



ASPE

ISSUE BRIEF

HEALTH INSURANCE ISSUER PARTICIPATION AND NEW ENTRANTS IN THE HEALTH INSURANCE MARKETPLACE IN 2015

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A central feature of the Affordable Care Act is the establishment of the Health Insurance Marketplace (“Marketplace”). The Marketplace offers consumers a transparent and competitive platform to shop for health insurance coverage, apply for financial assistance, and purchase coverage without any medical underwriting or special premium adjustment based on pre-existing conditions.¹ Based on preliminary data available for 44 states, there will be 77 issuers offering Qualified Health Plans (QHPs) through the State-based and Federally-facilitated Marketplaces (also known as Marketplace plans) for the first time in 2015, and 36 of the 44 states will have at least one new Marketplace entrant. In these 44 states, there will be 63 more issuers offering Marketplace plans in 2015 than there were in 2014. This represents a 25 percent increase in the total number of issuers offering Marketplace plans between 2014 and 2015.

Key Findings

- Based on preliminary data for 36 Federally-facilitated Marketplace (FFM)² states and eight additional State-based Marketplace (SBM) states, there will be a 25 percent increase in the number of health insurance issuers offering Marketplace coverage in 2015 compared to 2014.
- Four of the 36 states in the FFM will have at least double the number of issuers they had in 2014.
- At least 67 issuers in the FFM and 10 issuers in the SBMs will be new to the Marketplaces in 2015.
- Some of the nation’s largest insurers will be offering coverage for the first time in more than a dozen states, suggesting that the FFM and SBMs represent an increasingly attractive business opportunity

¹ This brief considers only individual market Qualified Health Plan (QHP) issuers, and not SHOP or stand-alone dental plan (SADP) issuers. SADPs offered through the Marketplace may still underwrite and adjust premiums.

² For the purposes of this analysis, we refer to 36 states collectively as the Federally-facilitated Marketplace. These 36 states include 27 states that have Marketplaces fully run by the federal government, 7 that have State Partnership Marketplaces, and 2 that have federally supported State-based Marketplaces in 2014.

- Ten issuers in the FFM and four issuers in the SBMs that offered QHPs in a given state in 2014 have not filed for participation in 2015; however, some of those issuers' parent companies continue to be active in the respective states' Marketplaces.
- Given that the number of new entrants is expected to be more than five times the number of exiting issuers among the 44 states included in this analysis, the Marketplaces will offer consumers significantly more choice in 2015 and appear to offer an increasingly attractive business opportunity for issuers.

Consumers who are shopping for Marketplace plans will be able to choose from among a significantly larger set of insurance issuers for 2015 than were available for 2014.³ Market entry results in more sellers while typically driving issuers to compete more aggressively on price and quality.⁴ This, in turn, offers consumers better value and more opportunity to pick the plan that best meets their needs.

Issuer Participation in the Marketplace

In 2014, there were 191 issuers⁵ offering Marketplace plans in the 36 states with Marketplaces supported by or fully run by the Department of Health and Human Services (throughout this brief referred to as the FFM). Complete and final information on 2015 issuers was not yet available at the time of this analysis. Preliminary information from 2015 issuer filings to the Centers for Medicare & Medicaid Services (CMS) Center for Consumer Information and Insurance Oversight (CCIIO) indicates that a total of 248 issuers will be offering Marketplace plans in the FFM, as shown in Table 1.⁶ This represents a 30 percent increase when compared with the 191 issuers offering Marketplace plans in these 36 states in 2014.

In the eight SBM states for which information was available, a total of 67 issuers will be offering Marketplace plans in 2015, compared to 61 issuers offering Marketplace plans in those states in 2014 (Table 2). This represents a 10 percent increase in the number of issuers offering Marketplace plans in those eight states.

Overall, there will be a 25 percent increase in the number of issuers offering Marketplace plans in 2015.⁷ The number of issuers is at least doubling in four states in 2015: Indiana, Missouri, New Hampshire, and West Virginia. In 30 of the 36 FFM states, and in six of the eight SBM

³ ASPE estimated that for 2014, 82 percent of people eligible to purchase a qualified health plan lived in rating areas with at least three issuers in the Marketplace, and 96 percent lived in areas with at least two issuers. For more information, see <http://aspe.hhs.gov/health/reports/2014/Premiums/2014MktPlacePremBrf.pdf>.

⁴ For example, an ASPE analysis found that in 2014, "Competition, as measured by the number of issuers in a rating area, [was] associated with more affordable benchmark plans (the second-lowest cost silver plan) for individuals and reduced costs for the federal government," see <http://aspe.hhs.gov/health/reports/2014/Premiums/2014MktPlacePremBrf.pdf>.

⁵ For the purpose of this analysis, we identify an issuer by its unique five-digit issuer Health Insurance Oversight System (HIOS) ID. In some cases, issuers with different HIOS ID numbers belong to the same parent company. An issuing entity's HIOS issuer ID is specific to the state in which it operates, such that a company offering QHPs through the Marketplace in two states would be counted twice—once for each state.

⁶ Oregon and Nevada officials have announced that their state Marketplaces will be switching from SBMs to federally supported SBMs for 2015. Oregon and Nevada are not included in this analysis.

⁷ This increase is based on the 44 states for which data was available for this analysis.

states for which we have data, there is at least one new Marketplace issuer. California is the only state among the 44 with a decrease in the number of issuers in 2015 (from 12 to 10).

Entry and Exit by Issuers in the Marketplace

Among the 36 FFM states, 67 issuers are expected to offer plans through the Marketplaces in those states for the first time in 2015. Indiana will have six new entrants in 2015, Ohio will have five new entrants, and Florida, Georgia, Michigan, Missouri, New Hampshire, and Pennsylvania will each have four new entrants. Among the eight SBM states with issuer data available, 10 issuers will be offering plans through the Marketplaces in those states for the first time in 2015. Colorado, Maryland, New York, and Washington will each have two new issuers entering their Marketplaces in 2015.

Among FFM states, Michigan, Ohio, and Texas are expected to have the greatest number of issuers in 2015 (16 issuers), followed by Pennsylvania and Wisconsin (15), and Florida (14). By comparison, in 2014, the greatest number of issuers in a state was 14 (Pennsylvania). While eight of the 36 FFM states had fewer than three issuers in 2014, only three FFM states are expected to have fewer than three issuers in 2015.

Among the eight SBM states for which we have data, New York has the greatest number of issuers in 2015 (17 issuers), followed by Colorado (12), and California and Washington (10). By comparison, in 2014, the state with the greatest number of issuers among these SBMs was New York (16).

Based on the preliminary issuer information for the 44 states included in this analysis, a total of 14 issuers that offered Marketplace plans in 2014 had not filed for Marketplace participation in 2015. We count these as “exiting” issuers. Based on the states for which information was available, ten issuers in the FFM and four issuers in the SBMs are not expected to participate in 2015. In at least six cases, however, the exiting issuer’s parent company continues to participate in the state’s Marketplace in 2015 through at least one other issuer.

Conclusion

Given that the number of new entrants is expected to be more than five times the number of exiting issuers among the 44 states included in this analysis, the Marketplaces will offer consumers significantly more choice for coverage in 2015 and appear to offer an increasingly attractive business opportunity for issuers.

Previous research has found that the number of issuers in a rating area is associated with more affordable premiums for benchmark plans (a four percent decrease in the premium of the second-lowest cost silver plan) for individuals and reduced costs for the federal government. Additionally, in 2014, areas with a larger number of issuers were found to offer a wider range of choices among plan types, such as preferred provider organizations (PPOs), health maintenance

organizations (HMOs), and consumer-operated and oriented plans (CO-OPS).⁸ Furthermore, reports indicate that some of the largest insurers in the nation are increasing their participation in the Marketplaces in 2015.⁹ Independent research has found that participation by a large issuer could significantly reduce benchmark premiums.¹⁰

TABLE 1. Number of QHP Issuers in 2014 Federally-facilitated Marketplace States (1)

State	Number of Issuers (2) (preliminary)*			Issuers Exiting in 2015 (preliminary)**	New Entrants in 2015 (preliminary)***
	2014	2015	Net Change from 2014 to 2015		
Alabama	2	3	1	0	1
Alaska	2	2	0	0	0
Arizona	10	13	3	0	3
Arkansas (3)	3	4	1	0	1
Delaware (3)	3	3	0	2	2
Florida	11	14	3	1	4
Georgia	5	9	4	0	4
Idaho (4)	4	5	1	0	1
Illinois (3)	8	10	2	1	3
Indiana	4	9	5	1	6
Iowa (3)	4	4	0	0	0
Kansas	4	5	1	0	1
Louisiana	5	6	1	0	1
Maine	2	3	1	0	1
Michigan (3)	12	16	4	0	4
Mississippi	2	3	1	0	1
Missouri	4	8	4	0	4
Montana	3	4	1	0	1
Nebraska	4	4	0	1	1

⁸ See <http://aspe.hhs.gov/health/reports/2014/Premiums/2014MktPlacePremBrf.pdf>

⁹ For example, see: Abelson, R., "Insurers Once on the Fence Plan to Join Health Exchanges in '15", *The New York Times*, May 25, 2014, available at <http://www.nytimes.com/2014/05/26/your-money/health-insurance/insurers-once-on-the-fence-plan-to-join-health-exchanges-in-15.html>

¹⁰ Leemore Dafny, Jonathan Gruber, and Christopher Ody, "More Insurers Lower Premiums: Evidence from Initial Pricing in the Health Insurance Marketplaces," National Bureau of Economic Research working paper no. 20140, May 2014, available at <http://www.nber.org/papers/w20140>.

State	Number of Issuers (2) (preliminary)*			Issuers Exiting in 2015 (preliminary)**	New Entrants in 2015 (preliminary)***
	2014	2015	Net Change from 2014 to 2015		
New Hampshire (3)	1	5	4	0	4
New Jersey	4	6	2	0	2
New Mexico (4)	4	5	1	0	1
North Carolina	2	3	1	0	1
North Dakota	3	3	0	0	0
Ohio	12	16	4	1	5
Oklahoma	6	7	1	0	1
Pennsylvania	14	15	1	3	4
South Carolina	4	5	1	0	1
South Dakota	3	3	0	0	0
Tennessee	4	5	1	0	1
Texas	12	16	4	0	4
Utah	6	6	0	0	0
Virginia	8	9	1	0	1
West Virginia (4)	1	2	1	0	1
Wisconsin	13	15	2	0	2
Wyoming	2	2	0	0	0
<i>FFM Total (36 states)</i>	<i>191</i>	<i>248</i>	<i>57</i>	<i>10</i>	<i>67</i>

* Counts are from issuer filings in HIOS as of September 4, 2014. The number of issuers may not include issuers offering only multi-state plans.

** Exiting issuers represent issuers that offered a QHP through the Marketplace in a given State in 2014, but have not filed for participation in 2015.

*** New entrants represent 2015 issuers that did not offer QHPs through the Marketplace in a given State in 2014. Source: Preliminary rate filings from the Center for Consumer Information and Insurance Oversight.

(1) Includes data for 36 states collectively known as the Federally-facilitated Marketplace. These 36 states include 27 states that have Marketplaces fully run by the federal government, 7 that have State Partnership Marketplaces, and 2 that have federally supported State-based Marketplaces in 2014.

(2) For the purposes of this analysis, an issuer represents a unique issuer identification number in the CMS Health Insurance Oversight System (HIOS). Because an entity's HIOS code is specific to each state, for purposes of this analysis, no issuer is counted as being active in more than one state.

(3) Arkansas, Delaware, Illinois, Iowa, Michigan, New Hampshire, and West Virginia are State Partnership Marketplaces for 2014.

(4) Idaho and New Mexico are federally supported SBMs for 2014 and utilize the FFM eligibility and enrollment platform.

TABLE 2. Number of QHP Issuers in 2014 Select State-based Marketplaces (1)

State	Number of Issuers (2) (preliminary)*			Issuers Exiting in 2015 (preliminary)**	New Entrants in 2015 (preliminary)***
	2014	2015	Net Change from 2014 to 2015		
California (3)	12	10	-2	2	0
Colorado (4)	10	12	2	0	2
Connecticut (5)	3	4	1	0	1
District of Columbia (6)	4	4	0	0	0
Maryland (7)	6	7	1	1	2
New York (8)	16	17	1	1	2
Rhode Island (9)	2	3	1	0	1
Washington (10)	8	10	2	0	2
<i>SBM Total</i> (8 states)	<i>61</i>	<i>67</i>	<i>6</i>	<i>4</i>	<i>10</i>

* Counts are from issuer filings and media reports as of August 2014. Data were unavailable for Hawaii, Kentucky, Minnesota, Massachusetts, Nevada, Oregon, and Vermont.

** Exiting issuers represent issuers that offered at QHP through the Marketplace in a given State in 2014, but have not filed for participation in 2015.

*** New entrants represent 2015 issuers that did not offer QHPs through the Marketplace in a given State in 2014. Source: Preliminary rate filings from the Center for Consumer Information and Insurance Oversight and additional sources as noted below.

(1) Includes data for eight states that have State-based Marketplaces in 2014 (excluding states with State Partnership Marketplaces and federally supported SBMs).

(2) For the purposes of this analysis, an issuer represents a unique issuer identification number in the CMS Health Insurance Oversight System (HIOS). Because an entity's HIOS code is specific to each state, for purposes of this analysis, no issuer is counted as being active in more than one state.

(3) "Covered California Announces Rates for 2015; Rigorous Negotiations with Health Insurance Companies Keep Rate Increases Low and Choices Robust." Covered California. July 31, 2014. Retrieved from <http://news.coveredca.com/2014/07/covered-california-announces-rates-for.html#more>

(4) "Division of Insurance Releases Preliminary Look at 2015 Health Plans." Colorado Division of Insurance. June 23, 2014. Retrieved from <http://cdn.colorado.gov/cs/Satellite?blobcol=urldata&blobheadername1=Content-Disposition&blobheadername2=Content-Type&blobheadervalue1=inline%3B+filename%3D%22DOI+Release+Preliminary+Look+at+2015+Health+Plans.pdf%22&blobheadervalue2=application%2Fpdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1252001286218&ssbinary=true>

(5) "Connecticut Insurance Department – Current Rate Filings." Connecticut Insurance Department. Retrieved from <http://www.catalog.state.ct.us/cid/portalApps/RateFilingComment.aspx>

(6) Preliminary rate filings from the Center for Consumer Information and Insurance Oversight.

(7) "Public Comment Sought on Carriers' Proposed Health Rates for 2015." Maryland Insurance Administration. June 6, 2014. Retrieved from <http://www.mdinsurance.state.md.us/sa/news-center/2015-proposed-health-rates.html>

(8) Prakash, N. "Behind New York's 2015 Health Insurance Rates." *Capital*. August, 4, 2014. Retrieved from www.capitalnewyork.com/article/albany/2014/08/8549028/behind-new-yorks-2015-health-insurance-rates

(9) "State of Rhode Island Office of the Health Insurance Commissioner: Requested and Approved Summary for 2015 Rates in the Individual, Small Group, and Large Group Markets." Rhode Island Health Insurance Commissioner. Retrieved from

http://www.ohic.ri.gov/2014%20Rate%20Review%20Final%20Decision/2_2014%20Rate%20Review%20%20All%20Market%20Requested%20and%20Approved%20Summary.pdf

(10) Kreidler, M. "90 health plans approved for next year's Exchange with a record low 1.9 percent rate change." Washington State Office of the Commissioner. August 27, 2014. Retrieved from <http://insurance.wa.gov/about-oic/news-media/news-releases/2014/8-27-2014.html>

Methodology

For the purposes of this analysis, we define an issuer as an entity offering one or more individual market QHPs¹¹ through a Marketplace (Marketplace plans) and count as a separate issuer each unique issuer identification number in the Health Insurance Oversight System (HIOS) of the Centers for Medicare & Medicaid Services' Center for Consumer Information and Insurance Oversight. An entity's HIOS code is specific to each state. Based on this definition, for purposes of this analysis, no issuer is counted as being active in more than one state. The number of 2014 and 2015 issuers was tabulated by CCIIO from information in HIOS and supplemented with information from the FFM plan landscape file, publicly available issuer filings, state press releases, and media reports.¹²

We consider an issuer to be a “new entrant” in 2015 if it did not participate in a given state's Marketplace in 2014 based on its HIOS ID number, and we define “exiting” issuers as those which were active in a given state in 2014 but have not filed for participation in 2015.

The 2015 data reported here were available as of September 4, 2014, and are preliminary and incomplete. Not all states and issuers have submitted information to HIOS. The QHP certification process had not yet been completed at the time of this analysis.

The total number of issuers in a state, as shown in Tables 1 and 2 does not necessarily reflect the amount of choice available to each individual consumer. Some issuers' service areas do not include the entire state; therefore, the number of issuers offering plans in a given rating area is typically less than the total number of issuers that are active in a state.

This brief considers only individual market QHP issuers, and it does not reflect data for SHOP or stand-alone dental plan issuers.

¹¹ This brief considers only individual market Qualified Health Plan (QHP) issuers, and not State Health Options Plan (SHOP) or stand-alone dental plan (SADP) issuers.

¹² To verify the number of 2014 issuers, we used the January 2014 version of the FFM plan landscape file publicly available at: <https://www.healthcare.gov/health-plan-information>.