

KANSAS INSURANCE DEPARTMENT

# **Private Health Insurance Post Affordable Care Act**

---

## **Kansas Health Insurance Information System Claims Data 2011-2016**

**Kansas Insurance Department Health & Life Division**

**10/23/2017**

This report is an overview of the private health insurance cost trend in the state of Kansas since the passage of the Patient Protection and Affordable Care Act.

## **Objectives**

The analysis of the Kansas Health Insurance Information System (KHIIS) database presented in this report provides information on the private health insurance costs in Kansas.

## **Methods**

The Kansas Department of Health and Environment (KDHE), the statistical agent for the Kansas Insurance Department (KID), maintains a database of Kansas resident's health insurance claims. KHIIS excludes data on participants in Employee Retirement Income Security Act (ERISA), Medicaid and Medicare plans.

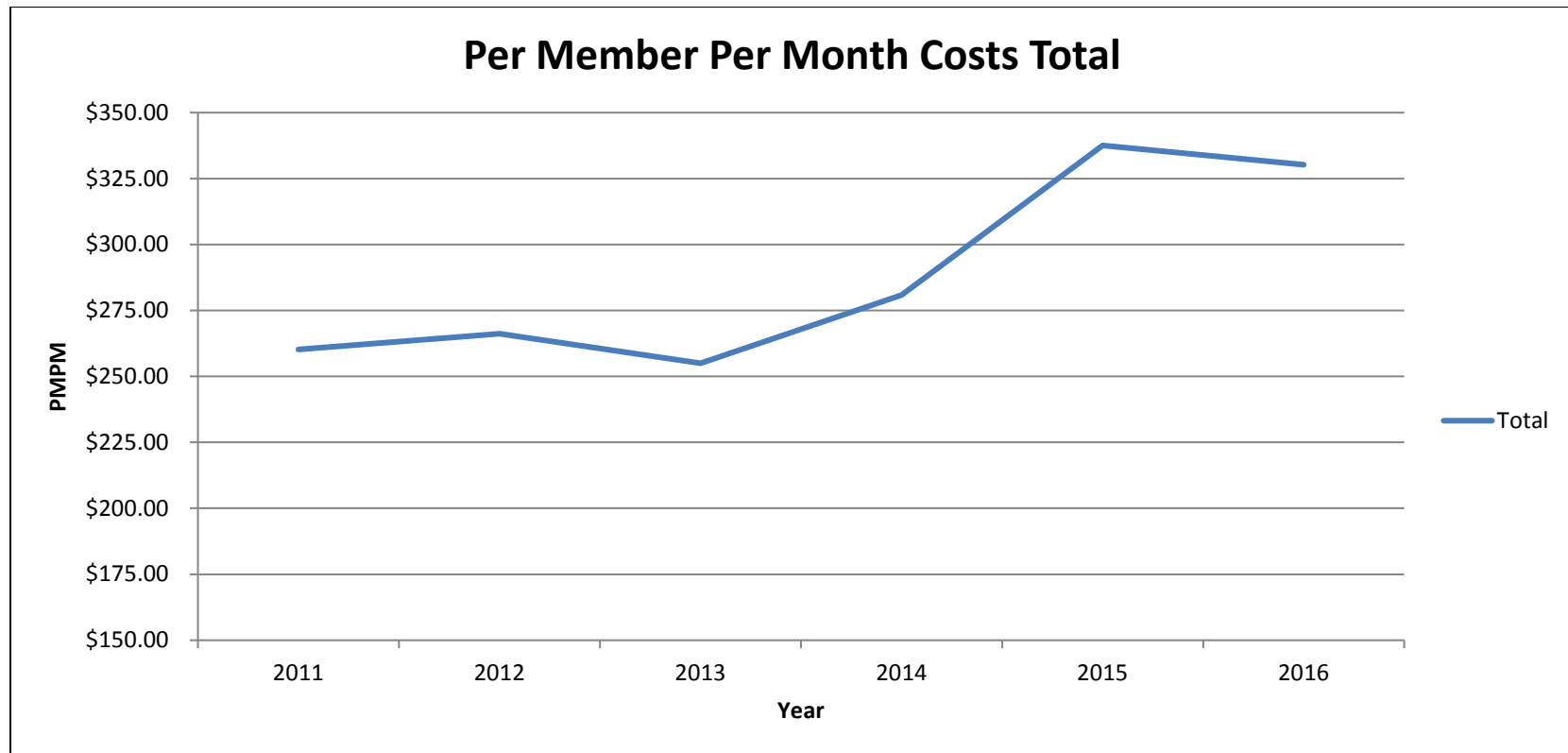
KHIIS data were analyzed to identify the overall costs and enrollment in the private health insurance market since the passage of the Patient Protection and Affordable Care Act (ACA). This report is based on private health insurance consumers, thus it reflects their claims experience. Major medical plan data, excluding ancillary and supplemental plans, was utilized in this report. Enrollment information was calculated by counting the number of distinct membership identification and family membership identification numbers from the KHIIS membership database. Prior to 2013; large group, small group and individual plan identifier information was not provided in the KHIIS database. Member ages were computed based on the beginning of the plan year and the date of birth provided in the KHIIS membership database. Charge per member per month is one of the primary indices in the insurance industry as it becomes a basis for the establishment of insurance premiums. Charges per member per month were calculated using the summary claims information and eligible months from the membership information. All cost data are in aggregate form in order to protect the insurer's information. Premium information was calculated using KHIIS membership records and is a weighted average. Plan utilization counted the number of distinct members with at least one claim in the respective calendar year.

The records used represent claims during the 2011-2016 calendar years. Billing and payment information reported for each claim includes total charge, allowed charge and paid charge. Total charge can be interpreted as the cost to an uninsured individual. Allowed charge is the price set in the insurance company contract. Paid charge is the actual amount paid by the insurance company and is the amount used for analyzing per member per month costs in this analysis.

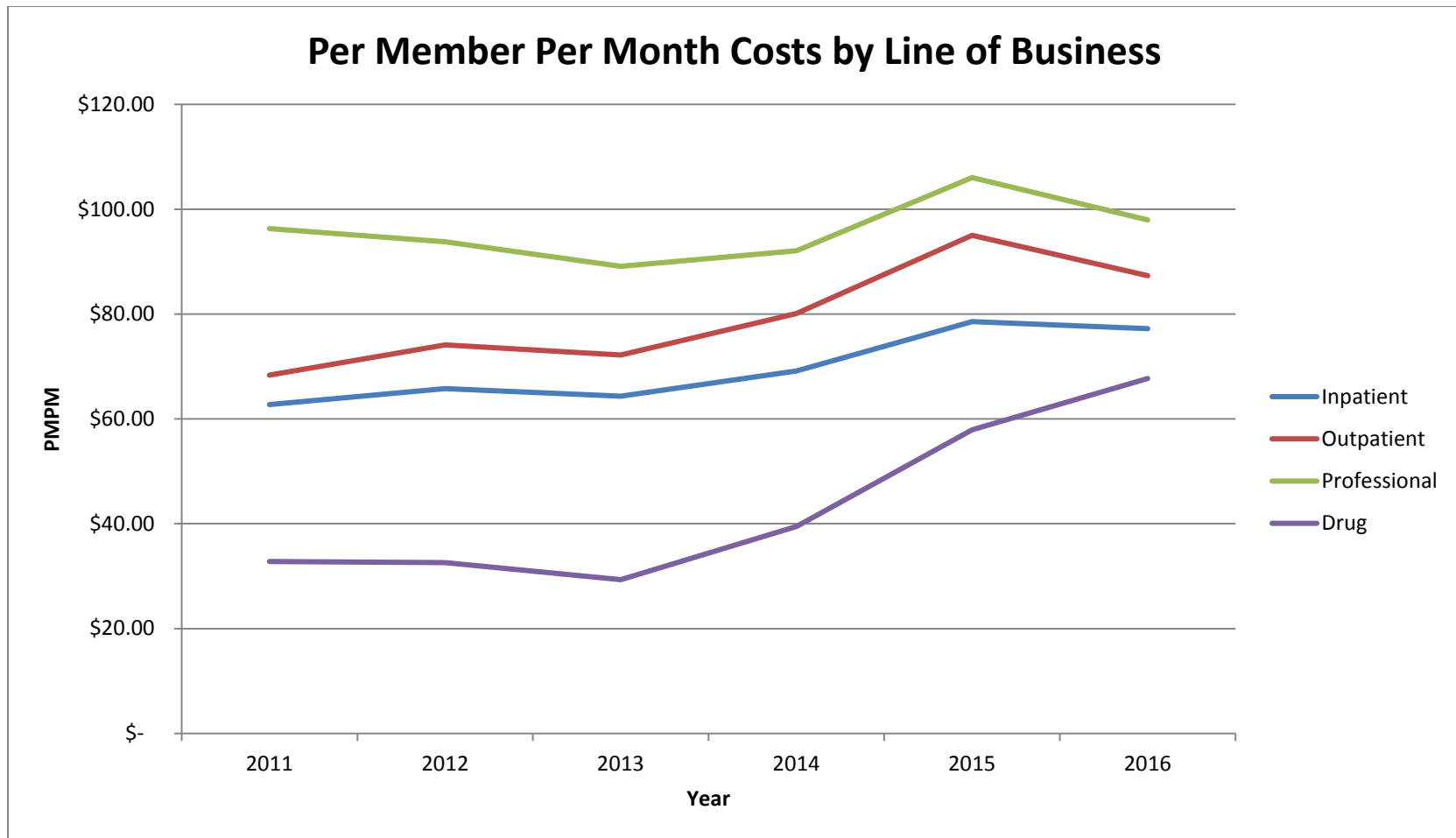
## **Limitations**

The KHIIS database is an extensive collection of information on claims processed by the insurance companies that account for the majority of premium volume in the state. Despite its breadth, this database may not be representative of the typical insured Kansas resident. Data are collected only on claims of the privately insured. KHIIS does not include information from ERISA and

Medicare/Medicaid plans. The insured health costs of the population included in KHIS may differ significantly from the health costs of those not included from KHIS and from the general population. Therefore, extrapolation of these data outside this context is not appropriate.

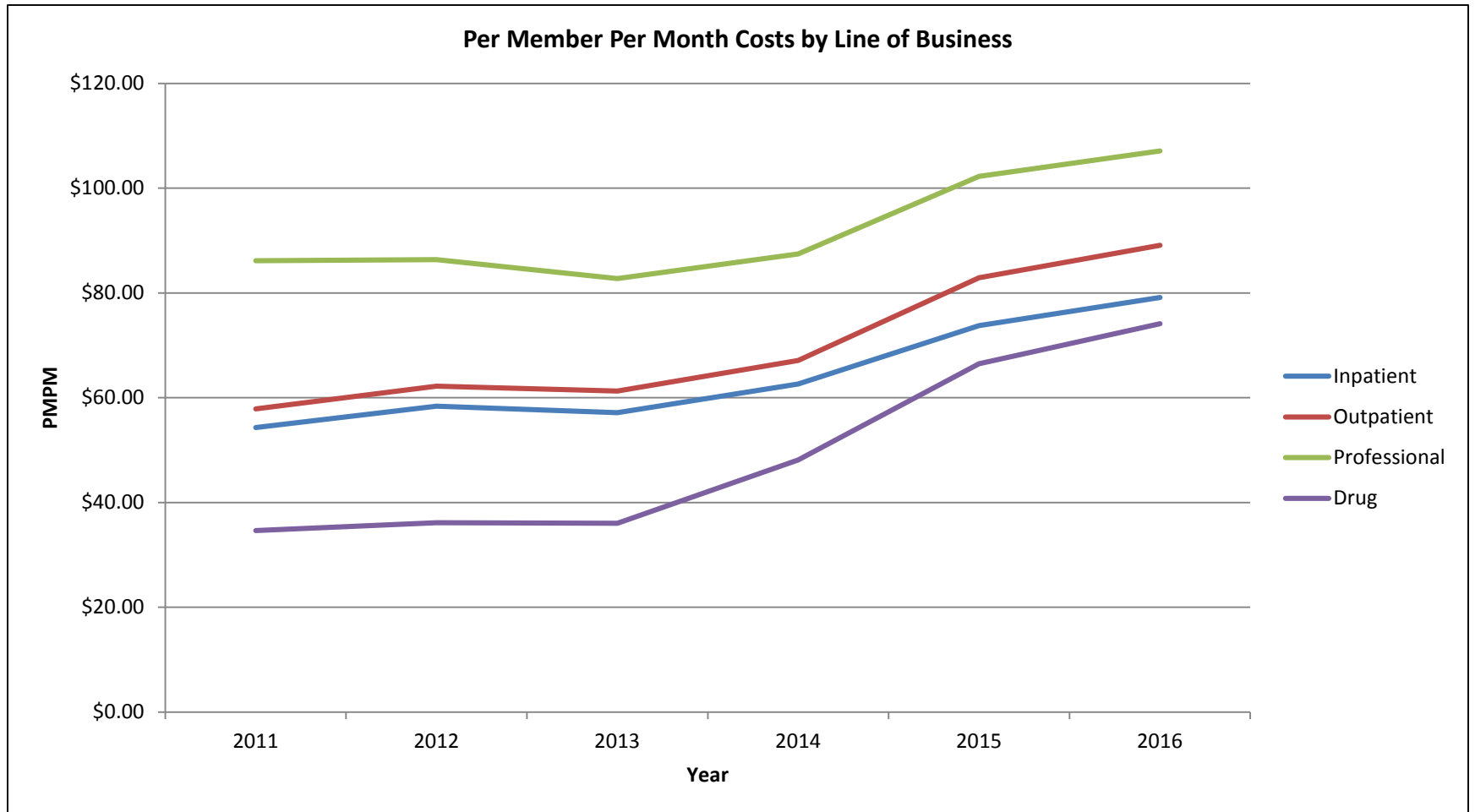


- Data for claims in 2011, 2012 and 2013 included the following immediate reforms
  - No lifetime limits
  - Restricted annual limits
  - First dollar coverage of preventative services
  - Extended dependent coverage
  - No pre-existing condition limitations for children
- 2014 was the first year all provisions of the ACA were in effect
- 2014 to 2015 saw the largest increase of 20% in per member per month (PMPM) costs in the six year period
- 2014 to 2016 saw an overall decrease of approximately 2%

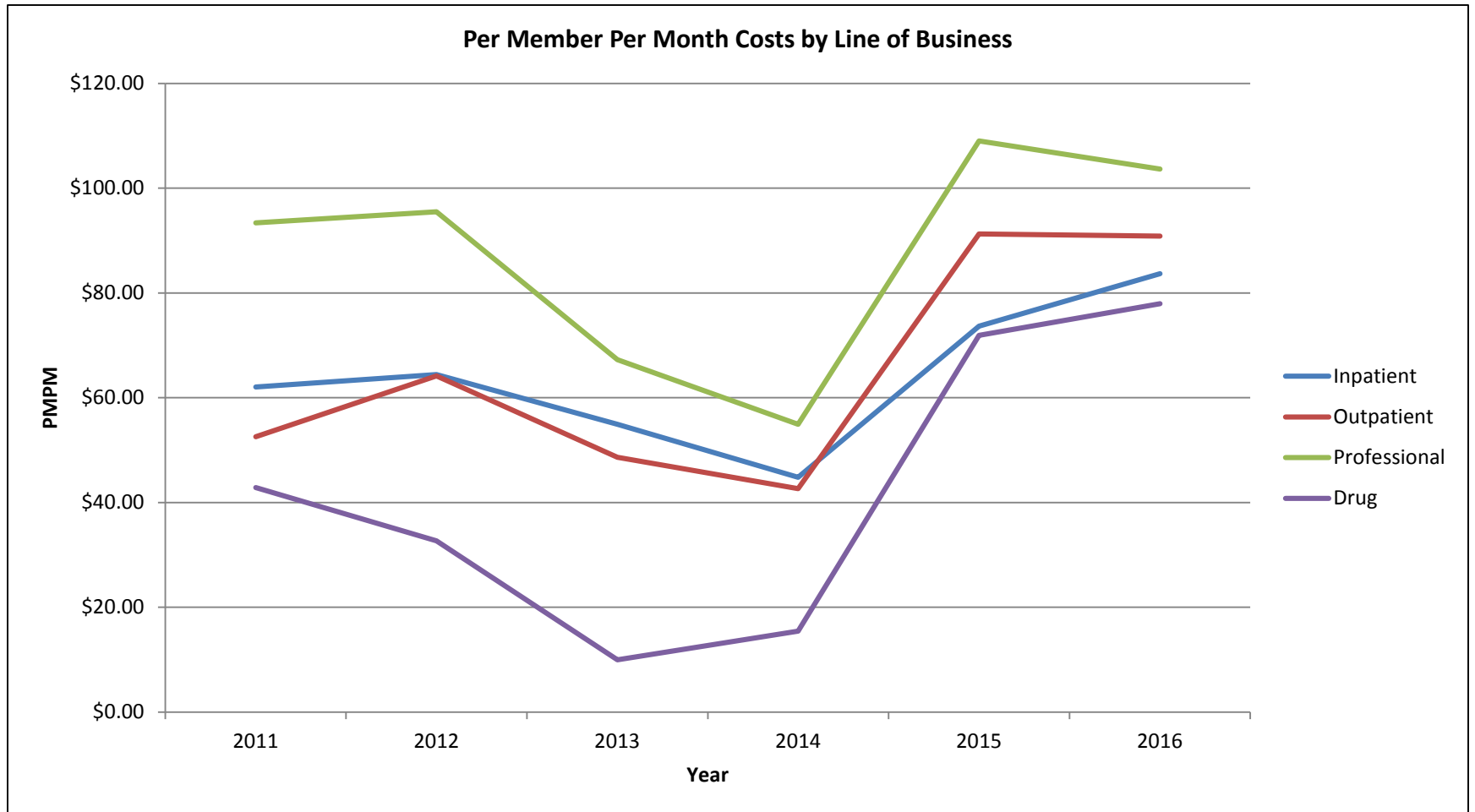


- Since 2011, prescription drug PMPM costs have grown from a low of 13% of Total PMPM to 21% of Total PMPM
- Prescription drug PMPM costs continue to increase while other lines of business saw an overall decrease from the previous year
- Inpatient PMPM costs had the lowest increase from 2013 to 2016 of approximately \$13

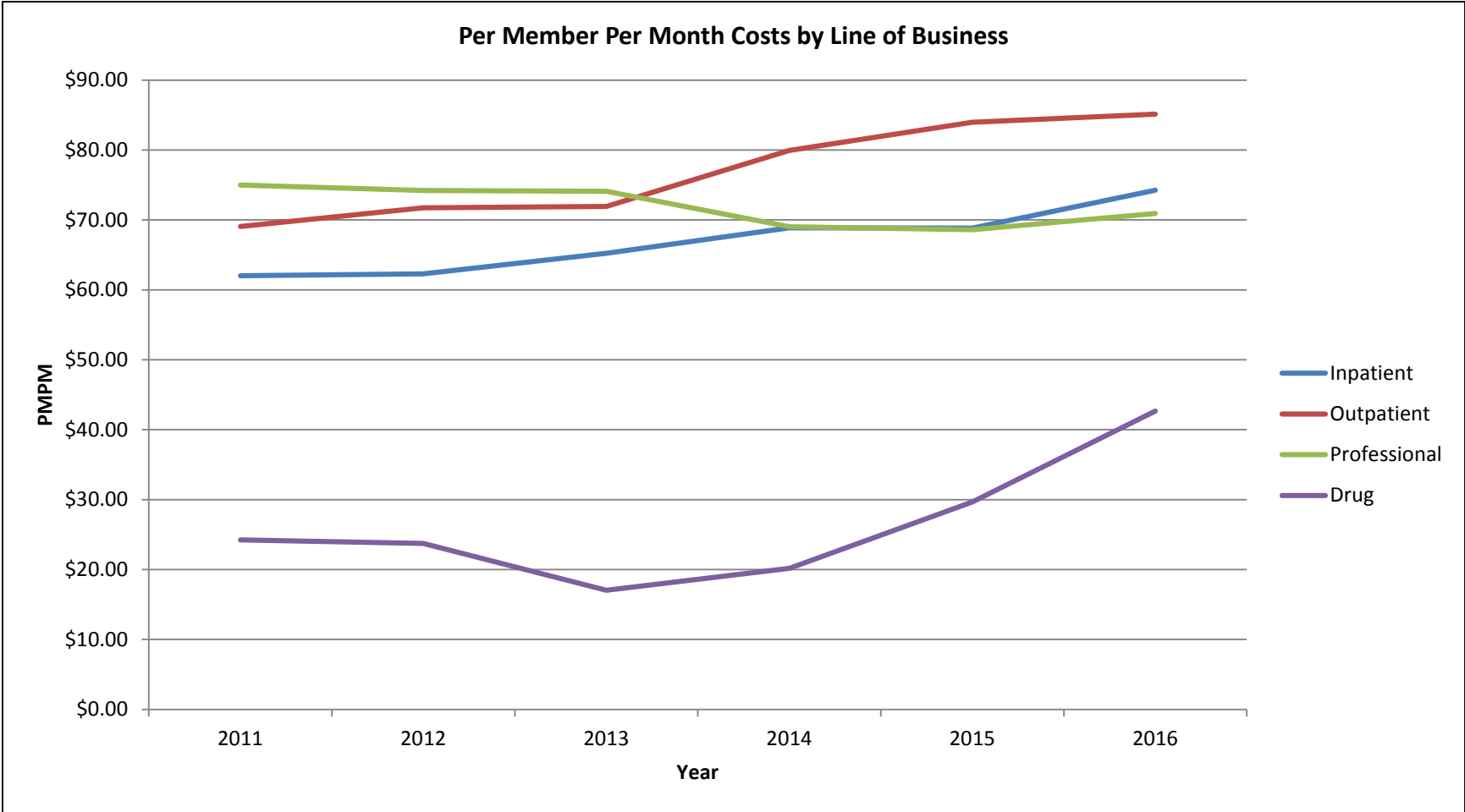
# Preferred Provider Organization Plans 2011-2016



# Health Maintenance Organization Plans 2011-2016

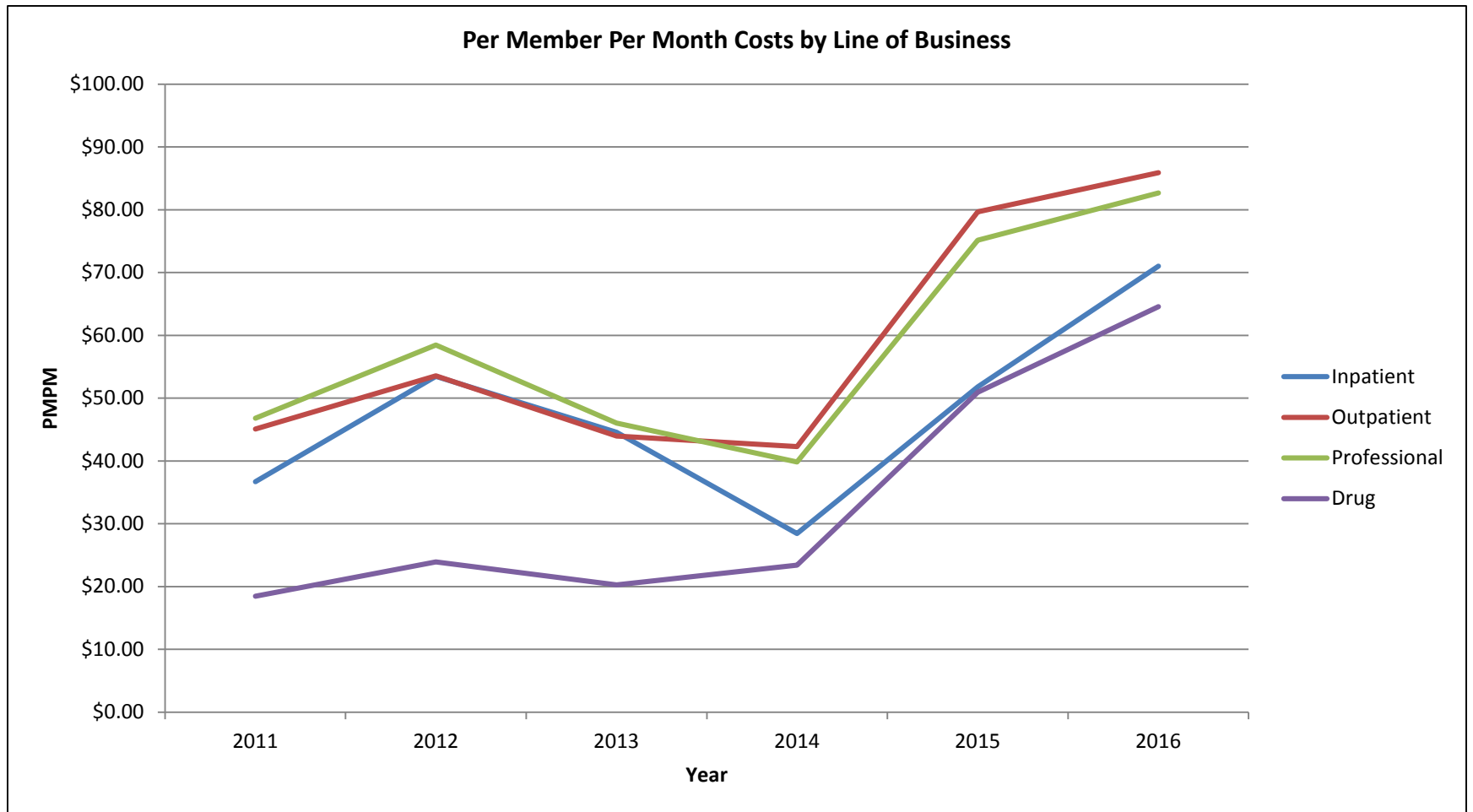


# Point Of Service Plans 2011-2016

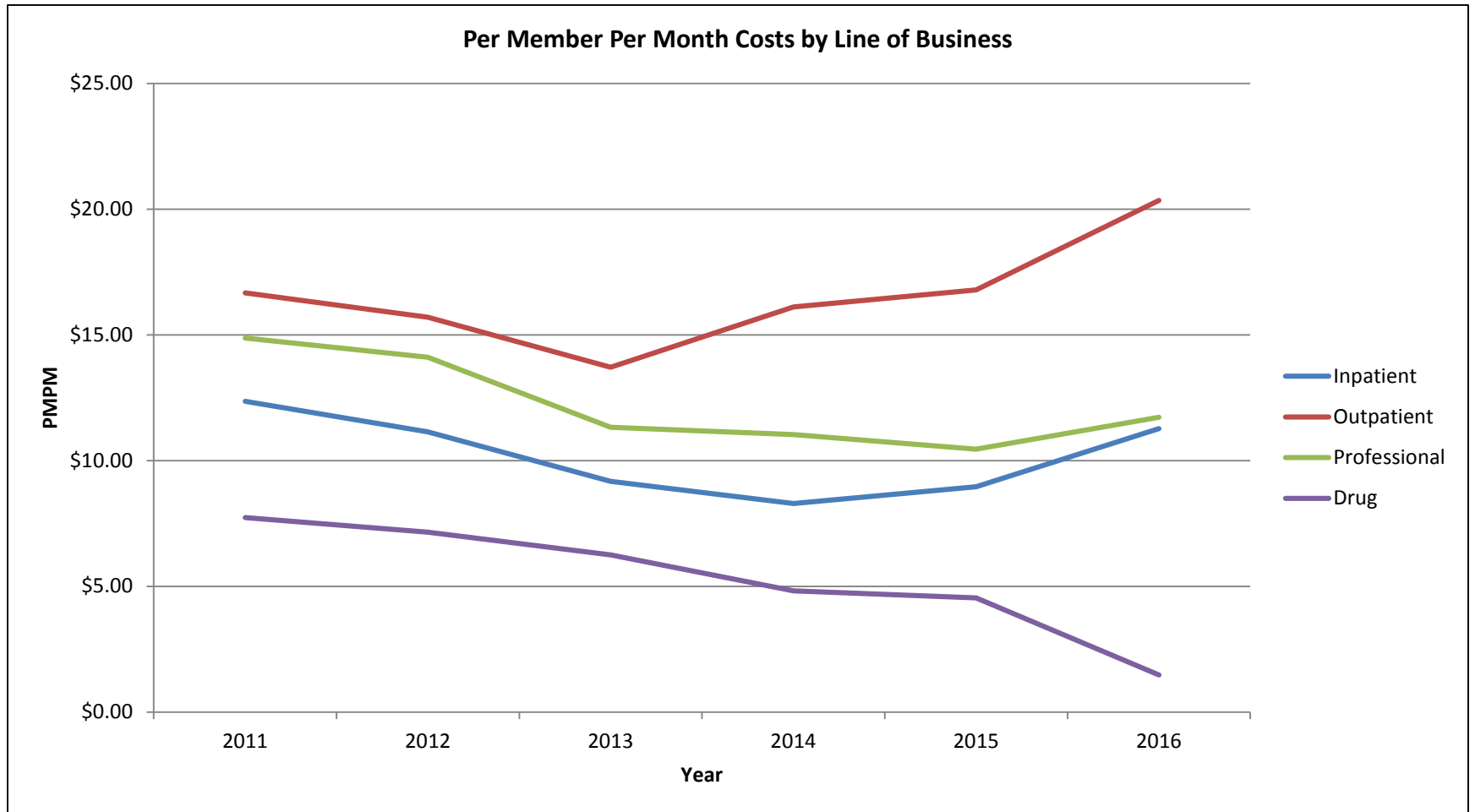




# Qualified High Deductible Health Plans 2011-2016

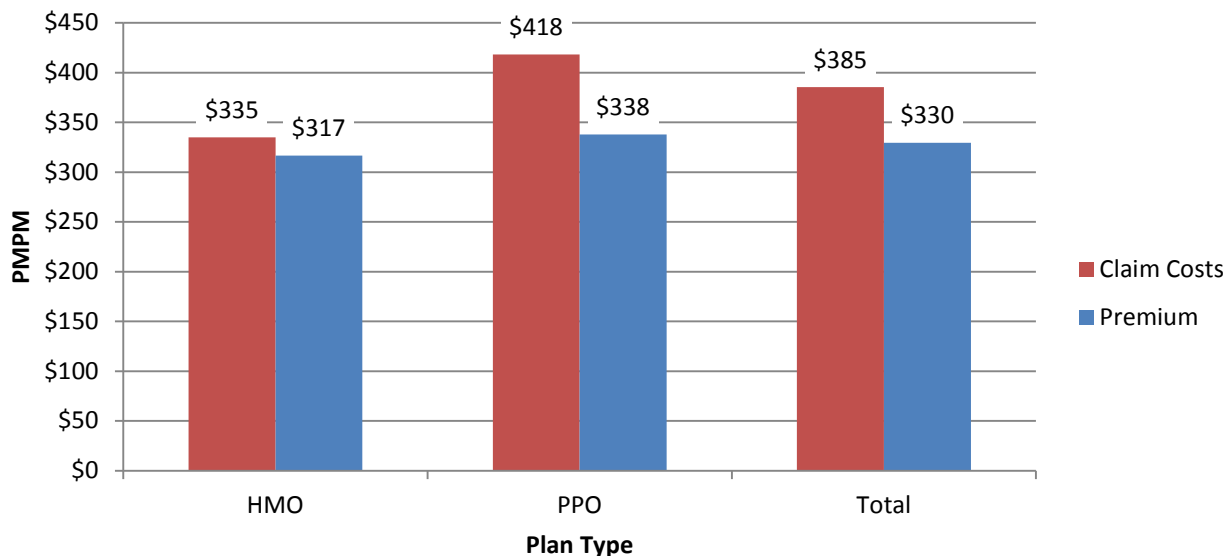


# Indemnity Plans 2011-2016



## 2016 Per Member Per Month Costs and Average Premium

Individual Market, Members 65 Years of Age and Under



- Per member per month costs exceeded the average monthly premium per member for HMO and PPO plans in 2016, including both on/off marketplace, transition and grandfathered plans
- On marketplace enrollment information for Kansas indicated the average monthly premium per member before APTC at \$352 and after APTC at \$106, according to the Office of The Assistant Secretary for Planning and Evaluation (ASPE), which is based on initial enrollment information only<sup>1</sup>
- The Centers for Medicare & Medicaid Services reported the average monthly premiums for the 2016 on marketplace at \$341, based on claims and enrollment information provided by carriers<sup>2</sup>

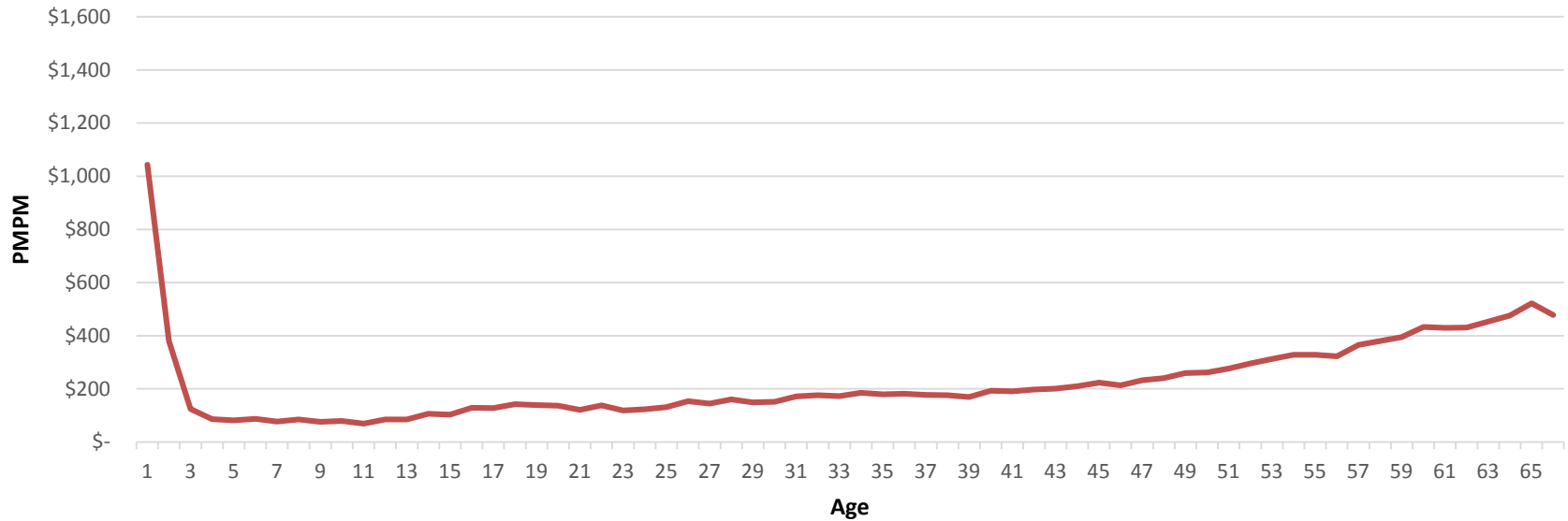
<sup>1</sup>Health Insurance Marketplaces 2016 Open Enrollment Period: Final Enrollment Report, March 11, 2016. <https://aspe.hhs.gov/pdf-report/health-insurance-marketplaces-2016-open-enrollment-period-final-enrollment-report>

<sup>2</sup> Appendix A to June 30, 2017 Summary Report – HHS Risk Adjustment Program State-Specific Data, June 30, 2017. <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs/Downloads/Appendix-A-2017-Summary-Report-Data.xlsx>

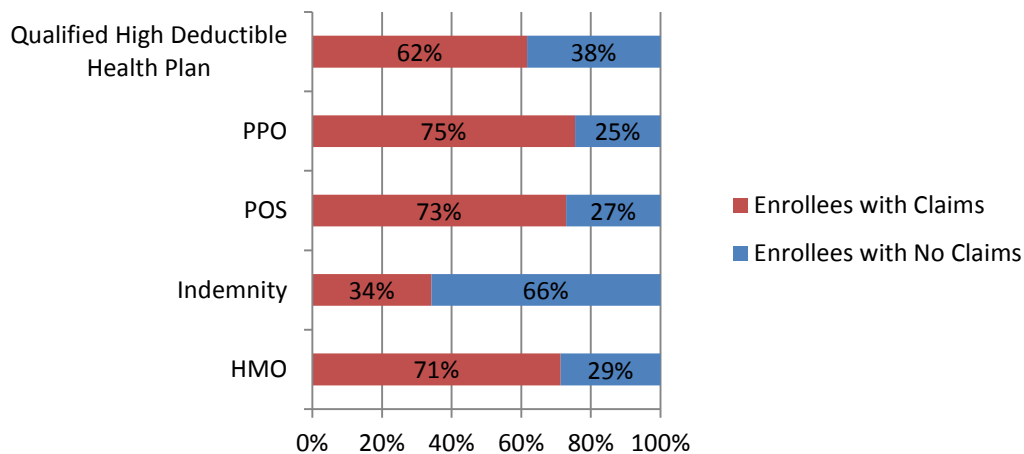
<sup>3</sup> Premium and claim costs information provided in chart includes both On and Off exchange plans without regard to Advanced Premium Tax Credit (APTC)

# 2011 Snapshot

## Per Member Per Month (PMPM) Costs by Age



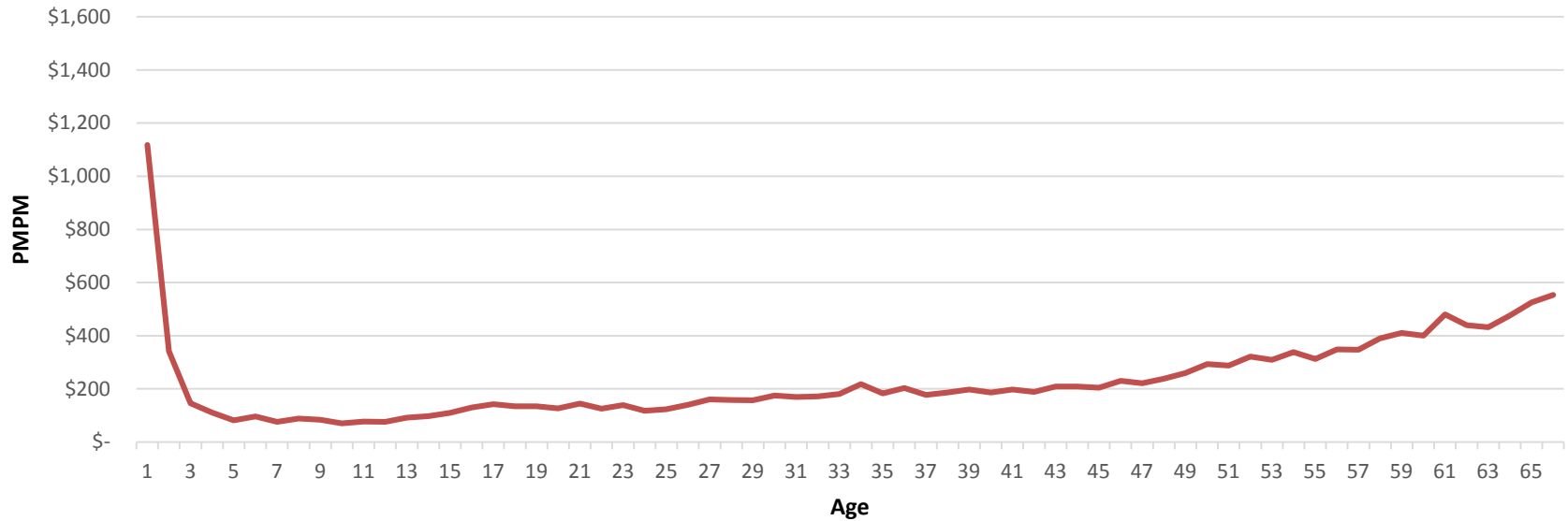
## Utilization by Plan Type



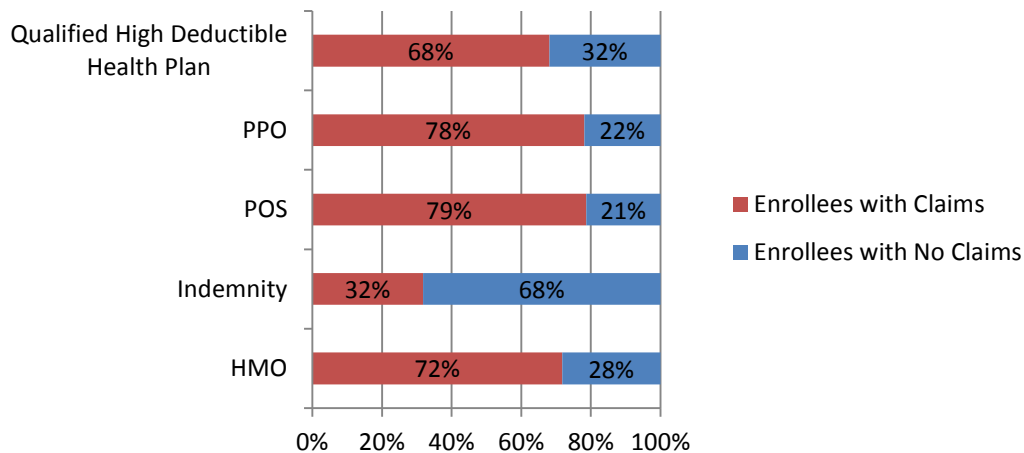
- Highest number of members enrolled age 65 and under in six year period
- Lowest total costs in period between 2011 – 2016 for members age 65 and under
- Lowest percentage of members (74%) with at least one claim in calendar year

# 2012 Snapshot

## Per Member Per Month (PMPM) Costs by Age



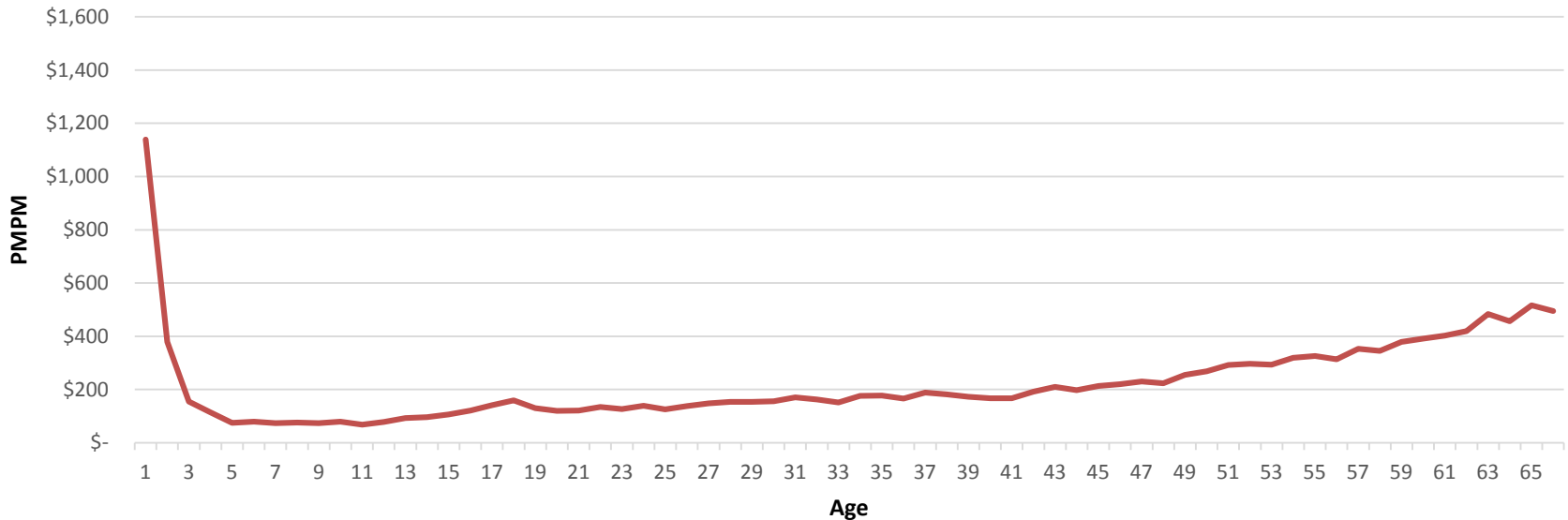
## Utilization by Plan Type



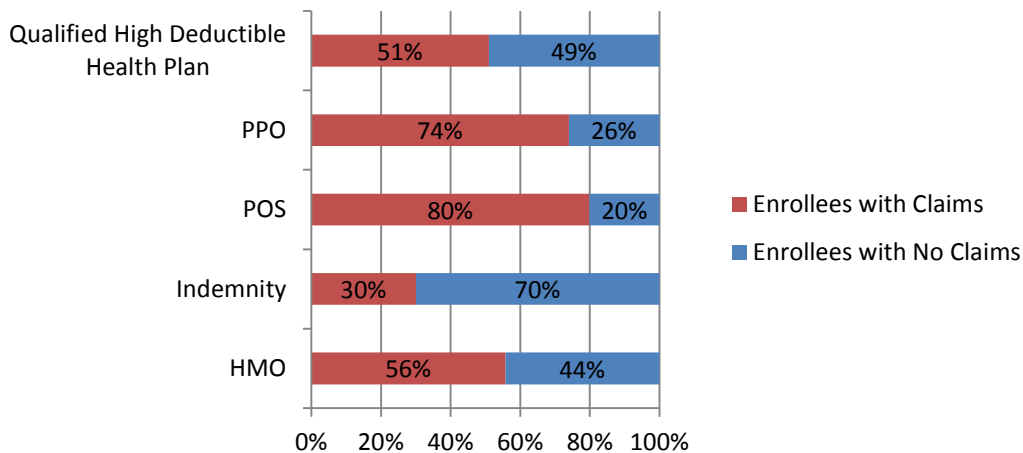
- Qualified High Deductible Health Plans were the only major medical plan to see increase in enrollment from 2011
- Plan utilization was third highest in six year period at 78% for all members
- Highest drop in enrolled members age 65 and under from 2011-2016 with loss of over 120,000

# 2013 Snapshot

## Per Member Per Month (PMPM) Costs by Age



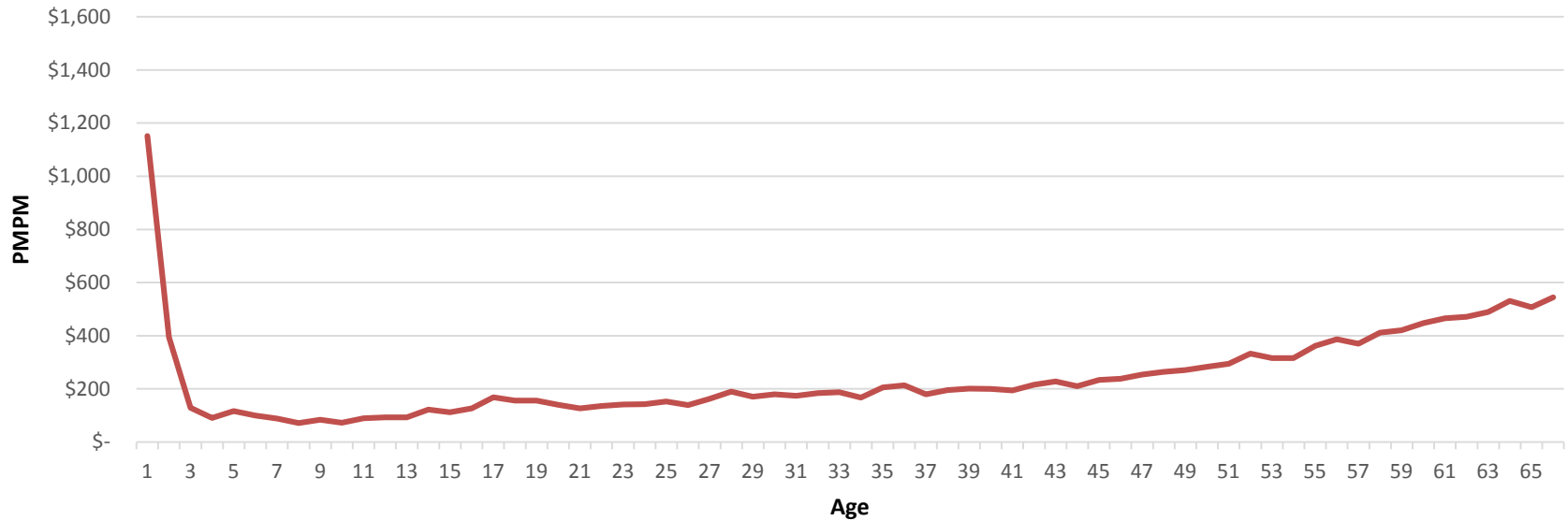
## Utilization by Plan Type



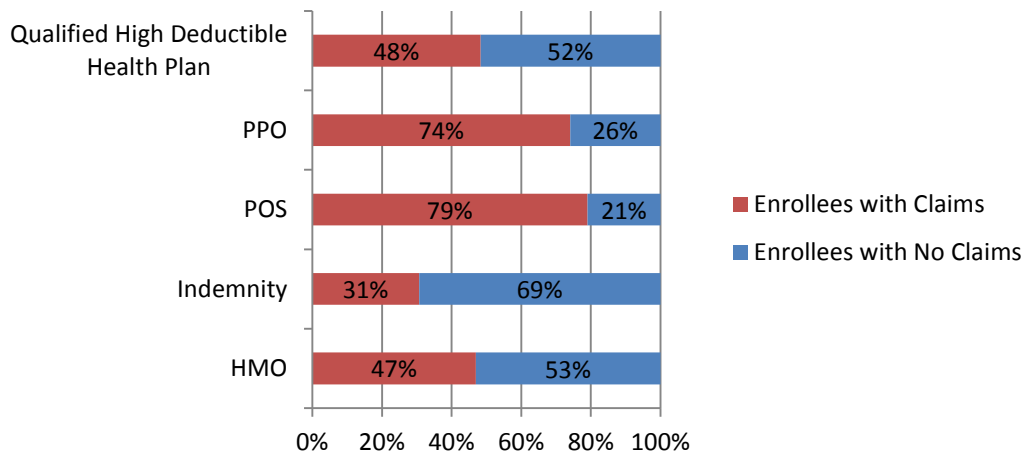
- Tied for highest average enrolled months per member at 9.3
- Overall PMPM costs were lowest in 2013 over six year period.
- 2013 was the first year KHIS data was available for group/individual enrollment identification:
  - Large Group – 59%
  - Small Group – 21%
  - Individual - 20%

# 2014 Snapshot

## Per Member Per Month (PMPM) Costs by Age



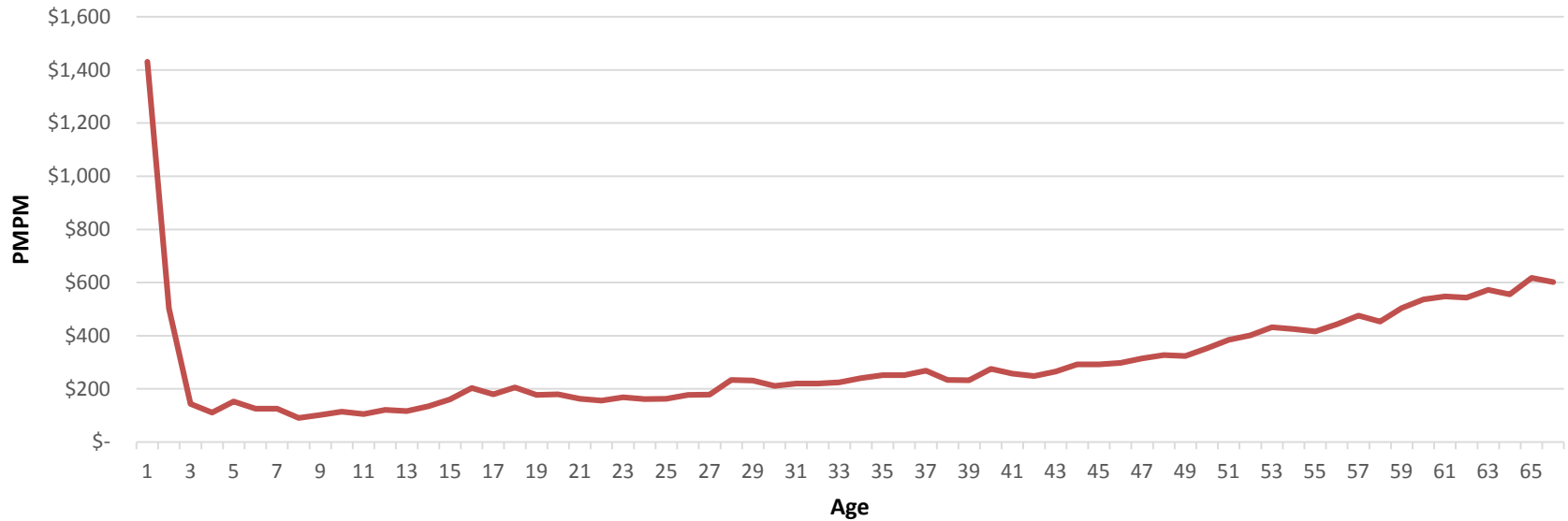
## Utilization by Plan Type



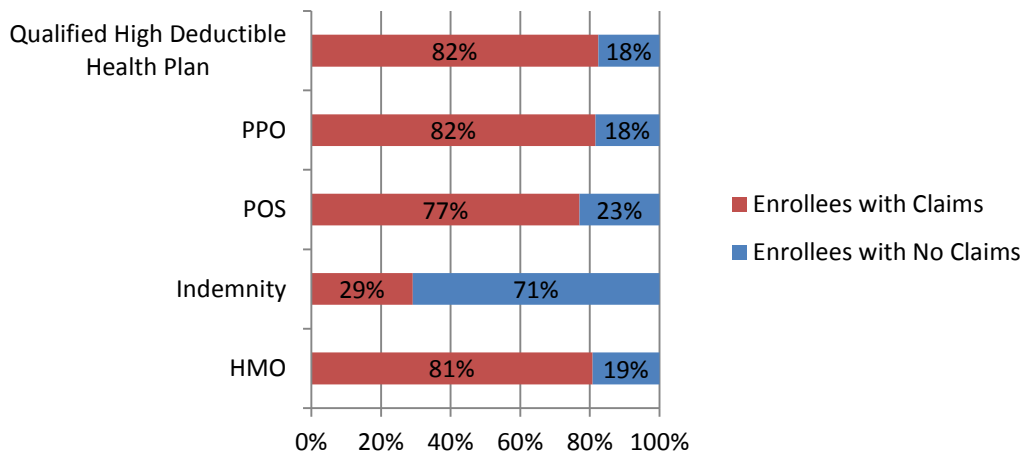
- Members age 65 and under enrollment was the lowest in the 5 year period at 970,015
- Average enrolled months per member was tied with 2013 at 9.5
- HMO plan enrollment reached the lowest point in the five year period, nearly one quarter of the 2011 enrollment

# 2015 Snapshot

## Per Member Per Month (PMPM) Costs by Age



## Utilization by Plan Type

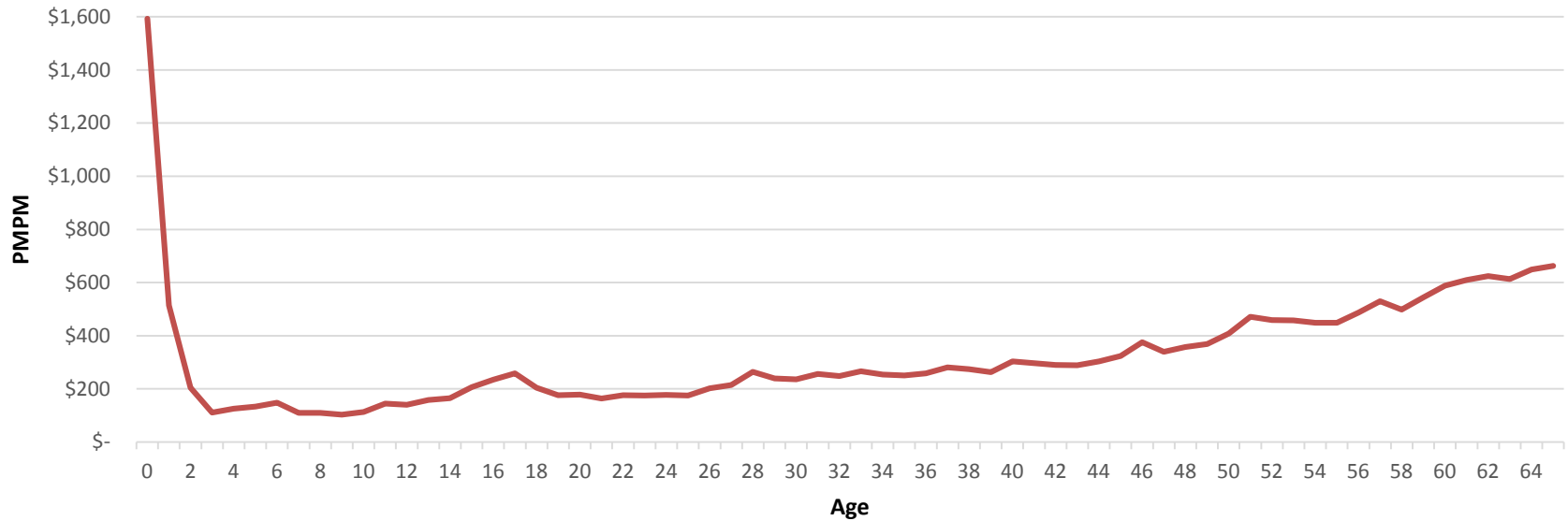


- Total paid claims reached the highest point from 2011-2016 at over 2.9 billion dollars
- Highest percentage of members, 79.3%, with at least one claim in calendar year
- 2015 marked the first year from 2011-2015 where enrollment increased from the prior year with a gain of over 20,000

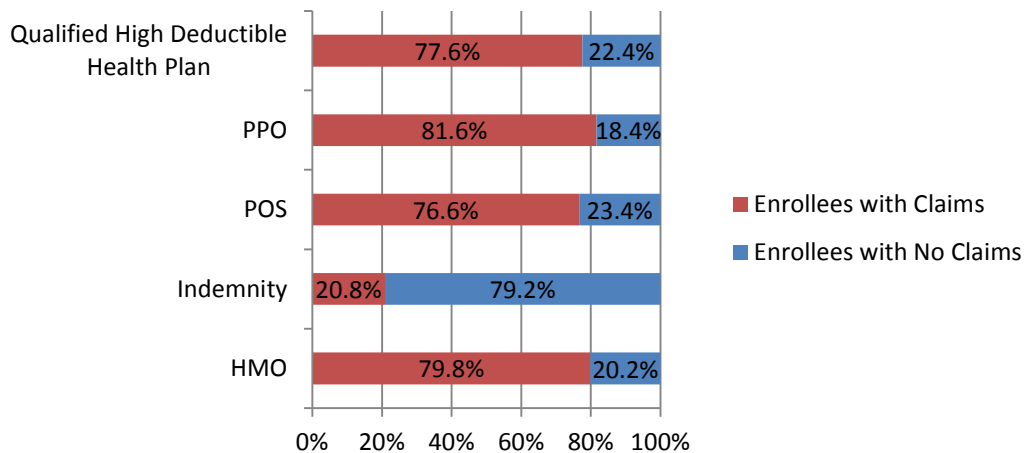


# 2016 Snapshot

## Per Member Per Month (PMPM) Costs by Age



## Utilization by Plan Type



- Total paid claims decreased by approximately \$250 million from previous year
- Second highest percentage of members, 79.1%, with at least one claim in calendar year
- HMO plans reached the second highest enrollment in six year period at nearly 100,000