

## ***2017: OVERVIEW OF THE HEALTH INSURANCE MARKET IN KANSAS***

### **2017 Open Enrollment for Individuals and Families**

The open enrollment period for individual health insurance coverage in Kansas will begin on November 1, 2016 and will end on January 31, 2017. Kansas has a Federally Facilitated Marketplace (FFM) that utilizes the healthcare.gov platform. In addition, coverage may be purchased from companies off the Marketplace during the open enrollment period.

It is important for Kansans to take an active role in the 2017 open enrollment period to ensure the selected health plan meets the insureds specific needs. For the 2017 open enrollment, the federal government will be suggesting new plans for individuals on discontinued Qualified Health Plans (QHPs) on the federal Marketplace. Affected individuals are those covered under United Healthcare of the Midwest and Blue Cross and Blue Shield of Kansas (Blue Cross Blue Shield Kansas Solutions, Inc. will continue to offer HMO products in 2017). Coverage in the new plan will not become effective until the first month premium is paid.

During open enrollment Kansans should evaluate whether to enroll in coverage, stay on their current policy, or enroll in a different policy. Consumers currently enrolled in a qualified health plan (QHP) through the FFM may be eligible for automatic re-enrollment. It is important for Kansans to report changes to their income, address, and household information as soon as possible. If changes are not reported federal taxes could be affected. The FFM will re-determine enrollee eligibility for advance premium tax credits (APTC) and income-based cost-sharing reductions (CSRs) for those receiving financial assistance using the most recent income data available. The tax credits and cost-sharing reductions are only available when purchasing on the FFM.

Beginning in 2017, companies may provide exclusive provider organization (EPO) health insurance plans. EPO plans require some or all health care services to be administered by participating providers, with the exception of emergency services. EPO plans may require a gatekeeper, an administrator who coordinates and authorizes all medical services, laboratory studies, specialty referrals and hospitalizations.

As of May 1, 2016 approximately six percent of Kansans were covered by individual major medical insurance purchased either on or off the marketplace, according to department statistics. For 2016 the penalty for not having coverage is \$695 per person for the year (\$347.50 per child under 18). The maximum penalty per family using this method is \$2,085 or 2.5% of the family's income whichever is higher.

In 2017, the penalty fee for not having coverage will be adjusted for inflation.

**Key Dates to Remember**

- November 1, 2016- Open Enrollment begins.
- December 15, 2016- Enroll by this date for coverage to be effective January 1, 2017.
- January 1, 2017- Coverage for 2017 can begin.
- January 31, 2017- Open Enrollment ends.

**Policy Options for Individuals and Families**

In 2017 consumers shopping on the federally facilitated Marketplace in Kansas will have the opportunity to purchase individual policies offered by three health insurance companies depending on where they live. Those companies include: Blue Cross and Blue Shield of Kansas City (Johnson & Wyandotte Counties); BlueCross BlueShield Kansas Solutions, Inc. (103 Counties) and Medica Insurance Company (105 Counties). There are 23 individual policies available on the Marketplace.

**Marketplace Policies Available in Kansas in 2017**

| <b>Company</b>                              | <b>Type</b> | <b>Total</b> | <b>Catastrophic</b> | <b>Bronze</b> | <b>Silver</b> | <b>Gold</b> |
|---|-------------|--------------|---------------------|---------------|---------------|-------------|
| Blue Cross and Blue Shield of Kansas City   | EPO & PPO   | 11           | 0                   | 5             | 4             | 2           |
| BlueCross BlueShield Kansas Solutions, Inc. | HMO         | 5            | 0                   | 2             | 2             | 1           |
| Medica Insurance Company                    | PPO         | 7            | 1                   | 2             | 2             | 2           |
| <b>Total Individual:</b>                    |             | <b>23</b>    | <b>1</b>            | <b>9</b>      | <b>8</b>      | <b>5</b>    |

*Note: Companies offering plans on the Marketplace must also offer those plans off the Marketplace. The plans shown in the Off Marketplace table on the next page are not available on the Marketplace.*

Consumers who wish to purchase coverage off the Marketplace may do so and will have the opportunity to purchase individual policies, depending on where they live, offered by Aetna Life Insurance Company; Blue Cross and Blue Shield of Kansas City; Coventry Health and Life Insurance; Coventry Health Care of Kansas, Inc.; BlueCross BlueShield Kansas Solutions, Inc.; Blue Cross and Blue Shield of Kansas, Inc.; and Freedom Life Insurance Company of America. There are 30 individual policies available off the Marketplace.

### Off the Marketplace Policies in Kansas in 2017

| Company                                     | Type      | Total | Catastrophic | Bronze | Silver | Gold |
|---|-----------|-------|--------------|--------|--------|------|
| Aetna Life Insurance Company                | PPO       | 1     | 0            | 1      | 0      | 0    |
| Blue Cross and Blue Shield of Kansas        | PPO       | 1     | 0            | 1      | 0      | 0    |
| Blue Cross and Blue Shield of Kansas City   | PPO & EPO | 16    | 2            | 5      | 5      | 4    |
| BlueCross BlueShield Kansas Solutions, Inc. | HMO       | 5     | 0            | 2      | 2      | 1    |
| Coventry Health & Life Insurance Company    | PPO       | 1     | 0            | 0      | 1      | 0    |
| Coventry Health Care of Kansas, Inc.        | HMO       | 4     | 0            | 0      | 4      | 0    |
| Freedom Life Insurance Company of America   | PPO       | 2     | 0            | 2      | 0      | 0    |
| Total Individual:                           |           | 30    | 2            | 11     | 12     | 5    |

*Note: Companies offering plans on the Marketplace must also offer those plans off the Marketplace. The plans shown in the Off Marketplace table are not available on the Marketplace. Medica Insurance Company is not included because all of their plans were approved to be sold on the Marketplace.*

### Small Business Health Options Program (SHOP)

The SHOP Marketplace is open to employers with 50 or fewer full-time equivalent employees. SHOP is open year round and employers must offer coverage to all of their full-time employees, generally those employees working 30 or more hours per week on average. Employers choose the coverage that is offered and how much they will contribute toward employee premiums. They also choose whether to offer dependent coverage and dental insurance as well as how long the employees' open enrollment period is, and the length of the waiting period that will apply before new employees can enroll in the insurance coverage. In 2017 Kansas will have Vertical Choice on SHOP. Vertical choice allows employers to offer qualified employees a choice of all plans across all available metal levels of coverage from a single issuer in the SHOP Marketplace. Employees will also enroll online.

If a business enrolls in SHOP coverage and has fewer than 25 full time employees, they may qualify for a Small Business Health Care Tax Credit worth up to 50% of the premium costs. This tax credit is available only for plans bought through the SHOP Marketplace. Carriers offering coverage on the SHOP for 2017 include the following depending on where the business is

located: Blue Cross and Blue Shield of Kansas City (Johnson and Wyandotte counties) and BlueCross BlueShield Kansas Solutions, Inc. (103 counties)

For 2017 there are 4 policies for small businesses available.

**SHOP Policies Available in Kansas in 2017**

| Company                                     | Type | Total | Silver | Gold |
|---|------|-------|--------|------|
| Blue Cross and Blue Shield of Kansas City   | PPO  | 2     | 1      | 1    |
| BlueCross BlueShield Kansas Solutions, Inc. | HMO  | 2     | 1      | 1    |
| Total Small Group:                          |      | 4     | 2      | 2    |

Similar to individual coverage, small group coverage can also be purchased off the Marketplace. Coverage off the Marketplace is available from Blue Cross and Blue Shield of Kansas City; BlueCross BlueShield Kansas Solutions, Inc. and Blue Cross and Blue Shield of Kansas, Inc.; UnitedHealthcare Insurance Company; Federated Mutual Insurance Company; Aetna Life Insurance Company; Aetna Health Inc.; Humana Health Plan, Inc. and Humana Insurance Company.

**Off SHOP Policies Available in Kansas in 2017**

| Company                                     | Type      | Total | Bronze | Silver | Gold | Platinum |
|---|-----------|-------|--------|--------|------|----------|
| Aetna Health Inc.                           | HMO       | 24    | 6      | 14     | 4    | 0        |
| Aetna Life Insurance Company                | PPO*      | 48    | 13     | 27     | 8    | 0        |
|   | EPO#      | 6     | 2      | 4      | 0    | 0        |
| Blue Cross and Blue Shield of Kansas        | PPO       | 10    | 2      | 3      | 3    | 2        |
| Blue Cross and Blue Shield of Kansas City   | PPO & EPO | 18    | 4      | 8      | 6    | 0        |
| BlueCross BlueShield Kansas Solutions, Inc. | HMO       | 4     | 2      | 1      | 1    | 0        |
| Federated Mutual Insurance Company          | PPO       | 31    | 4      | 14     | 10   | 3        |
| Humana Health Plan Inc.                     | HMO       | 40    | 4      | 22     | 14   | 0        |
| Humana Insurance Company                    | PPO       | 41    | 4      | 23     | 14   | 0        |
| UnitedHealthcare Insurance Company          | PPO & EPO | 48    | 2      | 19     | 25   | 2        |
| Total Small Group:                          |           | 264   | 41     | 131    | 85   | 7        |

\*Plans through 6/30/2017

#Plans as of 7/1/2017

## **Premium Rates for Individuals and Families**

KHIIS (Kansas Health Insurance Information System) claims data was utilized during the rate review process to verify the claims experience submitted by the companies. The rates submitted by the insurance companies were less than could have been actuarially justified based on claims and trends.

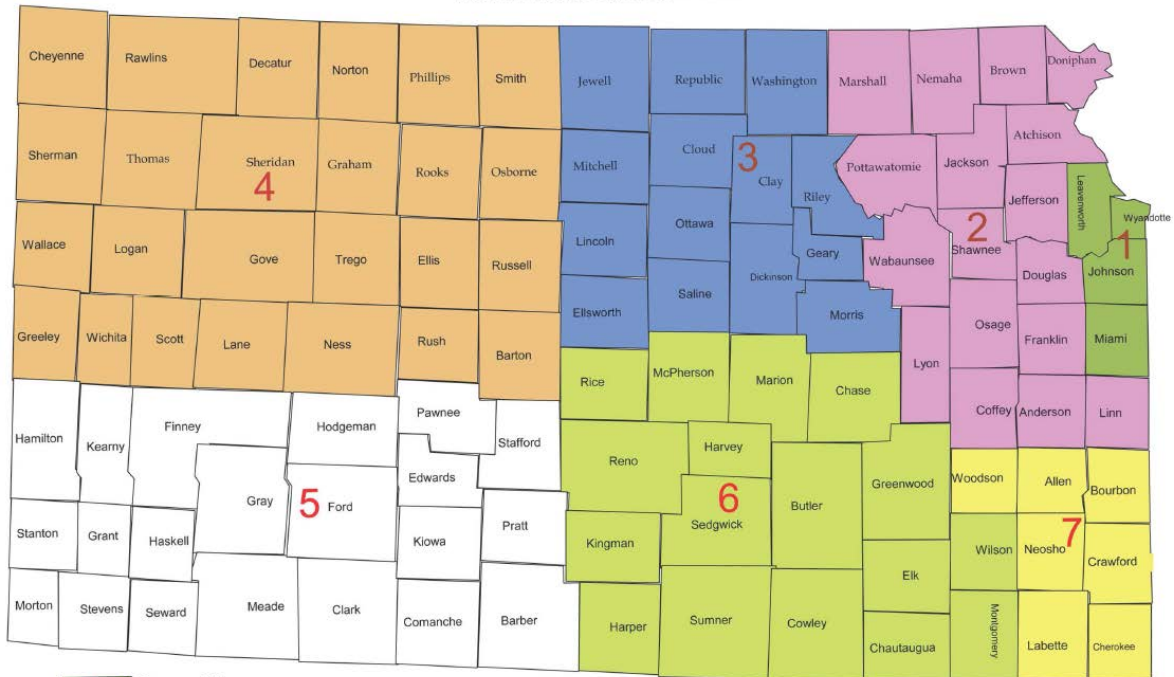
Premium rates may vary by age, rating area, family composition and tobacco usage. For example, companies may charge up to 50 percent more to those that use tobacco, however, none of the companies selling on the Marketplace charge the full 50 percent. A map of the counties included in the rating areas is provided on the next page.

While the premium rates for 2017 show increases, it is important to note that approximately 6% of the Kansas population will be affected. However, the rate increase will be at least partially offset for individuals receiving a premium tax credit.

The companies report the rate revisions are necessitated by factors including: the coverage is guaranteed issue and companies cannot limit coverage for pre-existing conditions, mandates that must be covered, coverage is unlimited, prescription drug cost and other medical cost trends continue to increase, utilization of emergency rooms as an entry point for medical services, and other factors.

In addition, higher utilization rates than expected due to unforeseen use of Special Enrollment Periods (SEPs), services obtained during grace periods and then subsequent policy cancellation after services rendered, third party payments of premiums, age rating band limitations and other factors contribute to a climate of adverse selection which continues to increase claims resulting in higher premiums.

**Kansas Rating Areas Established Pursuant to 45 CFR 147.102(b)(3)(ii)  
For Plan Years Beginning in 2014**



- 1** Kansas City
- 2** Northeast
- 3** Northcentral
- 4** Northwest
- 5** Southwest
- 6** Southcentral
- 7** Southeast

The following table provides details regarding the average requested rate revisions for companies writing individual policies in Kansas.

| <b>Company Name</b>                         | <b>Average Filed Increase</b> | <b>On Marketplace</b> |
|---|-------------------------------|-----------------------|
| Blue Cross and Blue Shield of Kansas, Inc.  | 33.39%                        | No                    |
| Blue Cross and Blue Shield of Kansas City   | 28.1%                         | Yes                   |
| BlueCross BlueShield Kansas Solutions, Inc. | 49.41%                        | Yes                   |
| Coventry Health and Life Insurance Company  | 21.07%                        | No                    |
| Coventry Health Care of Kansas, Inc.        | 31.54%                        | No                    |
| Freedom Life Insurance Company of America   | 9.98%                         | No                    |
| Medica Insurance Company                    | New plans in 2017             | Yes                   |

## Small Business Health Insurance Rates

The range of average rate revisions by insurance companies for policies sold on and off the 2017 federally facilitated SHOP is 3.3 percent to 9.22 percent. Contributing factors to the small business rate increases include an increase in the utilization of health services.

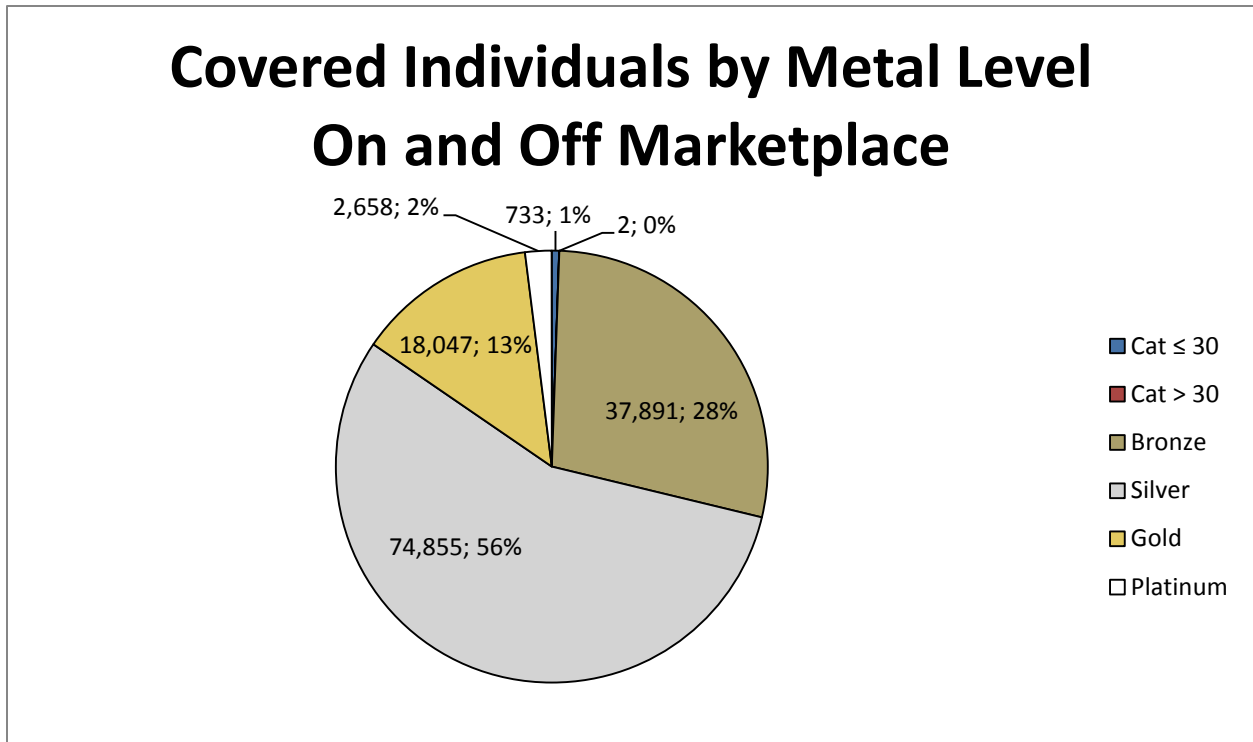
The following table details the average rate revisions requested by the companies that write small business health insurance in Kansas.

| <b>Company Name</b>                         | <b>Average Filed Increase</b> | <b>On SHOP Marketplace</b> |
|---|-------------------------------|----------------------------|
| Aetna Health Inc.                           | 4.3%                          | No                         |
| Aetna Life Insurance Company                | 9.22%                         | No                         |
| Blue Cross and Blue Shield of Kansas, Inc.  | 4.17%                         | No                         |
| Blue Cross and Blue Shield of Kansas City   | 3.4%                          | Yes                        |
| BlueCross BlueShield Kansas Solutions, Inc. | 3.5%                          | Yes                        |
| Federated Mutual Insurance Company          | 3.4%                          | No                         |
| Humana Health Plan, Inc.                    | 8.93%                         | No                         |
| Humana Insurance Company                    | 3.85%                         | No                         |
| UnitedHealthcare Insurance Company          | 3.3%                          | No                         |

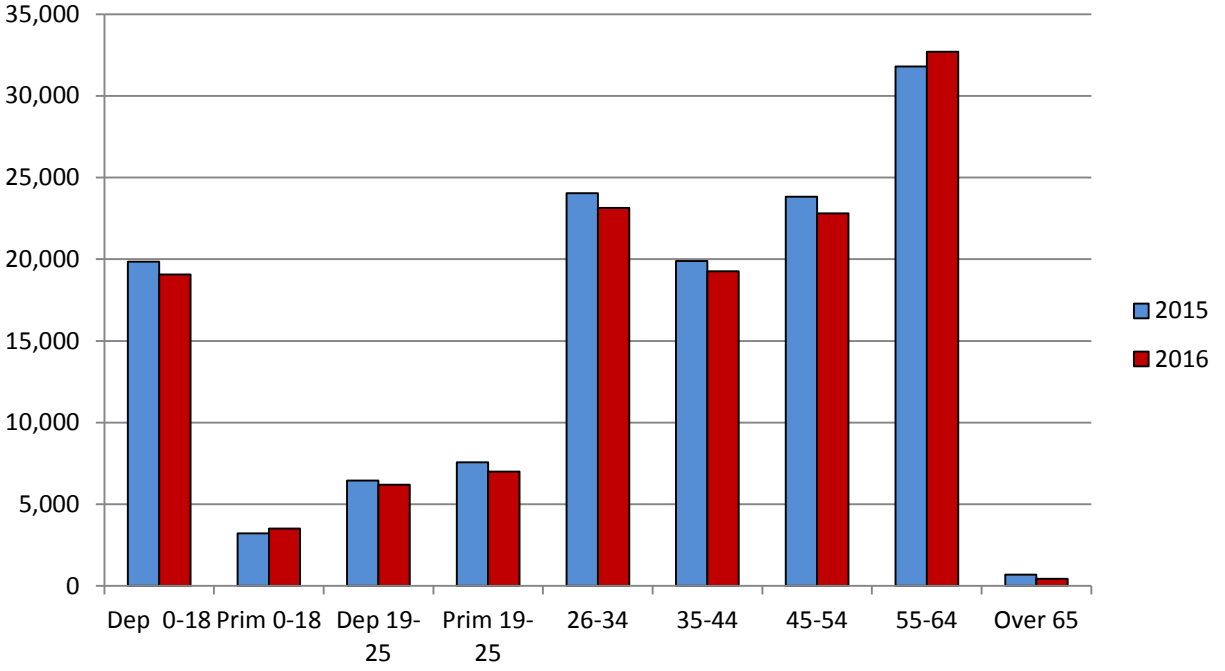


The following charts demonstrate an overview of Kansas Plan Selections for 2016. All information provided in the charts is as of May 1, 2016 and was collected by the Kansas Insurance Department.

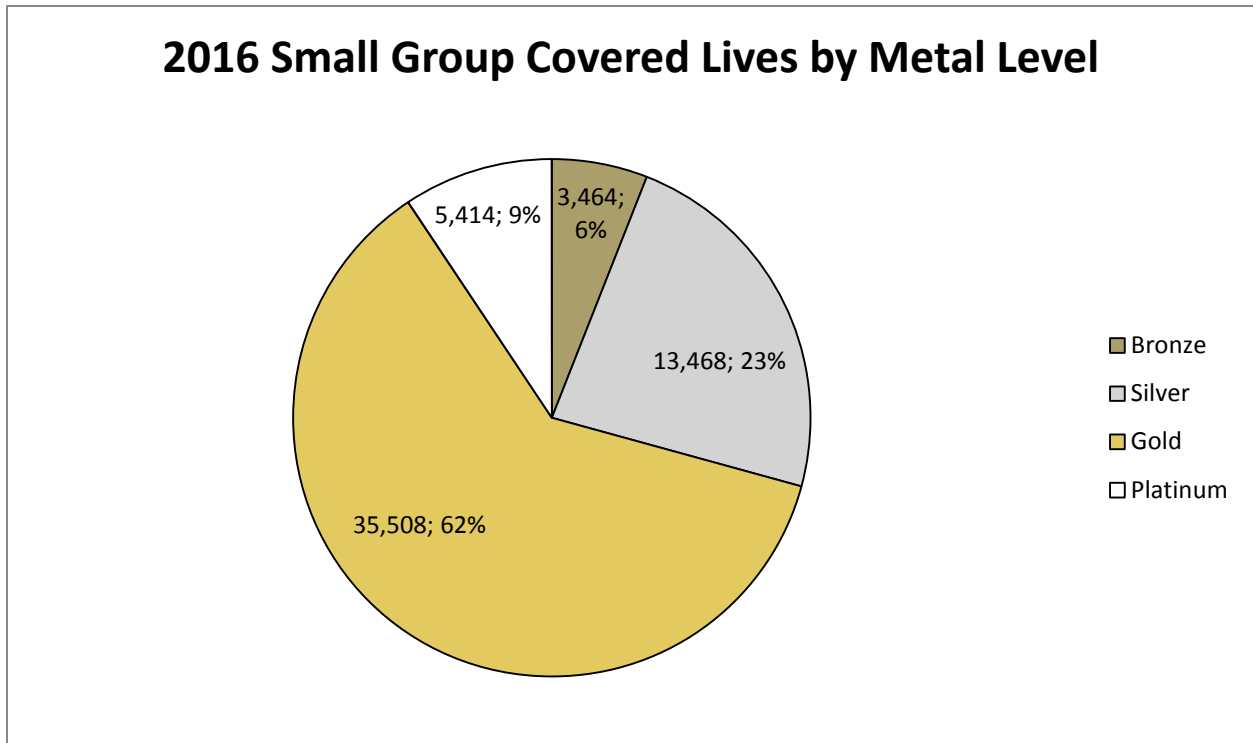
Fifty six percent of Kansans purchasing an individual or family policy themselves selected a silver plan for 2016.



### Covered Individuals by Age Group



Sixty two percent of small businesses purchased gold plans. The uptake of policies purchased via the SHOP Marketplace has been low in Kansas as most small employers have purchased their small group coverage outside of the federally facilitated SHOP Marketplace. As of May 1, 2016 there were 890 policies purchased on the SHOP Marketplace versus 17,220 small group policies purchased off of the SHOP Marketplace.



## 2016 Small Group Covered Lives by Age Group

