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THE HERTEL REPORT

ACA POLICY WATCH: THE HILL TO ARIZONA

In Arizona, it's hardly a surprise that we're heading into a tough environment for the more than 190,000 consumers who purchased 2017 coverage on HealthCare.gov. It's barely a year since we watched as one insurer after another dropped their exchange plans and triple digit premiums rose to national attention. For pro ACA policy watchers, last month's failure of the American Health Care Act didn't assuage their fear of the individual market's underlying vulnerability. With the future of cost-sharing subsidies still in play, continued uncertainty about the individual market's stability and no definitive plan from Washington on how to help consumers in counties emptied of competition; consumers, insurers and providers are doing a lot of hand wringing. As insurers grapple with fast approaching DOI deadlines and the associated pricing of individual products for 2018, a consortium of insurance, healthcare and consumer groups named the continued funding of cost sharing reductions (CSRs) for the individual markets in 2017 and 2018 a "critical priority". In a letter to President Trump April 12, 2017, the consortium wrote that if CSRs are not funded, the impact would be dramatic for consumers and providers. Plans may not participate in the market, they warned, premiums will be higher on and off the exchange by at least 15 percent and uncompensated care would rise as would employers' costs for group health plans. For Arizona consumers shopping for health insurance on the individual market, these warnings became a reality last year when all but two insurers exited the state's individual market and premium increases made national headlines. The smallest year-over-year (YOY) average increase in Arizona was a 62 percent premium hike in Mohave County, the largest was in La Paz County where average premium increases reached 141 percent. However, recent news warning that the individual market is experiencing a death spiral are probably exaggerated. After reviewing the financial performance of 32 Blue Cross Blue Shield individual products since 2014, the ratings firm S&P Global took to task the notion the individual market was in a death spiral, "We are seeing the first signs in 2016 that this market could be manageable for most health insurers," the report stated. The authors found the weighted average medical loss ratio, or MLR, for the 32 BCBS plans dropped to 92 percent in 2016 - falling from a high of 106 percent in 2015 and 102 percent in 2014. Good news for Arizona, BCBSAZ has demonstrated a tenacious commitment to the state serving as the only insurer throughout rural Arizona while Centene Corp., consumers only choice in Maricopa and Pima counties for silver plan coverage, has expressed a commitment to its exchange LOB by more than doubling its beneficiary pool to about 1 million exchange members across 10 states in 2016.