

# Private Insurance Market Trends: Access, Enrollment, and Premiums in Minnesota, 2010-2014

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# Outline

- Distribution of Health Care Coverage in Minnesota
- Employer-Sponsored Insurance (ESI) Trends in Minnesota, 2010-2014
  - Offers, Eligibility, Enrollment
  - Premiums and Cost-Sharing
- ESI Issues to Monitor
- Individual Market Highlights
  - MNSure

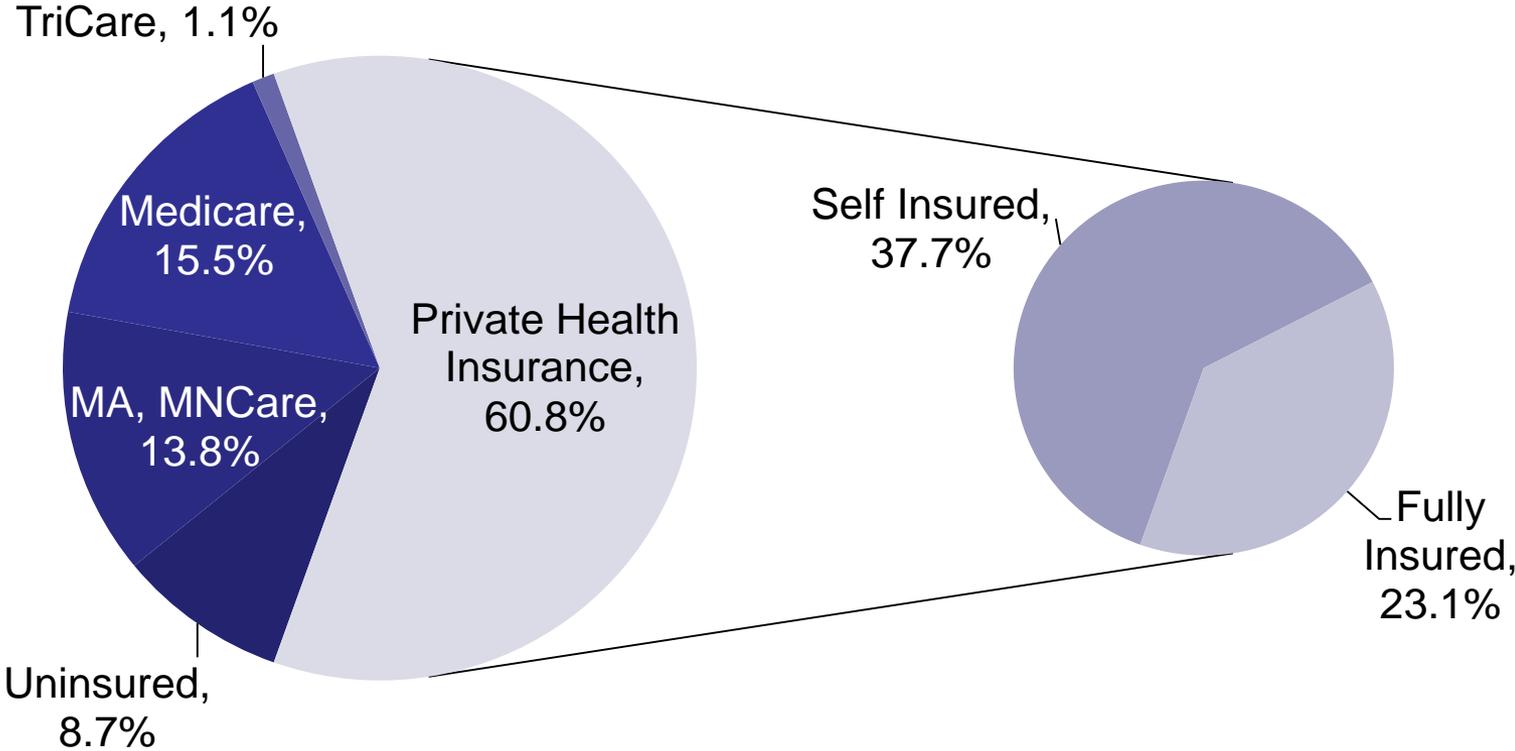


# National Picture: Private Health Insurance

- 64% of the overall U.S. population had private health insurance in 2013 (Smith & Medalia, U.S. Census Bureau, 2014)
  - Employer-sponsored insurance
    - Economies of scale
    - Preferential tax treatment of premiums
  - Individual or non-group coverage
- Overall increases in private and public insurance and a decrease in uninsurance given ACA provisions
  - Evidence from monitoring surveys (e.g., Gallup, Urban Institute)
  - Nationally representative population estimates of 2014 coverage from CPS and ACS due in September 2015



# Distribution of Minnesota Population by Primary Source of Insurance Coverage, 2012



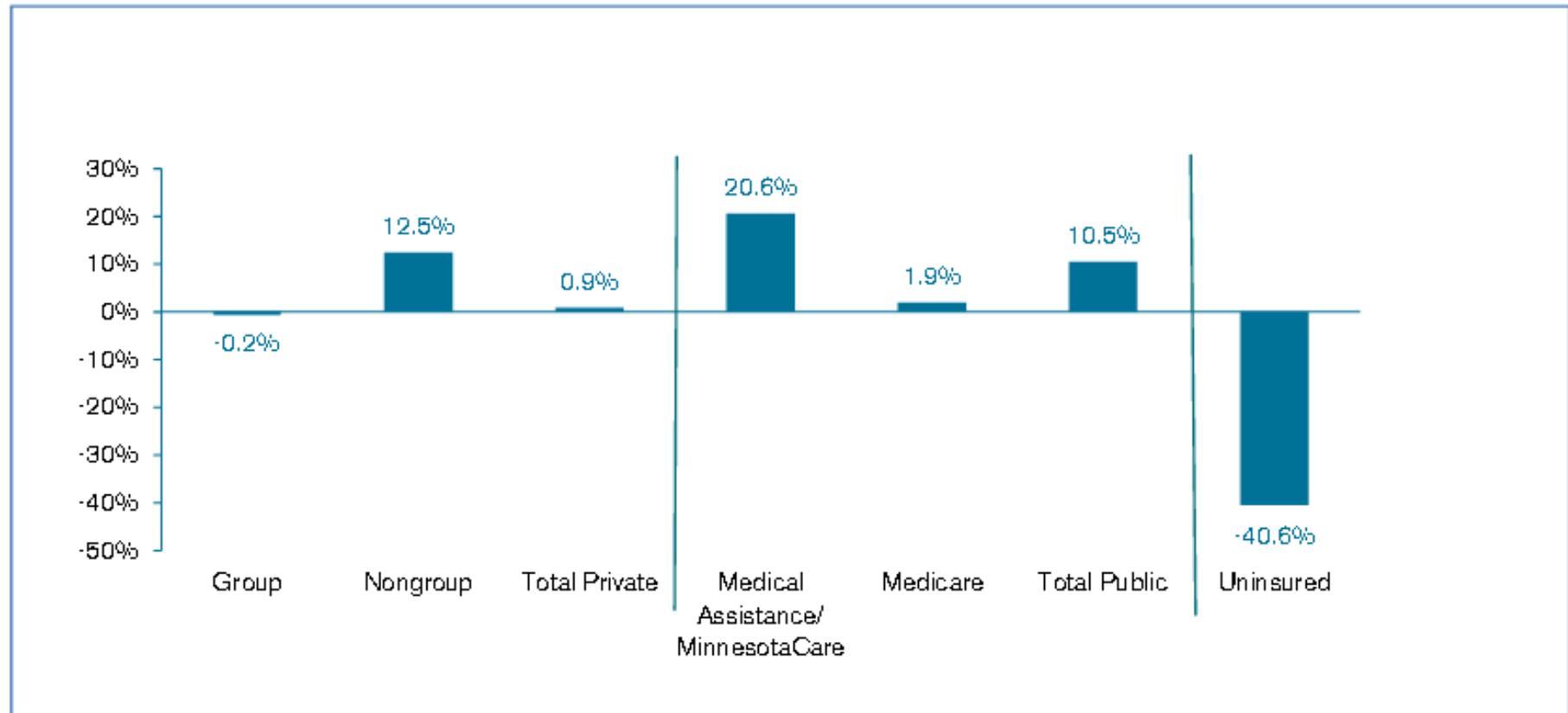
**Total Population 5.4 Million**

Source: MDH Health Economics Program; population estimates are from the U.S. Bureau of Census, MA is Medical Assistance, MNCare is MinnesotaCare.

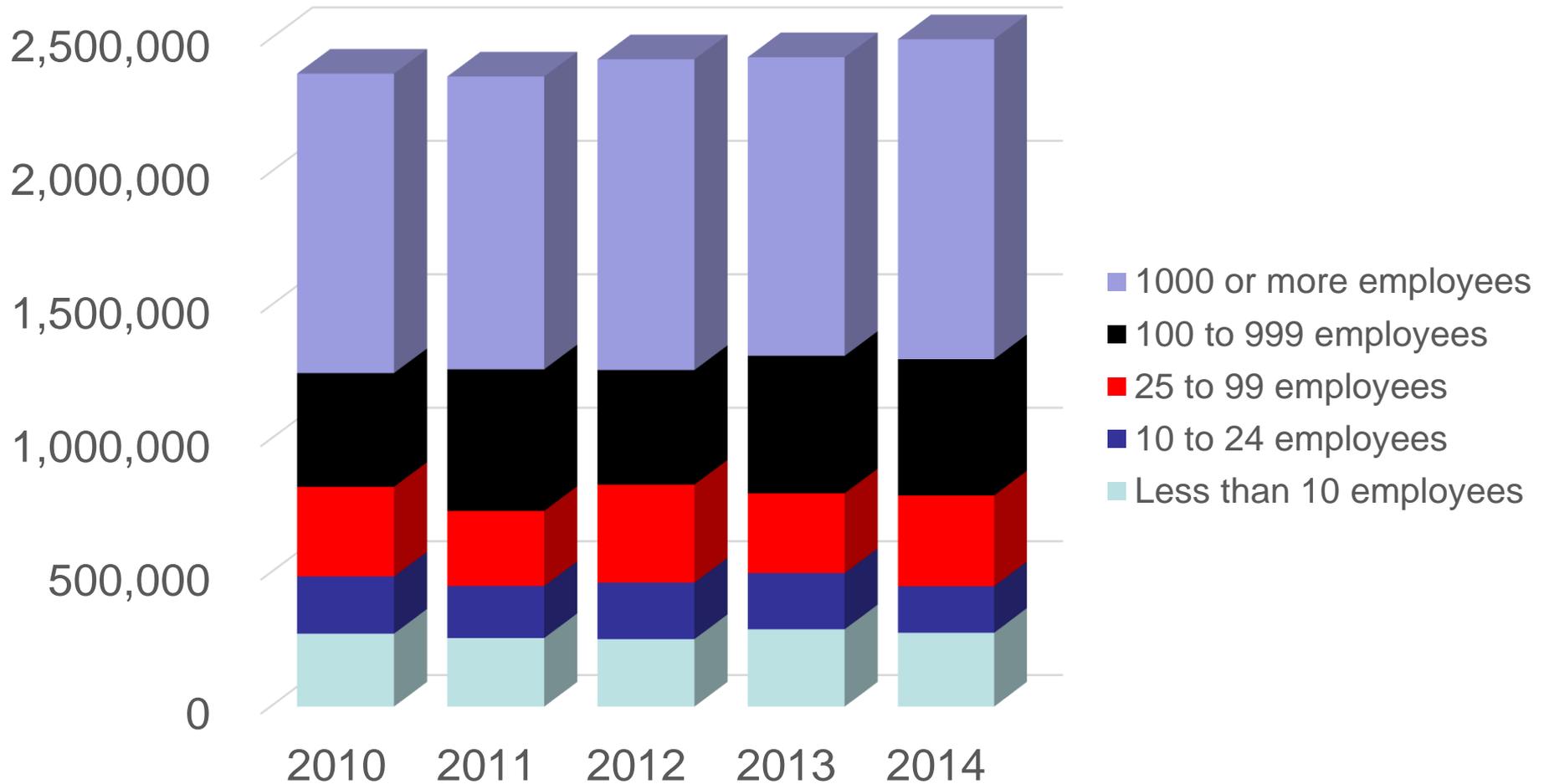


# Estimated Coverage Distribution Changes in Minnesota

**FIGURE 3. PERCENT CHANGE BY TYPE OF INSURANCE**  
SEPTEMBER 30, 2013 - MAY 1, 2014



# ESI Trends: Number of Private-Sector Employees by Firm Size in MN Establishments

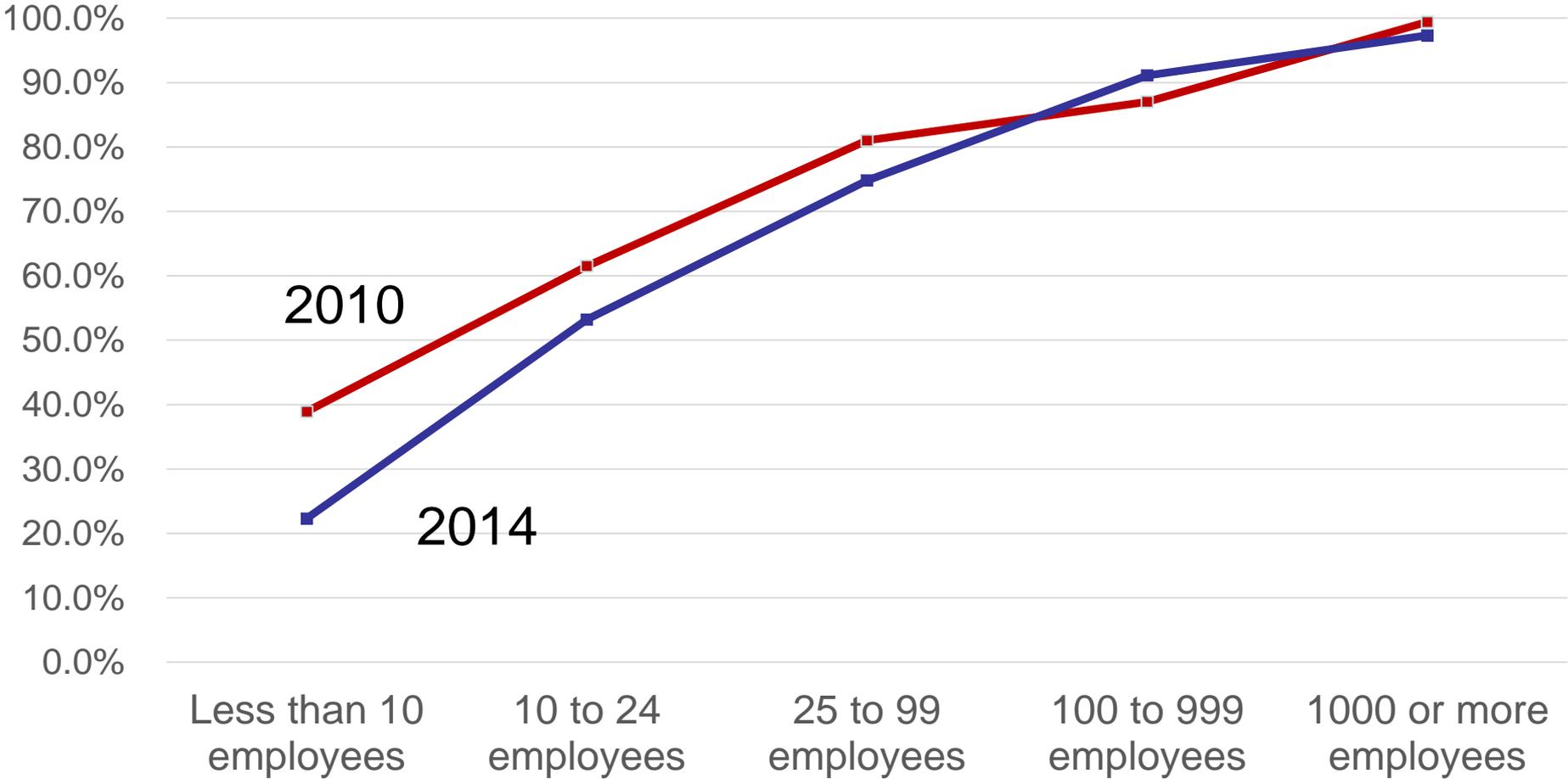


Source: Medical Expenditure Panel Survey – Insurance Component, 2010-2014 (AHRQ, Health & Human Services)



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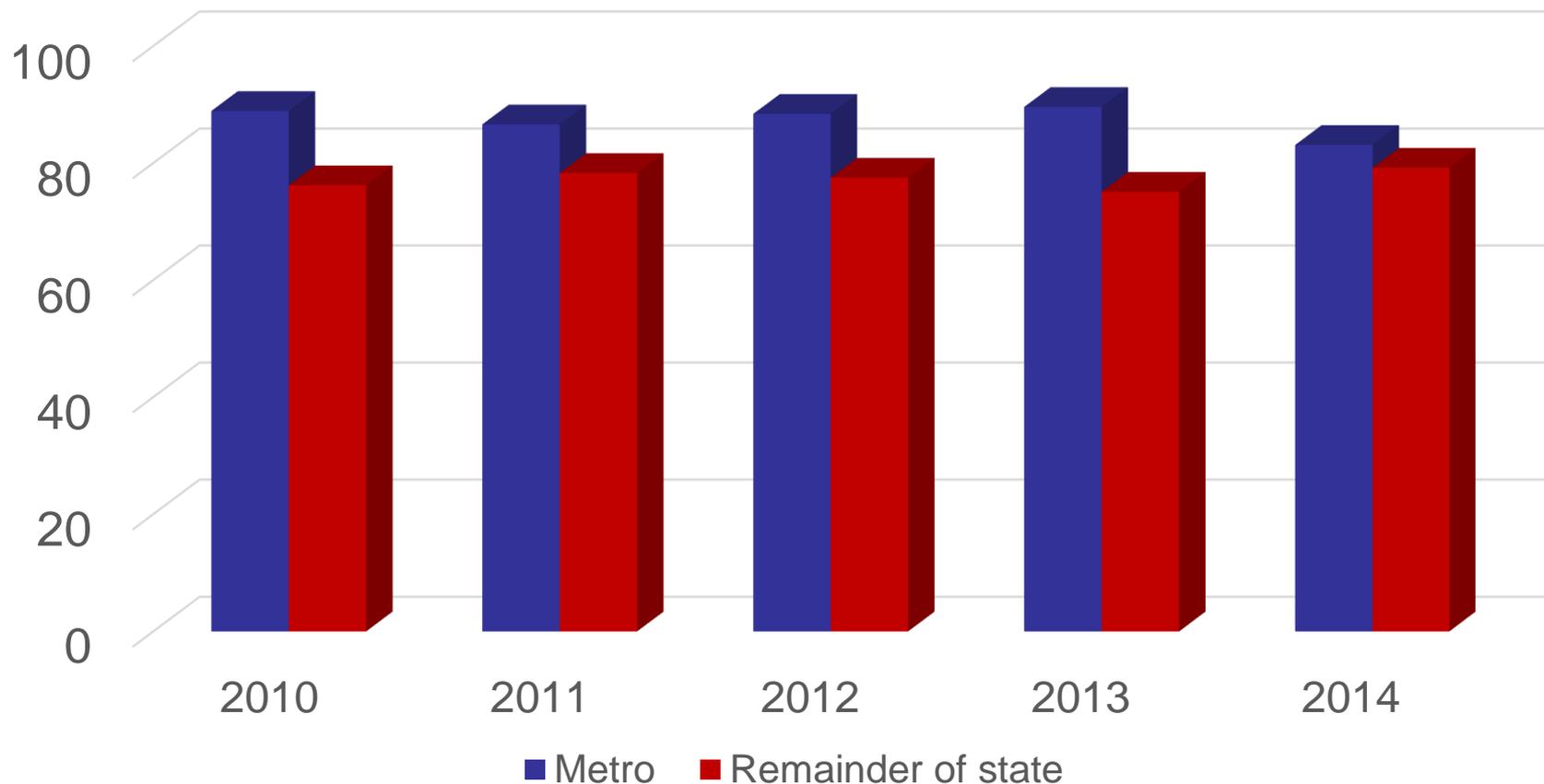
# ESI Trends: Percentage of Private-Sector Employees in MN Establishments that Offer Insurance, by Firm Size



Source: Medical Expenditure Panel Survey – Insurance Component, 2010-2014 (AHRQ, Health & Human Services)



# ESI Trends: Percentage of Private-Sector Employees at MN Establishments that Offer Insurance by Metro/Non-Metro Status



Source: Medical Expenditure Panel Survey – Insurance Component, 2010-2014 (AHRQ, Health & Human Services)



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# ESI Trends: Percentage of Employees at MN Establishments that are Eligible for Insurance at Offering Establishments

Year	State of MN	Twin Cities Metro	Remainder of state
2010	75.1%	76.10%	73%
2011	79.8%	80.40%	78.60%
2012	76.0%	76.40%	75%
2013	74.8%	75.90%	72.40%
2014	74.8%	76%	72.70%

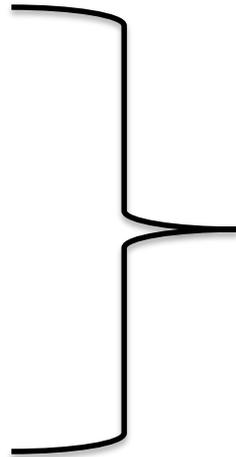
Source: Medical Expenditure Panel Survey – Insurance Component, 2010-2014 (AHRQ, Health & Human Services)



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## ESI Trends: Percentage of Employees that are Enrolled in Coverage at Offering Establishments in MN

Year	Percentage
2010	59.8%
2011	63.2%
2012	56.5%
2013	54.4%
2014	56.2%



Enrollment percentages have remained fairly stable over time.

# ESI Trends: Average Total Premiums for Family Coverage (nominal dollars), 2010-2014

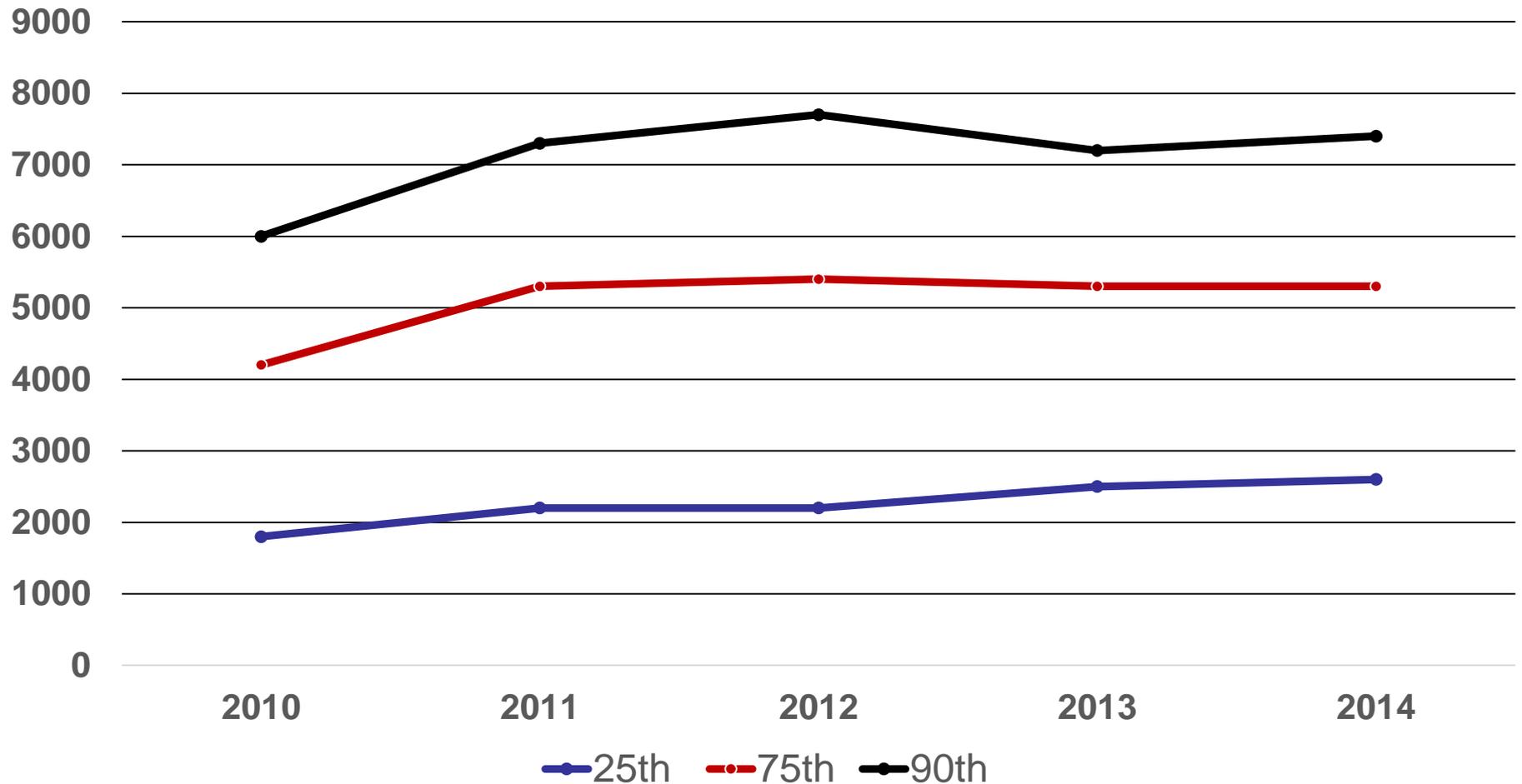


Source: Medical Expenditure Panel Survey – Insurance Component, 2010-2014 (AHRQ, Health & Human Services)



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# 25<sup>th</sup>, 75<sup>th</sup>, 90<sup>th</sup> Percentiles of Employee Annual Out-of-Pocket Premiums for Family Coverage (nominal dollars), 2010-2014



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# Plan Deductibles

	Percentage of plans with a deductible	Percentage of plans with a deductible	Average family deductible (\$)	Average family deductible (\$)
	2010	2014	2010	2014
<b>Overall</b>	83%	94.9%	\$2,182	\$2,892
<b>Employers &lt; 50 workers</b>	86.1%	91.3%	\$3,176	\$3,609
<b>Employers 50+ workers</b>	82.4%	95.4%	\$2,042	\$2,822



# ESI Issues to Monitor

- Employer Shared Responsibility Requirement
  - Offers of any coverage by firm size, particularly among small employers that are exempt.
  - Shifts in eligibility of part-time workers for coverage
  - Plans offered to meet the “affordable ESI” standard
  - Shifts from full-time to part-time workers and overall firm sizes
- Individual mandate (fully implemented in 2016)
  - Possible higher enrollment among those with ESI offers
- Cadillac Tax (2018 implementation)
  - Anecdotal evidence suggests employers are nervous about hitting the threshold, particularly if they currently offer generous coverage or have older/sicker populations
- Viability of SHOP



# Individual Market



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# Individual Market ACA Influences

- ACA Influences
  - Creation of a New Marketplace
    - Segmented “Exchange” and “Off-Exchange”
  - Regulatory Environment
    - Modified Community Rating
      - Age, Tobacco status, Geography, Metal level, Family composition
    - Essential benefits
    - Medical Loss Ratio regulation and Rate Review
  - Premium tax credits and cost-sharing subsidies
    - Consumer price-sensitivity regarding demand and plan choice for the targeted population segment



# Individual Market Outcomes

- Outcomes
  - Enrollment
    - Number and composition of the enrollee population
      - Health risk profiles
      - Medical care demand of newly insured
  - Insurers' Entry and Exit decisions
    - Plan choices
    - Premiums



# MNsure Statistics

- 67,966 cumulative QHP Enrollment (11/15/14-7/14/15)
- 55% with Advanced Premium Tax Credits and 15% with cost sharing reductions
- Demographics
  - Age
    - 17% are 25 years and younger
    - 32% are 26-44 years of age
    - 19% are 45-54 years of age
    - 32% are 55-64 years of age
  - Sex
    - 51% Female
    - 49% Male



# Coverage Levels Selected

Metal Levels	Minnesota (2015 to date)	Total (as of 2/15)
Bronze (60% AV)	36%	22%
Silver (70% AV)	39%	67%
Gold (80% AV)	17%	7%
Platinum (90% AV)	7%	3%

Actuarial value (AV) is the percentage of covered services paid by the health plan for a standard population.



# Insurer Market Shares

Plans & Carriers – Nov. 15, 2014 – June 14, 2015		
Carrier	2015 Enrollment To Date	2014 Enrollment
Blue Cross Blue Shield	42.7%	22.3%
BluePlus	7.4%	--
HealthPartners	24.3%	12.5%
Medica	5.0%	4.6%
UCare	20.6%	1.5%
PreferredOne	–	59.2%

With Preferred One exit, consumers shifted to UCare, Health Partners, and BCBS, but not Medica.

# Individual Market Premium Growth

- Changing picture of MNSure premiums
  - Underestimation of health risk and medical care demand response of enrollees vs. what was predicted.
    - Insurer Exit
    - Medical Loss Ratios > 1.0
  - Other factors influencing premiums across segments
    - Specialty medications
    - Economic recovery which increases demand for care, particularly for elective procedures
- 2016 rate increase requests are concerning and warrant careful investigation



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