Latest Activities in Health Care Spending and the Private Insurance Market

25th Annual Princeton Conference
May 22-24, 2018
Drivers of Health System Change

- Accelerating Affordability Crisis
- Social Determinants of Health and Chronic Disease
- Increasing Influence of Government
- Impact of Consumerism
- Delivery System Transformation
- Clinical Innovation
- Advances in Information Technology
Private Market Uncertainties / Challenges

Budget Deficits
US Unit Prices
Medicare For All
Medicaid Expansion
Medicaid Buy In
Rx Pricing
Consolidation
Access
Individual Market Instability
Affordability
Commercial Health Plan Spending Factors

- **23.3¢** Prescription Drugs
- **22.2¢** Doctor Services
- **20.2¢** Office & Clinic Visits
- **16.1¢** Hospital Stays
- **4.7¢** Taxes

- **3.3¢** Other Fees & Business Expenses
- **1.8¢** Customer Engagement
- **1.6¢** Finance, Claims, & Special Investigations
- **1.6¢** Care Management
- **1.6¢** Technology & Analytics
- **0.7¢** Administration
- **0.5¢** Provider Management
- **2.3¢** Net Profit
# A View the Private Insurance Market

<table>
<thead>
<tr>
<th>Market</th>
<th>Major Segments</th>
<th>Market Disruptors</th>
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| Employer-Sponsored | • Large group ASO (ERISA)  
• Large group fully insured  
• Small group fully insured  
• Existing association health plans (AHPs) | • New AHPs  
• Small group ASO  
• New Health Reimbursement Arrangement (HRA) rules |
| Individual       | • On exchange  
• Off exchange | • Short-term plans  
• New AHPs  
• New HRA rules  
• Health care sharing ministries  
• Farm bill / bureau plans |
| HIPAA-excepted   | • Dental  
• Vision  
• Supplemental  
• Fixed indemnity / specified disease  
• Disability income  
• Long-term care insurance | • Short term (LTC) insurance |
Individual Market Factors

Uninsured By Choice

- HIT Suspension
- CSR Silver-loading
- Medical Trend
- State Alternative Plans
- Transition Plans
- Short-Term Policies
- AHP Rules

Sec 1332 Reins

- Risk Pool Composition
- Mandate Repeal

Highest Risk, Highly Subsidized Individuals

Uninsured by Affordability (e.g., no subsidy)

- Increases premiums
- Decreases premiums
Little time remains for premium reduction measures that can provide relief for consumers in 2019 (state action only).

### 2019 Individual Market Rates: Key Dates

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- **Development of 2019 products and rates based on current market rules**
- **State and Federal deadlines to submit rates**
- **CMS releases preliminary rate changes**
- **Final issuer decisions on market participation**
- **CMS releases final rate changes**
- **Open Enrollment 11/1 – 12/15**

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1 Federal deadline for rates is July 25. State deadlines—half not yet announced—will vary due to state approval processes but begin May 1.