MARKET IMPACT OF ACA CHANGES IS STATE SPECIFIC

- Numerous assumptions in premium rate development:
  - Individual market – more comprehensive benefits
  - Small group market – compressing rating to an average
  - Shifts will occur among market segments for several years
- “Keeping coverage you like” pledge
  - Grandfathered plans and whether state permitted non-compliant plans
- State factors impacting the risk pool balance:
  - Medicaid expansion and Basic Health Program (MN only state w/BHP)
  - States with large high risk pools (MN, WI, TX etc.)
  - Subsidy structure disadvantages states with lower premiums
  - Reinsurance program is a critical factor for Minnesota
- Network matters but varies widely by market
MINNESOTA SURVEY – THE EARLY EVIDENCE OF COVERAGE GAINS

University of Minnesota (“SHADAC”) Report

- Minnesota’s uninsured rate decreased from 8.2% to 4.9%
  - Of the 185,000 Minnesotans who signed up for insurance through MNsure, about 75% were enrolled into a state-funded government program
  - Two-thirds of uninsured Minnesotans prior to the ACA were already eligible for a state-funded government program
  - State-funded government programs enrollment increased by 20.6%

- Shifts between and among segments were as expected
  - Group coverage decreased by 0.2%, while individual increased by 12.5%
  - 1.6% shift to self-funded coverage in less than a year is significant
  - ACA’s policy design anticipates a minimum of a 3 year transition

NATIONAL SURVEY – THE EARLY EVIDENCE OF COVERAGE GAINS

Kaiser Family Foundation Survey of Individuals

- 48% of all those gaining coverage in 2014 obtained it through a health insurance exchange
- 57% obtaining coverage through an exchange were previously uninsured

What about the risk pool?

- 68% of all individuals nationally are in an ACA-compliant plan; much larger numbers of those self identifying as fair or poor health moved to ACA compliant plans (17%) compared to those that stayed in their existing plan (6%)
- Minnesota did not allow non-compliant plans in the individual market so higher risk individuals migrated to exchanges, with 20% of exchange enrollees reporting their health as “only fair” or “poor”
LOOKING AHEAD: 2015

• 2015 MNsure Open Enrollment Period
  ➢ Renewals – Anticipate continuation of the largely manual process for life events and eligibility determinations
  ➢ Rate impact – details remain nonpublic until open enrollment (11/15)
    ➢ Governor Dayton announced early release on 10/1
  ➢ Government programs operational dependence on MNsure
    ➢ High profile notice error with 16,000 in limbo
    ➢ Unlikely to transition to the MNsure platform this fall as planned

• Implementation of Basic Health Program
  ➢ MN decisions more closely mirror Medicaid coverage than exchange plans

EMPLOYER PROVISIONS TO WATCH IN 2014 AND BEYOND

• Pay or Play Delay – reflective of operational challenges
  ➢ Policy direction is unchanged, but will remain a big election issues
  ➢ Critical policy factor to watch is the trend in employer coverage; what happens to the “offer rate” and the “take up” rate.

• Taxes/Fees – changes unlikely outside of a budget deal
  ➢ Reinsurance – political controversy misses market significance
  ➢ Medical device fee – political parallels and cost of opening the door
  ➢ Cadillac tax – change unlikely in short term, CBO budget impact is important

• Indirect impacts - relating to cost and transparency
  ➢ Large group/ERISA movement to higher deductibles is unclear
  ➢ EHB development for 2016 – impact on large group and ERISA plans
  ➢ ACA avoidance mechanisms (early renewal and self-funding) scrutinized
# KEY POLICY DISCUSSIONS

## Issues Moving to 2015

- **Transparency and Data**
  - Payment reform
  - Provider payment rates
  - Contract terms
- **Beyond the ACA**
  - Network adequacy
  - Geographic rating areas
  - Product changes
- **BHP Transition and Choice**

## Longer Term Issues

- **Unintended consequences of the ACA**
  - 11th hour political “solutions”
  - Market manipulation/gaming
    - Group size
    - 3rd party payment of premiums
- **Essential Health Benefits**
  (and/or new product requirements)

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**THANK YOU.**