



The Daily Dish

The State of the Individual Health Insurance Market

CHRISTOPHER HOLT | AUGUST 16, 2019

Eakinomics: The State of the Individual Health Insurance Market

Guest authored by Christopher Holt, Director of Health Care Policy at AAF

This column will appear in this week's Weekly Checkup, which features commentary on the week's health care news along with fresh data analysis from AAF's health policy team. [Sign up here.](#)

This week, the Centers for Medicare and Medicaid Services (CMS) released two reports detailing insurance coverage in the individual market: first, a [snapshot](#) of Affordable Care Act (ACA) exchange enrollment as of February, and second, an [analysis](#) of individual market enrollment trends both on and off the ACA exchanges. The key takeaway from the two reports is that the ACA exchanges show evidence of stabilizing, while trends in the broader individual market provide cause for concern.

Looking at the figures for the exchanges, the marketplace appears to be, at least on average, relatively settled. The total number of exchange enrollees who had signed up for a plan and paid their first month's premium in February 2019 was 10.6 million, down just over 60,000 from February 2018—not a big drop. Eighty-seven percent of exchange enrollees received a premium subsidy, the same as in 2018, and 52 percent of enrollees were eligible for cost-sharing reduction (CSR) payments from insurers, compared to 53 percent in 2018—again, steady as she goes. Additionally, previous AAF [analysis](#) found that the average 2019 benchmark Silver plan premium was only 1 percent higher than the average 2018 benchmark plan premium. The lowest-cost 2019 Bronze plan premium in each rating area was also up an average of just 1 percent over 2018, though the lowest-cost Gold plan premium increased 14 percent on average between 2018 and 2019.

At the same time, total individual market coverage—including both people who purchase insurance outside of the exchange as well as through it—declined by 2.4 million from 2016 to 2018. This drop in overall individual market coverage is the result of individuals who do not qualify for premium subsidies leaving the individual market over that period. In response, CMS Administrator Seema Verma raised the alarm, [saying](#), “People are fleeing the individual market. Obamacare is failing the American people, and the ongoing exodus of the unsubsidized population from the market proves that Obamacare's sky-high premiums are unaffordable.”

Without a doubt it is true that rising premiums both on and off the exchanges are driving the exodus of unsubsidized Americans from the individual market. These premium hikes are due first—and primarily—to the ACA's insurance market reforms and, more recently, to the Trump Administration's [decision](#) to cease reimbursement to insurers for CSRs. At the same time, the data are a bit more complicated than it might first appear. For example, while there were 2.5 million fewer unsubsidized enrollees in the individual market as a whole in 2018 than in 2016, the number of unsubsidized enrollees through the ACA exchanges only dropped by 293,000 over that period. Additionally, according to the administration's analysis there were still more unsubsidized individuals in the individual market in 2018 than there were in 2014, though just barely.

Overall, there were fewer enrollees in the individual market on and off exchange in 2018 than in any other year since 2014, but whether that decline will continue is harder to predict. The danger, of course, is that as there are

fewer unsubsidized and comparatively healthier individuals in the market, there will be more upward pressure on premiums, which in turn would drive up federal subsidy spending. The Trump Administration has been moving to [provide](#) low-cost insurance options to individuals who don't qualify for subsidies, but it's too soon to see what effect those policy efforts will have. Overall, the reports paint a picture of an ACA marketplace that is mostly static, while trends in the broader individual market could potentially indicate future instability.