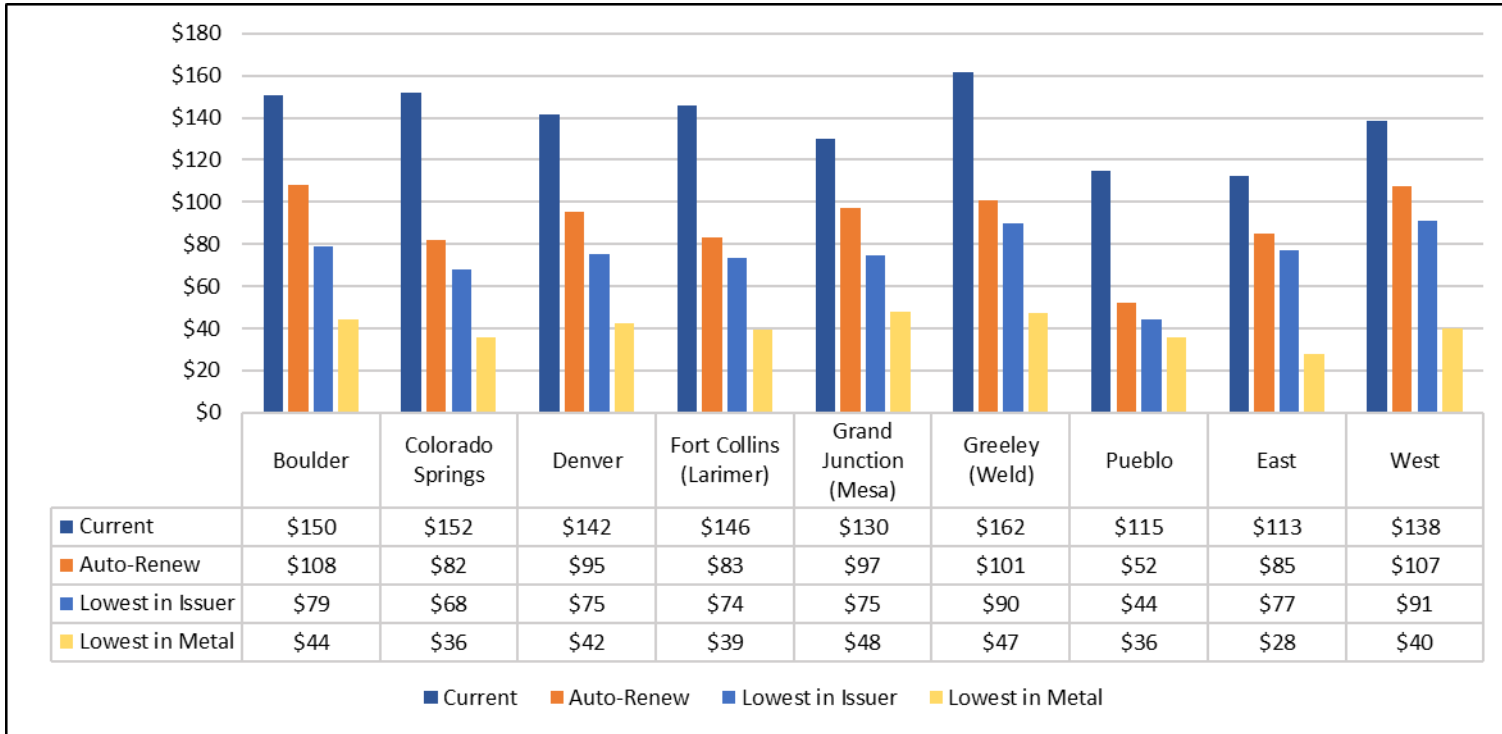
Enrollees show some preference for lowest cost plans offered in a metal tier.

# Consumer Impact

## Premium Changes and Shopping Impact

### Impact of Shopping for Subsidy Eligible Enrollees By Area

Enrollment    9.1K    9.5K    57.2K    8.2K    3.0K    4.6K    1.6K    6.0K    17.4K

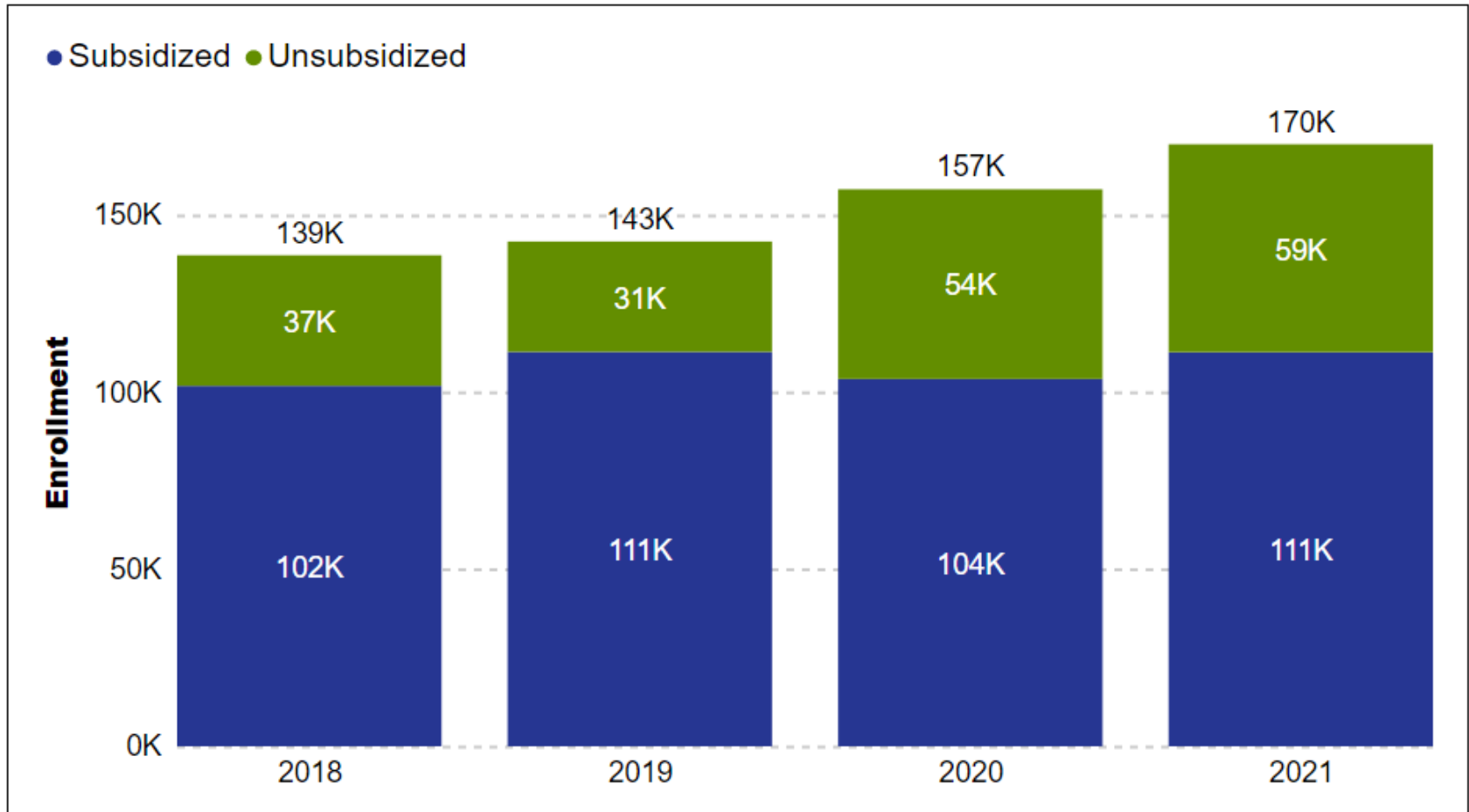


The decreases in APTCs are generally less than the decreases in standard plan rates. After APTC, premiums rise for enrollees in aggregate if individuals auto-renew.

Enrollees in some areas may need to change issuers in order to achieve premium reductions.

# Effectuated Enrollment Changes

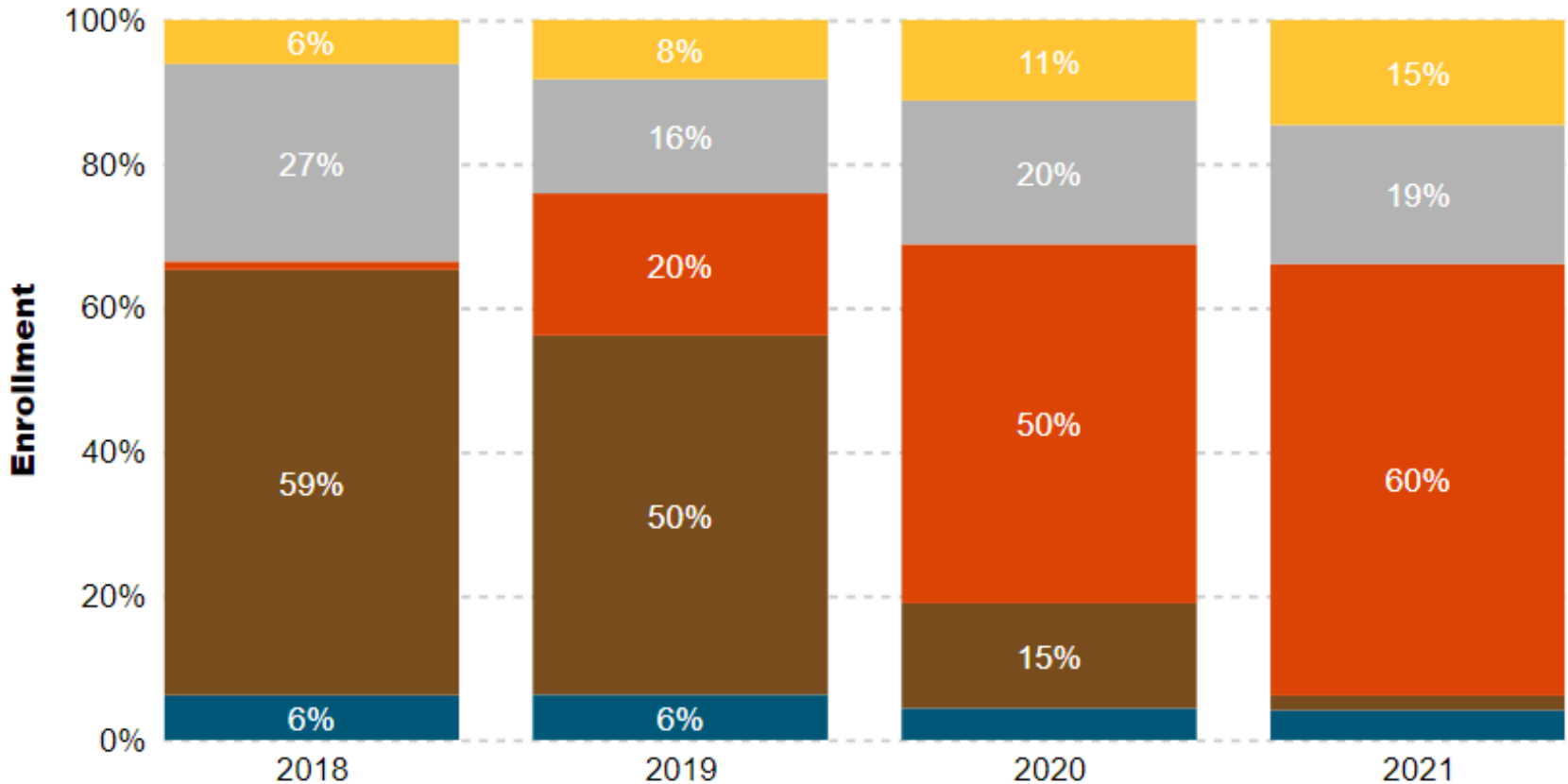
Total Membership Change for Subsidized and Unsubsidized Populations



# Enrollment Changes

Membership changes by Metal – Unsubsidized Enrollees

● Catastrophic ● Bronze ● Expanded Bronze ● Silver ● Gold

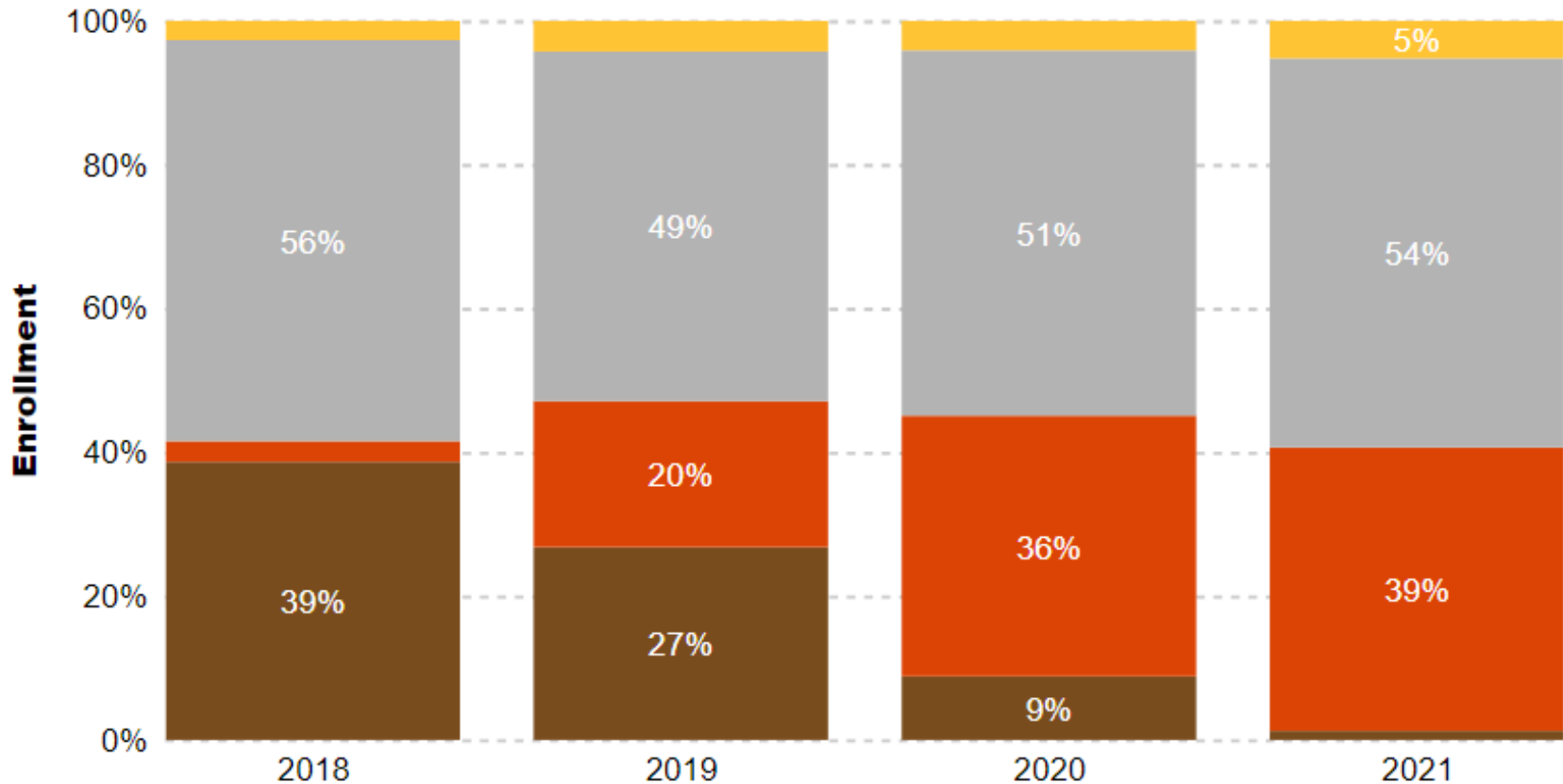


- Growth of Expanded Bronze plans driven by new enrollees and migration from Bronze plans

# Enrollment Changes

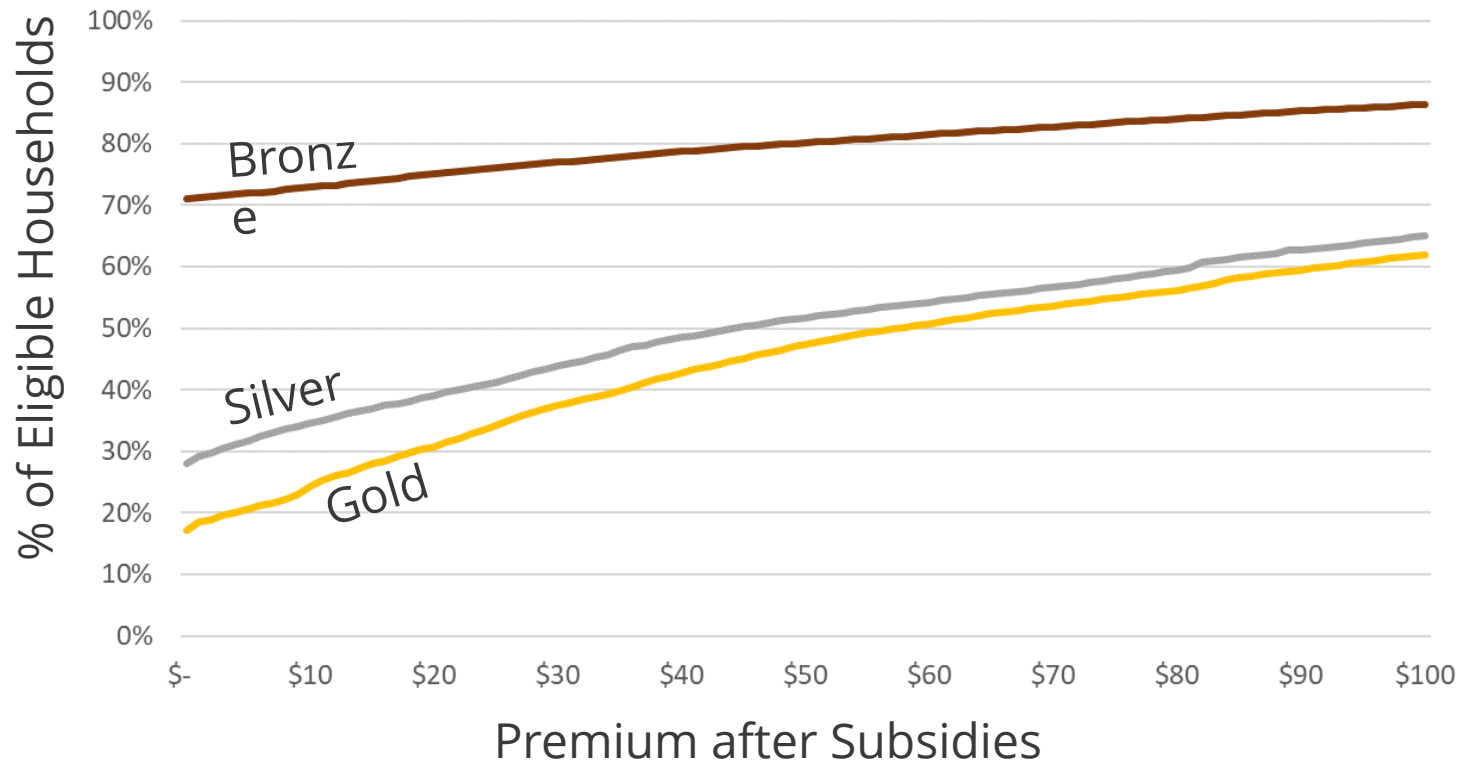
Membership changes by Metal – Subsidized Enrollees

● Catastrophic ● Bronze ● Expanded Bronze ● Silver ● Gold



- Growth of Expanded Bronze plans driven by new enrollees and migration from Bronze plans

# What Percent of Subsidy Eligible Households Will be Able to Find a Plan in Each Metal Tier for a Given After Net Premium Amount?



Some may already be in a low net premium plan, some may need to shop.



# Disclosures and Limitations

- **Responsible Actuary.** Julie Andrews is the actuary responsible for this communication. Julie is a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. She meets the Qualification Standards of the American Academy of Actuaries to issue this report.
- **Intended Users.** This information has been prepared for the use of Connect for Health Colorado (C4HCO) to discuss the potential impact of 2022 Rate Changes. Wakely does not intend to benefit third parties and assumes no duty or liability to those third parties. Any third parties receiving this work should consult their own experts in interpreting the results. This report, when distributed, must be provided in its entirety and include caveats regarding the variability of results and Wakely's reliance on information provided by Colorado carriers and C4HCO.
- **Risks and Uncertainties.** The assumptions and resulting estimates and conclusions included in this report are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. It is the responsibility of the organization receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.
- **Conflict of Interest.** Wakely provides actuarial services to a variety of clients throughout the health industry. Our clients include commercial, Medicare, and Medicaid health plans, the federal government and state governments, medical providers, and other entities that operate in the domestic and international health insurance markets. Wakely has implemented various internal practices to reduce or eliminate conflict of interest risk in serving our various clients. The responsible actuary is financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent from C4HCO and any Colorado carrier.
- **Data and Reliance.** Wakely relied on publicly available sources in this assignment. We have reviewed the data for reasonableness but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. Any errors in the data will affect the accuracy of the analysis and the conclusions drawn in this report. When performing financial and actuarial analyses on the current data, assumptions must be made where there is incomplete data. Improvements in data will allow for more accurate analyses and consistent reporting.
- **Subsequent Events.** Filings received after the date indicated will result in variation in results.
- **Contents of Actuarial Report.** This document and the supporting exhibits constitute the entirety of the actuarial report and supersede any previous communications on the project. This report is provided to C4HCO to discuss the potential options to stabilize the marketplaces. Any other use of this report may not be appropriate. Wakely does not intend third parties to rely on this report for any other purpose and assumes no duty or liability to parties other than C4HCO who use or receive this work. This report should only be reviewed and considered in its entirety.
- **Deviations from ASOPS.** Wakely completed the analysis using sound actuarial practice. To the best of our knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations.