Marketplace Insurance Premiums in Early Approval States: Most Markets Will Have Reductions or Small Increases in 2015

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With support from the Robert Wood Johnson Foundation (RWJF), the Urban Institute is undertaking a comprehensive monitoring and tracking project to examine the implementation and effects of the Patient Protection and Affordable Care Act of 2010 (ACA). The project began in May 2011 and will take place over several years. The Urban Institute will document changes to the implementation of national health reform to help states, researchers and policymakers learn from the process as it unfolds. This report is one of a series of papers focusing on particular implementation issues in case study states. Reports that have been prepared as part of this ongoing project can be found at **www.rwjf.org** and **www.healthpolicycenter.org**. The quantitative component of the project is producing analyses of the effects of the ACA on coverage, health expenditures, affordability, access and premiums in the states and nationally. For more information about the Robert Wood Johnson Foundation's work on coverage, visit **www.rwjf.org/coverage**.

INTRODUCTION

Despite marketplace insurance premiums in 2014 being surprisingly modest in many areas, some people feared that large increases would occur in 2015—with significant implications for premiums of unsubsidized individuals and for government subsidy costs.[1] The positive experience with premiums in 2014 may well have resulted from the pressure to gain early market share by being one of the two lowest cost silver plans because federal subsidies are tied to the second-lowest cost premium in each rating area.[2]

Under the Affordable Care Act (ACA), premium costs for individuals who are eligible for marketplace nongroup subsidies are limited to a percentage of their incomes, assuming they choose the second-lowest cost silver plan or a less expensive plan. They must pay the full marginal cost for a higher cost plan. Insurers, understanding those incentives, have strong reasons to set premiums as aggressively as possible while protecting themselves against losses.[3]

This report analyzes the relative growth in marketplace premiums in 2015 compared to 2014. We draw premiums from rate filings for each carrier's lowest cost silver plan offering in select rating areas in states that have finalized, approved premiums. We find that consumers in most of the areas studied will be able to obtain 2015 silver-level coverage at lower rates than were available in 2014 or at premium increases of less than 5 percent. Frequently for 2015, a different carrier from the one in 2014 offers the lowest priced silver option in a rating area.

BACKGROUND

The ACA's incentives, centered on the silver plan premiums in an area, resulted in healthy competition over rates in many markets in 2014, particularly in urban areas. Markets generally saw a large number of competing carriers offering several plans. Many insurers limited their provider networks, thereby generally excluding higher cost providers, or negotiated competitively with physicians and hospitals to accept lower rates in order not to be excluded from the plan's network.[4]

National commercial plans, particularly Blue Cross Blue Shield (BCBS) plans, as well as local carriers, entered the health insurance marketplaces in 2014. Plans previously providing coverage only for Medicaid beneficiaries and co-ops also entered the marketplaces in a number of areas. As a result of competition, premiums were surprisingly modest in many areas, particularly in comparison with benchmarks such as small group market premiums.[5]

Some markets were less competitive, however, particularly in states—or less populated parts of states—where a BCBS carrier was dominant and had few significant competitors. Rates in those markets were somewhat higher but not dramatically so. Some states highly dominated by BCBS plans still had quite modest premiums for marketplace plans.[6]

Premiums in 2014 may have been artificially low because insurers did not adequately understand the health status of individuals who would enter the markets. Having seen that they had priced too aggressively, insurers may have increased premiums to adjust for underestimating enrollee risk profiles. Insurers may have to broaden their provider networks to some extent to meet the demands of the increased enrollment expected in 2015; broadening networks may necessitate somewhat higher payment rates to certain providers. Finally, underlying health care costs are beginning to trend upward, which could also affect 2015 premiums.

On the other hand, the pressure to be one of the lowest cost plans remains intact. Large premium increases likely would mean a reduced market share. Insurers could not recoup 2014 losses by setting premiums high in 2015 if doing so reduces enrollment.[7] Further, marketplace enrollment is expected to grow in 2015. The Congressional Budget Office estimates that an additional 7 million people will purchase health insurance through the marketplaces in 2015.[8] Higher marketplace enrollment should improve the overall mix of healthy and sick individuals within the risk pool, assuming that those with the highest expected costs would have been the first to enroll. The ACA-compliant plans' risk pools should also improve in the coming years, as more individuals move into those plans from the remaining noncompliant plans.

Many insurers allowed their pre-ACA enrollees to renew their plans early in order to lengthen the time before those enrollees would move into the new options, and the federal government extended the time period during which individuals could re-enroll in their pre-ACA plans. Both of those moves likely reduced the number of healthy individuals enrolling in marketplace and other ACA-compliant plans in the early years of reform, conditions that will change in the coming years. The cost-sharing requirements of silver plans should also dampen utilization because sizable deductibles, for example, tend to decrease use of services. Insurer efforts to reduce costs by limiting networks or reducing provider payments are also likely to reduce premium growth.

Several studies have already been released that provide some information about 2015 marketplace premiums.[9] This study offers a more in-depth look at the dynamics in a broad array of markets with finalized rates. Unlike the other studies, this one provides data at the carrier level in each area studied, which then allow us to more clearly understand the competitive forces at play. Additionally, we include the calculated change in the lowest price silver plan premium available each year, which no other studies provide and which allows us to understand how the price of entering the silver tier of coverage is changing across the first two years of reform. Finally, this analysis includes data from several states that have not been reported in other studies, including Delaware, South Dakota and Montana.

SUMMARY OF FINDINGS

In this paper, we present data on how premiums are changing between 2014 and 2015 in nongroup marketplace plans; we focus on 17 states and the District of Columbia, which were the first to complete their rate review and approval processes. In each rating area studied, we report the relative difference between the lowest cost silver plans in 2014 and in 2015. In addition, we show the average percentage change in the lowest cost silver marketplace premiums across all carriers in the marketplace. Tables 1 and 2 provide the summarized results.

The key findings of this paper are as follows:

- Premium increases will be quite low between 2014 and 2015. In the rating areas we examine in the 17 states plus the District of Columbia, ten states will have average premium reductions across the carriers' lowest cost silver plans, seven will have small premium increases (defined as 5% or less), and one will have an increase greater than 5 percent. Across the 39 rating regions studied within those states, 25 will have average premium reductions across their carriers' lowest cost silver plans, 9 will have small increases, and five will have larger increases (greater than 5%).[10]
- Many of the small increases or reductions in 2015

premiums will occur in large cities, including Baltimore, Cincinnati, Cleveland, Denver, Detroit, the District of Columbia, Minneapolis, New York City, Portland (Oregon), and Seattle.

- There is no consistent pattern of differences in rate increases between urban and rural areas. For example, the rural counties studied in Tennessee will see a 0.7 percent increase in the average lowest cost silver premiums offered by carriers in 2015, compared to 2.7 percent in Nashville. Premiums will increase in the study's selected rural counties in Michigan by 1.1 percent and will decrease in Oregon by 1.8 percent. On the other hand, premiums in rural parts of New York and West Virginia each increase by 9 percent.
- Of the 39 rating regions, 26 will see a change from 2014 in the carrier offering the lowest cost silver premium in 2015. As a result, the lowest cost silver option available to consumers in 17 of the rating regions will be lower in 2015 than in 2014. Those changes reflect that many of the lowest cost carriers in 2014 have fairly low premiums and believe that they can increase those rates, while other carriers are responding to competitive pressure in the marketplaces and will reduce their premiums in 2015. This change is a desirable and direct outcome of market competition, but individuals will need to change plans to minimize their share of their premium payments.
- Finally, we saw that price competition is driven by different carriers in different states. BCBS-associated plans are highly competitive and will remain so in Delaware, the District of Columbia, Maine, Maryland, Michigan, Tennessee, Virginia, and West Virginia. They are less competitive in Colorado, Ohio, Minnesota, Montana, and New York. Medicaid-only plans that entered the marketplace will play an important role in keeping premiums low in states such as New York, Ohio, Rhode Island, and Washington. Kaiser Permanente generally will have premium reductions or small increases in 2015 and will become more competitive in Colorado, the District of Columbia, Maryland, and Virginia. Co-ops are extremely competitive in Colorado, Maine, Maryland, Montana, New York, Oregon, Tennessee and West Virginia.

Table 1. Changes in Lowest Cost Silver Premiums, in Selected Rating Areas in 18 States, 2014 to 2015

State	Lowest Cost Silver Plan, 2015 Premium for a 40-Year-Old[a]	Average Percentage Change in Lowest Cost Silver Premiums Across All Carriers[a,b]	Percentage Change in Lowest Cost Silver Plan Available on Marketplace[a,b]
Colorado	$231	-8.0%	-10.9%
Connecticut	$351	-2.4%	0.4%
Delaware	$300	3.7%	5.0%
District of Columbia	$242	2.4%	1.3%
Maine	$275	-4.0%	-3.1%
Maryland	$230	0.1%	3.4%
Michigan	$253	-1.4%	11.9%
Minnesota	$193	0.2%	7.2%
Montana	$238	-1.2%	-5.4%
New York	$304	1.9%	-6.3%
Ohio	$239	-3.0%	2.7%
Oregon	$202	-3.0%	-0.3%
Rhode Island	$244	-3.6%	-10.8%
South Dakota	$257	-12.4%	1.6%
Tennessee	$205	1.2%	5.8%
Virginia	$263	4.9%	3.9%
Washington	$235	-3.0%	-5.8%
West Virginia	$298	9.0%	8.3%

[a] *Data are based on selected rating areas (see Table 2).*
[b] *Percentage changes are not weighted by enrollment.*

Table 2. Changes in Lowest Cost Silver Premiums, in Selected Rating Areas in 18 States, 2014 to 2015

State	Rating Area	Lowest Cost Silver Plan, 2015 Premium for a 40-Year-Old[a] (US)	Average Percentage Change in Lowest Cost Silver Premiums Across All Carriers[a,b]	Percentage Change in Lowest Cost Silver Plan Available on Marketplace[a,b]	
Colorado	Rating Area 3: Denver, Aurora, Lakewood	$207	-4.0%	-15.7%	*
	Rating Area 5: Grand Junction	$293	-10.2%	2.7%	
	Rating Area 2: Colorado Springs	$194	-9.8%	-19.7%	*
Connecticut	Rating Area 1: Bridgeport, Stamford	$380	-3.1%	-0.8%	*
	Rating Area 2: Hartford	$321	-1.7%	1.5%	
Delaware	Rating Area 1: Entire State	$300	3.7%	5.0%	
District of Columbia	Rating Area 1	$242	2.4%	1.3%	*
Maine	Rating Area 1: Portland	$275	-4.0%	-3.1%	*
Maryland	Rating Area 1: Baltimore	$226	-1.8%	-0.7%	*
	Rating Area 3: Washington DC Suburbs	$226	-1.1%	-0.9%	*
	Rating Area 2: 12 Rural Counties	$237	3.3%	11.7%	*
Michigan	Rating Area 1: Detroit	$219	-3.9%	15.2%	
	Rating Area 7: Lansing	$269	-1.5%	9.8%	*
	Rating Area 15: 13 Rural Counties	$271	1.1%	10.6%	*
Minnesota	Rating Area 8: Minneapolis	$181	1.3%	17.9%	*
	Rating Area 2: Duluth	$206	-0.9%	-3.4%	*
Montana	Rating Area 1: Billings	$238	-1.2%	-5.4%	*
New York	Rating Area 4: New York City	$372	-2.4%	3.5%	*
	Rating Area 2: Buffalo	$262	-0.8%	-4.8%	
	Rating Area 7: 13 Rural Counties	$278	9.0%	-17.5%	*
Ohio	Rating Area 9: Columbus	$249	-5.1%	2.3%	
	Rating Area 4: Cincinnati	$232	-3.7%	7.4%	*
	Rating Area 11: Cleveland	$242	-0.1%	-1.7%	*
Oregon	Rating Area 1: Portland	$196	-5.1%	1.3%	*
	Rating Area 3: Salem	$202	-2.0%	0.6%	*
	Rating Area 6: 15 Rural Counties	$207	-1.8%	-2.9%	
Rhode Island	Rating Area 1: Entire State	$244	-3.6%	-10.8%	*
South Dakota	Rating Area 2: Sioux Falls	$257	-12.4%	1.6%	
Tennessee	Rating Area 4: Nashville	$194	2.7%	7.2%	*
	Rating Area 6: Memphis	$184	0.3%	-0.1%	*
	Rating Area 8: 16 Rural Counties	$238	0.7%	10.2%	*
Virginia	Rating Area 7: Richmond	$241	3.0%	5.2%	
	Rating Area 9: Virginia Beach, Norfolk	$273	5.7%	1.3%	*
	Rating Area 10: Washington D.C. Suburbs	$273	5.9%	5.1%	*
Washington	Rating Area 1: Seattle	$235	-3.2%	-4.2%	
	Rating Area 4: Spokane	$219	-5.3%	-6.9%	
	Rating Area 5: 14 Rural Counties	$251	-0.6%	-6.2%	
West Virginia	Rating Area 2: Charleston	$314	9.0%	9.0%	
	Rating Area 9: 9 Rural Counties	$282	9.0%	7.6%	*

[a] *Data are based on selected rating areas.*
[b] *Percentage changes are not weighted by enrollment.*
* *Indicates change in carrier with lowest cost silver plan available, from 2014 to 2015.*

METHODS

Our analysis focuses exclusively on comparing each carrier's lowest cost silver marketplace plan premium for a 40-year-old in chosen rating areas within 17 states and the District of Columbia in 2014 and 2015. Relative changes in premiums for a 40-year-old are identical to those for any other age because of the fixed-age rating curves required under the ACA. We gathered 2015 premium data for the study states and regions from publicly available rate filings posted on the websites of state departments of insurance. We obtained the 2014 premiums from a combination of the websites of state departments of insurance (some posted the rates in easily accessible tables), the 2014 rate-filing documents, or the respective marketplace websites.

In some instances, publicly available filings do not include complete rate tables; however, the rates of interest can be calculated from the plan specific base value (i.e., the consumer adjusted index rate) and applying the provided rate factors (geographic rating area, age rating factor, and tobacco usage factor). We selected only states that, as of early October 2014, had completed the rate review process and closed the filings for all of the carriers participating on the marketplace for 2015. We updated the analysis by re-checking marketplace websites after the start of open enrollment on November 15.

For most of the selected states, we studied multiple rating areas: one to two major metropolitan areas and one rural rating area. In the cases of Maine, Montana, and South Dakota, small population size and population concentration in the largest metropolitan area led us to include only one rating area. Two of our study states—Delaware and Rhode Island—plus the District of Columbia have only one rating area, which spans the entire marketplace. The analysis focuses on silver level plans because that tier of coverage is used to determine the size of advanced premium tax credits available to the modest income population to support the purchase of health insurance coverage under the ACA through the marketplaces.

We do our analysis on the silver plans as these are the most frequently purchased and are the only options that allow subsidized individuals to utilize available cost-sharing reductions. We study the lowest cost silver option offered by each carrier as these are their most competitive plans in this tier and best allow an analysis of competitive dynamics in the market. Of course, price is not the only factor on which carriers compete. Others of importance to consumers include provider networks, deductibles, and out-of-pocket limits.

We compiled the premium price for the lowest cost silver plan available from each carrier for a 40-year-old nonsmoker for 2014, along with the lowest cost silver plan premiums approved for each carrier participating in 2015. We then calculated the percentage change in the lowest monthly premium price from the 2014 plan year to the 2015 plan year for each carrier. In some cases, we were unable to calculate the percentage change for one of the following reasons: (a) the carrier was a new entrant to the marketplace in 2015, (b) the carrier expanded its service into a new rating area in 2015, (c) the carrier left the marketplace, or (d) part of the filing was incomplete or missing (technical issue). In some cases, particular plans may only be offered in a portion of a rating area; this is not taken into account in the calculations provided.

Some carriers introduced new products for 2015, often a health maintenance organization (HMO) or exclusive provider organization (EPO) to lower premium costs and to become more competitive in a particular area. Unless the new products were filed under separate subsidiaries, such a change may manifest as a significant decrease in the lowest cost option offered by a carrier; we have noted such changes where possible.

We computed the relative changes in lowest cost silver plans between 2014 and 2015, by rating area and across all rating areas selected in a state. We also calculated the relative change in the carriers' lowest cost silver plan premium that is available on the marketplace in 2014 to the lowest cost silver plan that will be available in 2015, ignoring possible changes in the carrier that offers the lowest cost option. This latter calculation provides an indicator of whether the silver tier of coverage is getting more or less expensive in a particular area. We do not have the enrollment data necessary to calculate weighted averages, however.

In the tables that follow, all monthly premiums are rounded to the nearest dollar and relative changes are rounded to the nearest one-tenth percent.

STATE-BY-STATE FINDINGS IN SELECTED RATING AREAS

As described in the methods section, we have identified and are reporting on only the lowest cost silver plan premium offered by each insurance carrier participating in each rating area studied in 17 states plus the District of Columbia. Thus, any references to premium changes, average premiums, or relative changes in average premiums refer to the carriers' lowest cost silver plan premiums in a given year or years. At times, reported premium changes reflect a change in the price being charged for the same plan offered by the carrier in both years; at other times, a carrier introduces an additional or replacement plan in 2015.

All premiums reported are monthly premiums prior to any applied subsidy for a 40-year-old single adult; relative changes between the two years will be identical for all ages, however, because of fixed premium ratios between adults of each age under the law. In addition, averages at the state level include data only on the rating areas studied.

Colorado

Between 2014 and 2015, Colorado changed the definitions of some of its premium rating areas. We report only on three markets that remained the same across the two years; the changes in areas are the reason we do not include a rural rating region for the state.

Colorado has had considerable competition in each of the three markets we examined. Overall, carriers' lowest cost silver plan premiums fell across the state by 8.0 percent, on average, for 2015 (see Table 3). In the Denver region, intense competition among 10 carriers in 2014 caused premiums to fall by 4.0 percent for 2015. In 2014, Kaiser Permanente and Humana have the lowest cost premiums; most other plans have considerably higher premiums. Both Kaiser and Humana are lowering their premiums by about 2.0 percent for 2015, to $240 and $244 respectively. But Colorado HealthOP, a co-op, chose to aggressively market for 2015 and is lowering its monthly premiums from $273 in 2014 to $207 in 2015, a 24.3 percent reduction. The co-op will be the lowest cost carrier in Denver for the 2015 plan year.

The premium for the lowest cost silver plan offered in Denver in 2015 will be 15.7 percent lower (see Table 2) than the lowest cost plan offered in 2014 ($245 offered by Kaiser Permanente in 2014, compared to $207 offered by the Colorado HealthOP in 2015). Access Health Colorado, also known as New Health Ventures, reduced its lowest cost silver premium by about 40 percent in 2015 by introducing an EPO plan into the market for the first time, but its lowest cost silver premium is still more expensive than the equivalent plans from the co-op, Kaiser, and Humana in the second year. HMO Colorado, a product of Anthem, lowered its premiums slightly, but it is still more expensive than many of its competitors.

In Grand Junction, premiums are falling by 10.2 percent, primarily because of premium reductions of more than 20 percent by both Colorado HealthOP and Access Health Colorado. Rocky Mountain Health Plan, a large carrier based in Grand Junction, will increase the premium of its lowest priced silver plan by 2.7 percent, but it will remain the lowest cost carrier in this region.

In Colorado Springs, Humana is the lowest cost carrier in 2014 by a considerable margin. It will reduce its premiums for 2015 by 3.9 percent. Colorado HealthOP and New Health Ventures are each introducing an EPO plan into the market for 2015, thereby reducing the premiums for its lowest cost silver offerings (previously PPO plans) by almost 40 percent. Colorado HealthOP will offer the lowest cost silver plan in 2015, with premiums significantly below those of the lowest cost carrier in 2014 ($194 per month in 2015 versus Humana's $242 per month in 2014). Kaiser Permanente is also extremely competitive in this market in 2014 and will remain so in 2015. Overall, the Colorado Springs market will see an average reduction of 9.8 percent in its carriers' lowest cost silver plans.

Thus, the Colorado market, led by two carriers that set premiums very aggressively, will see considerable premium reductions in 2015.

Connecticut

Among all of the states we examined, Connecticut has the highest average premiums across its carriers' lowest cost silver plans (see Table 1); however, premiums will fall in 2015 in the two rating areas we studied by an average of 2.4 percent. The lowest cost carrier in Connecticut in 2014 in Bridgeport and Hartford, the two rating regions studied, is ConnectiCare Benefits Inc. (see

Table 3. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Colorado

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 3: Denver, Aurora, Lakewood			
Kaiser Permanente	$245	$240	-1.9%
Humana	$250	$244	-2.4%
Colorado HealthOP	$273	$207	-24.3%
Denver Health Medical Plan	$275	$318	15.9%
Colorado Choice Health Plan	$294	$308	4.4%
Rocky Mountain Health Plans	$309	$345	11.4%
Cigna	$318	$339	6.4%
HMO Colorado (Anthem)	$320	$316	-1.0%
All–Savers	$381	$349	-8.4%
New Health Ventures (Access Health Colorado)[b]	$454	$274	-39.7%
Rating Area Average[a]			**–4.0%**
Rating Area 5: Grand Junction			
Rocky Mountain Health Plans	$285	$293	2.7%
HMO Colorado (Anthem)	$359	$359	-0.1%
Colorado HealthOP	$408	$317	-22.4%
New Health Ventures (Access Health Colorado)[b]	$503	$396	-21.2%
Rating Area Average[a]			**-10.2%**
Rating Area 2: Colorado Springs			
Humana	$242	$233	-3.9%
Colorado Choice Health Plan	$264	$276	4.4%
Kaiser Permanente	$270	$257	-4.6%
Rocky Mountain Health Plans	$274	$312	13.6%
HMO Colorado (Anthem)	$300	$296	-1.3%
Colorado HealthOP[c]	$309	$194	-37.0%
New Health Ventures (Access Health Colorado)[b]	$416	$251	-39.7%
Rating Area Average[a]			**-9.8%**
Average of Select Rating Areas[a]			**-8.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Access Health Colorado is a subsidiary of New Health Ventures. New Health Ventures introduced an exclusive provider organization (EPO) product for 2015. This table compares the 2014 preferred provider organization (PPO) product to the 2015 EPO product.*
[c] *Colorado HealthOP expanded its EPO product into Rating Area 2; the comparison is 2014 PPO to 2015 EPO.*

Table 4). Anthem Blue Cross Blue Shield is the largest carrier in the state and has the second lowest cost marketplace premiums in those rating areas in 2014. For 2015, Anthem will keep its lowest cost silver premiums in Bridgeport essentially fixed, but it will become the highest cost carrier. HealthyCT Inc., the state's co-op, reduced its lowest cost silver plan premiums by 12.8 percent in Bridgeport. As a result of those reductions and because ConnectiCare is increasing its rates very modestly, the ordering of carriers by their lowest cost silver offerings changed. For 2015, HealthyCT's lowest silver plan is more competitive than ConnectiCare's yet the 2015 premiums across those two carriers are much closer to each other than was the case in 2014.

Table 4. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Connecticut

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Bridgeport, Stamford			
ConnectiCare Benefits Inc.	$383	$395	3.2%
Anthem Blue Cross Blue Shield	$421	$422	0.4%
HealthyCT Inc.	$436	$380	–12.8%
Rating Area Average[a]			**-3.1%**
Rating Area 2: Hartford			
ConnectiCare Benefits Inc.	$316	$321	1.5%
Anthem Blue Cross Blue Shield	$328	$334	1.7%
HealthyCT Inc.	$363	$333	-8.4%
Rating Area Average[a]			**-1.7%**
Average of Select Rating Areas[a]			**–2.4%**

[a] *Percentage changes are not weighted by enrollment.*

A similar pattern occurred in Hartford. ConnectiCare has the lowest cost silver plan premium for 2014, but a premium decrease by HealthyCT and small (less than 2 percent) increases by ConnectiCare and Anthem in 2015, mean that the premium spread has tightened. For 2015 Anthem's and HealthyCT's lowest cost silver offerings will be almost identical and much closer to ConnectiCare's than in 2014.

Within and across the two rating areas, the substantial reduction by HealthyCT has demonstrated a competitive response to ConnectiCare's aggressive first-year premiums. Premiums for the lowest cost carrier in 2015 will be less than those of the lowest cost carrier in 2014 by 0.8 percent in Bridgeport and will increase by only 1.5 percent in Hartford (see Table 2).

Delaware

Delaware is a small state without many marketplace competitors; nonetheless, the 2015 premium increases for the lowest cost silver offerings will be low, averaging less than 4 percent (Table 5). Highmark Blue Cross Blue Shield is the primary insurer in Delaware. Aetna Health, having recently merged with Coventry, is the only other competitor in the state's marketplace, which has one rating area for the entire state. Highmark offers the lowest cost silver plan in the state's marketplace in both 2014 and 2015. The gap between Highmark's and Aetna/Coventry's lowest cost silver plans will be closing slightly for 2015, however, because Highmark is increasing its lowest cost silver premium by 5 percent while Aetna/Coventry is increasing its by less than 3 percent.

Table 5. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in 2014 and 2015 in Delaware

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Entire State			
Highmark Blue Cross Blue Shield Delaware	$286	$300	5.0%
CoventryOne/Aetna Health[b]	$319	$327	2.4%
Aetna Life Insurance Co.[b]	N/A	$337	N/A
State Average[a]			**3.7%**

[a] *Percentage changes are not weighted by enrollment.*

[b] *Aetna purchased Coventry in late 2012. For the 2014 plan year, plans are filed under CoventryOne. For 2015, the filing will be under Aetna Health and Aetna Life Insurance. Aetna Life Insurance offers PPOs, while Aetna Health offers HMOs. N/A indicates "not applicable."*

District of Columbia

In Washington, D.C., another marketplace with a single rating area, the lowest cost silver plan premiums are relatively low for 2014 and will remain so in 2015 (see Table 6), increasing by an average of 2.4 percent. CareFirst Blue Shield has the lowest cost silver plan offering in 2014, followed by Kaiser and then Aetna. CareFirst Blue Shield will increase the premiums for its lowest cost silver plan by 7.4 percent for 2015, while Kaiser will reduce its by 0.5 percent. The result is that Kaiser's 2015 option will be about 6 percent less than CareFirst's alternative ($242 vs. $256). Aetna's lowest cost silver option premium remains significantly higher than the other two, despite virtually no increase in premium for 2015. Overall, the increase in the lowest cost silver option available in the District of Columbia is only 1.3 percent between 2014 and 2015 (see Table 2).

Maine

The Portland market in Maine has two competitors in 2014, with the Maine Community Health Options' (co-op) lowest cost silver plan having slightly lower premiums than Anthem (see Table 7). For 2015, Anthem will reduce its premium by 7.5 percent and become the lowest cost plan. On average, carriers' least expensive premiums in the Portland region will fall by 4.0 percent in 2015 compared to 2014. Harvard Pilgrim is the one new entrant for the marketplace's second year. Anthem, a participant in 2014, will introduce a multistate plan, but each of these plans will have higher premiums than the incumbents.

Maryland

All three Maryland rating areas studied—Baltimore; the suburbs of Washington, D.C.; and 12 rural counties in the southern part of the state—have significant carrier marketplace participation in 2014, and participation in all of them will increase in 2015 (see Table 8). Across all three rating regions, carriers' lowest cost premiums will stay virtually constant, increasing by only an average of 0.1 percent. Two of the carriers participating in the Maryland marketplace have multiple subsidiaries listing separate plans and premiums. CareFirst subsidiaries include CareFirst of Maryland, d.b.a. Blue Cross Blue Shield; BlueChoice, Inc., d.b.a. CareFirst BlueCross BlueShield; and Group Hospital and Medical Services (the latter is not included in our table because its plans and premiums are identical to those of CareFirst of

Table 6. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in 2014 and 2015, in the District of Columbia

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Entire District			
CareFirst BlueCross BlueShield	$238	$256	7.4%
Kaiser Permanente	$243	$242	–0.5%
Aetna	$306	$306	0.2%
District Average[a]			**2.4%**

[a] *Percentage changes are not weighted by enrollment.*

Table 7. Lowest Cost Silver Plan Premium, for a 40-Year-Old, by Carrier, in 2014 and 2015 in Maine

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Portland			
Maine Community Health Options (Co-op)	$283	$282	–0.5%
Anthem	$297	$275	–7.5%
Harvard Pilgrim[b]	N/A	$366	N/A
Anthem (multistate plan)[c]	N/A	$305	N/A
Rating Area Average[a]			**–4.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Harvard Pilgrim did not offer marketplace plans in 2014.*
[c] *No multistate plan was offered in 2014. N/A indicates "not applicable."*

Maryland). United Healthcare of the Mid-Atlantic is a new entrant in the Maryland marketplace in 2015. However, its subsidiary, All-Savers, participated in 2014 and will continue in the marketplace in 2015 alongside United Healthcare.

Blue Choice, which offers the CareFirst Blue Cross Blue Shield HMO, has the lowest cost silver premium in Baltimore in 2014, followed by the CareFirst PPO (also its multistate plan offering), the Evergreen Cooperative, and Kaiser Permanente. CareFirst Blue Choice also has the lowest cost 2014 silver plan in the other two rating areas studied.

Table 8. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Maryland

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Baltimore			
BlueChoice, Inc., d.b.a. CareFirst BlueCross BlueShield[b]	$228	$244	7.0%
CareFirst of Maryland, d.b.a. Blue Cross Blue Shield (MSP)[b]	$240	$274	14.1%
Evergreen Cooperative	$252	$235	–6.9%
Kaiser Permanente	$270	$226	–16.1%
All-Savers[c]	$339	$315	–7.0%
Cigna	N/A	$340	N/A
United Healthcare of the Mid-Atlantic[d]	N/A	$253	N/A
Rating Area Average[a]			**–1.8%**
Rating Area 3: D.C. Suburbs			
BlueChoice, Inc., d.b.a CareFirst BlueCross BlueShield[b]	$213	$227	6.6%
CareFirst of Maryland, d.b.a. Blue Cross Blue Shield (MSP)[b]	$223	$255	14.3%
Evergreen Cooperative	$239	$231	–3.3%
Kaiser Permanente	$270	$226	–16.1%
All-Savers[c]	$339	$315	–7.0%
Cigna	N/A	$345	N/A
United Healthcare of the Mid-Atlantic[d]	N/A	$259	N/A
Rating Area Average[a]			**–1.1%**
Rating Area 2: 12 Rural Counties in the Southern Part of the State			
BlueChoice, Inc., d.b.a. CareFirst BlueCross BlueShield[b]	$224	$239	6.6%
CareFirst of Maryland, d.b.a. Blue Cross Blue Shield[b]	$235	$268	14.2%
Evergreen Cooperative	$239	$237	–0.8%
All-Savers[c]	$339	$315	–7.0%
Cigna	N/A	$345	N/A
Rating Area Average[a]			**3.3%**
Average of Select Rating Areas[a]			**0.1%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Carefirst-owned companies submitted three separate filings for 2015: Carefirst of Maryland, Carefirst BlueChoice, and Group Hospitalization and Medical Services (GHPS). GHPS filing has the same plan names and premium prices as Carefirst and is therefore not included.*
[c] *All-Savers is a subsidiary of United Healthcare.*
[d] *United Healthcare and Cigna are new entrants to the market for 2015. N/A indicates "not applicable."*

In 2015, CareFirst's Blue Choice HMO products in each of the three rating areas will be about 7 percent more expensive than the carrier's 2014 offerings. The CareFirst PPO product, by comparison, will experience a premium increase of about 14 percent in all three rating regions. Evergreen Cooperative will reduce its lowest cost silver premiums by 6.9 percent in Baltimore, 3.3 percent in the D.C. suburbs, and 0.8 percent in the rural areas. Kaiser Permanente will lower its lowest cost silver premiums by 16 percent in Baltimore and the D.C. suburbs (the carrier does not participate in the state's southern rural counties). As a result, both Evergreen and Kaiser will have lower premiums than Blue Choice in Baltimore, Kaiser will be on par with BlueChoice in the D.C. suburbs, and Evergreen will also be quite competitive.

Evergreen will have a slightly lower premium than Blue Choice in the rural regions in southern Maryland in 2015, just edging Blue Cross out as the lowest cost carrier. All-Savers and Cigna premiums will be well above the Evergreen and Carefirst options in 2015, despite All-Savers premium decrease.

Thus, the state's dominant carrier, CareFirst, no longer offers the lowest cost silver plan through its Blue Choice subsidiary. Kaiser and Evergreen, the state's co-op, offer less expensive products in Baltimore. Kaiser offers a less expensive product in the D.C. suburbs, and Evergreen is becoming increasingly competitive in the D.C. suburbs. Evergreen's 2015 lowest cost premium will be slightly less than that of CareFirst Blue Choice in the rural areas included in the study.

Michigan

In Michigan, we studied three rating areas: Detroit, Lansing, and the rating area that includes 13 rural counties in the northern mainland of the state (see Table 9). The average premium decrease across all three rating regions will be 1.4 percent in 2015. All three rating areas have a large number of carriers in the 2014 marketplace (10 in Detroit, five in Lansing, and seven in the rural area). Blue Cross offers plans through a subsidiary (Blue Care Network) throughout the state.

In the Detroit market, the carriers' lowest cost silver premium will fall by 3.9 percent on average in 2015. In 2014, Humana and Total Healthcare's lowest cost silver premium offerings are the most competitive, followed closely by the Blue Care Network of Michigan and the McLaren Health Plan. Humana will increase its premiums by 15.2 percent for 2015 and Total Healthcare will increase its premiums by 8.5 percent. The Blue Care Network and Blue Cross Blue Shield of Michigan will decrease premiums in 2015 by about 3 percent. As a result, Humana's lowest cost silver plan will remain the lowest cost silver offering in the Detroit market.

In Lansing and the rural area in the northern mainland, all carriers remaining in the marketplace will increase premiums for their lowest cost silver plans in 2015, with the exception of Consumers Mutual. Despite significant decreases, Consumers Mutual will remain a very high cost option in the rural region. Physicians Plus will enter the Lansing Market in 2015 and will be the lowest cost option available there. The largest increases in these areas reflect the market power of the Blue Cross plans in those regions, which gives them significant leverage in negotiating with providers. The Blue Care Network of Michigan and the Blue Cross Blue Shield plans are increasing their 2015 premiums of their lowest cost silver option by 12.9 percent and 10.6 percent respectively in Lansing and 11.1 percent and 10.7 percent in the rural area. Their competitors, with the exception of Alliance Health and Life in the rural area, will increase their premiums by considerably less. Despite its large increases the Blue Care Network will remain the lowest cost carrier in the rural area in 2015.

Minnesota

Minnesota's rating areas of Minneapolis and Duluth will experience very little change in average premiums for their carriers' lowest cost plans in 2015, and the state's premiums will remain among the lowest in the country (see Table 10). However, a significant shake-up will occur for many Minneapolis area marketplace enrollees in the second year of reform. The region's lowest cost carrier, PreferredOne, will leave the marketplace in 2015, despite having obtained a large market share in 2014; the carrier will also dramatically increase premiums for its off-marketplace individual market enrollees, citing high claims costs.[11]

The next lowest cost plan in 2014, HealthPartners, will increase its premiums in 2015 by 9.4 percent but will be the area's lowest cost carrier for 2015. UCare will have virtually identical premiums to HealthPartners in 2015, following a 10 percent reduction from its 2014 lowest silver premium option. Blue Cross Blue Shield has three subsidiaries participating in the Minneapolis region: BCBS Minnesota, BCBS Minnesota (a multistate plan, or MSP), and Blue Plus—the latter two are newly entering the market in 2015. Although still competitive, the Blue

Table 9. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Michigan

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Detroit			
Humana Medical Plan of Michigan, Inc.	$190	$219	15.2%
Total Health Care USA, Inc.	$224	$243	8.5%
Blue Care Network of Michigan	$242	$234	-3.4%
McLaren Health Plan, Inc.	$288	$309	7.3%
Health Alliance Plan (HAP)	$302	$266	-11.9%
Blue Cross Blue Shield of Michigan	$311	$301	-3.3%
Priority Health	$313	$285	-9.1%
Molina Marketplace	$327	$252	-23.1%
Alliance Health and Life	$337	$338	0.3%
Consumers Mutual Insurance of Michigan	$433	$348	-19.7%
Rating Area Average[a]			**-3.9%**
Rating Area 7: Lansing			
Blue Care Network of Michigan	$245	$277	12.9%
McLaren Health Plan, Inc.	$278	$296	6.7%
Blue Cross Blue Shield of Michigan	$311	$344	10.6%
Priority Health	$326	$303	-7.0%
Consumers Mutual Insurance of Michigan	$440	$306	-30.5%
Physicians Plus	N/A	$269	N/A
Rating Area Average[a]			**-1.5%**
Rating Area 15: 13 Rural Counties in the Northern Mainland			
Blue Care Network of Michigan	$245	$272	11.1%
McLaren Health Plan, Inc.	$266	$274	2.8%
Priority Health	$276	$271	-1.8%
Blue Cross Blue Shield of Michigan	$277	$307	10.8%
Alliance Health and Life	$370	$371	0.3%
Health Alliance Plan (HAP)[b]	$370	N/A	N/A
Consumers Mutual Insurance of Michigan	$411	$343	-16.6%
Rating Area Average[a]			**1.1%**
Average of Select Rating Areas[a]			**-1.4%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Health Alliance Plan (HAP) is not participating in rating area 14 for 2015. N/A indicates "not applicable."*

Table 10. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Minnesota

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 8: Minneapolis, St. Paul, Bloomington			
PreferredOne[b]	$154	N/A	N/A
HealthPartners	$166	$181	9.4%
Blue Cross Blue Shield Minnesota	$201	$201	0.0%
UCare	$203	$183	–10.0%
Medica	$211	$222	5.6%
Blue Cross Blue Shield Minnesota (MSP)[d]	N/A	$249	N/A
Blue Plus[d]	N/A	$205	N/A
Rating Area Average[a]			**1.3%**
Rating Area 2: Duluth			
HealthPartners	$213	$235	10.5%
UCare	$233	$206	–11.9%
Blue Cross Blue Shield Minnesota	$235	$232	–1.4%
Medica[c]	N/A	$254	N/A
Blue Cross Blue Shield Minnesota (MSP)[d]	N/A	$289	N/A
Rating Area Average[a]			**–0.9%**
Average of Select Rating Areas[a]			**0.2%**

[a] Percentage changes are not weighted by enrollment.
[b] PreferredOne has left the Marketplace for 2015.
[c] Medica has entered rating area 2 for 2015.
[d] BCBS MN (MSP) and Blue Plus are subsidiaries of BCBS MN and are new entrants in 2015. N/A indicates "not applicable."

Cross Blue Shield subsidiaries have prices at the higher end of the spectrum.

In Duluth, average premiums will fall by about 1.0 percent in 2015. UCare will displace HealthPartners as the lowest cost option in the area, resulting from the former's significant price cut and the latter's significant price increase.

Thus, overall, the selected Minnesota metropolitan areas will continue to have low-cost options available from a range of competing carriers and will experience little change in average premiums. However, significant numbers of 2014 enrollees in the Minneapolis area will be required to change their insurance carrier in 2015 because of the exit of PreferredOne, that region's lowest priced carrier. Also because of the exit, 2015 premiums for the lowest cost silver option will be about 18 percent higher than the least expensive 2014 option in the Minneapolis area (see Table 2).

Montana

In Montana, we examined only one rating area, Billings, because of the small size and geographic concentration of the state's population (see Table 11). Overall, Billings' premiums will fall by 1.2 percent on average in 2015. The three carriers in this region are Blue Cross Blue Shield of Montana, Montana Health Co-op, and PacificSource Health Plans. PacificSource has the lowest silver plan premium for a 40-year-old in 2014 ($251), and Blue Cross Blue Shield has the highest premium of each carrier's lowest cost offering ($274), but the premiums for all three carriers' lowest cost plans are quite close in 2014. In 2015, the Montana Health Co-op's lowest cost silver plan will have a large premium decrease (11.2%), giving the co-op a competitive price edge over PacificSource. In fact, premiums for the lowest cost Montana Health Co-op silver plan in 2015 will be less than all of the carriers' 2014 silver premiums. Because of the significantly lower co-op premium in 2015, the premium for Billings' lowest cost silver option will fall by 5.4 percent in 2015 relative to the lowest cost option available in 2014 (see Table 2).

Table 11. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Montana

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Billings			
PacificSource Health Plans	$251	$266	5.8%
Montana Health Co-Op	$268	$238	–11.2%
Blue Cross and Blue Shield of Montana	$274	$279	1.9%
Rating Areas Average [a]			**–1.2%**

[a] *Percentage changes are not weighted by enrollment.*

New York

We present data from three rating areas in New York: New York City, Buffalo, and 13 rural upstate counties (see Table 12). Overall, premiums will increase in the three rating regions by an average of 2.7 percent in 2015. Strong competition across multiple carriers in New York City has held premium growth to relatively low levels, with an average reduction in each carriers' lowest cost silver offering of 2.4 percent. The lowest cost silver plan in the city's rating area in 2014 is from Metro Plus; the carrier's lowest cost silver premium in 2015 will be 6.5 percent higher than in 2014.

However, five of the 10 carriers participating in 2014 will have lower premiums in 2015 compared to 2014; New York Fidelis by 1.7 percent, North Shore LIJ by 6.1 percent, Healthfirst by 11.9 percent, United by 15.2 percent, and Affinity by 15.6 percent. As a result, Affinity will replace Metro Plus with the lowest cost silver plan offered in 2015, followed closely by Health Republic and then Metro Plus. For the five carriers charging higher premiums in 2015 than in 2014 for their lowest cost silver plans, increases range from 2.5 percent (Oscar) to 7.3 percent (Empire Blue Cross). The state's co-op, Health Republic, which offers very low premiums for its products in 2014, will increase the price of its lowest cost silver offering by 4.0 percent in New York City in 2015. United, which charged much higher rates than the other carriers in 2014, will reduce the price of its lowest cost silver option by 15.2 percent for 2015. Although United will remain the most expensive of the silver tier options, the adjustments from 2014 levels will compress rates for carriers' lowest cost silver options in New York City in 2015 compared with 2014. Two new entrants into this marketplace in 2015 are MVP Health and Wellcare HMO, both toward the more costly end of the distribution of offerings.

In Buffalo, Health Republic, the lowest cost silver plan carrier in 2014, will remain so in 2015, with the premium for its lowest cost option 4.8 percent lower in the coming year. Fidelis will keep its lowest cost silver option premium roughly constant for the new plan year, keeping it as the second lowest cost carrier. BCBS of Western New York and Independent Health Benefits Corporation (IHBC) will both offer a lower cost premium in 2015 than they did in 2014, while Univera's lowest cost silver premium will be more than 10 percent higher in 2015, keeping it the most expensive carrier in this rating area. The overall average premium in Buffalo for the lowest cost silver plans offered by carriers will be about the same as in 2014.

In the upstate rural counties, premiums for the lowest cost silver plans will increase from 1.1 percent to 15.6 percent depending on the carrier, with an overall average increase of 9.0 percent. Fidelis offers the lowest priced silver option in 2014 and will increase its lowest premium by 5.6 percent for 2015. Interestingly, Health Republic will enter the rating region in 2015 with a premium ($278) far less than Fidelis's 2014 rates, making it the most price competitive option in 2015 by a significant margin. Several commercial plans in the region have substantially higher premiums than do either Health Republic or Fidelis. Because of the entry of Health Republic, the lowest silver premium in the area will decrease by 17.5 percent in 2015 (Table 2).

Ohio

We studied three rating areas in Ohio: Columbus, Cincinnati, and Cleveland. In those three metropolitan areas, carriers' lowest cost offerings will decrease, on average, by 3.0 percent in 2015. All three markets are highly competitive in 2014, and an additional carrier—

Table 12. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in New York

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 4: New York City			
Metro Plus	$359	$383	6.5%
Health Republic Insurance of New York—Freelancers	$365	$380	4.0%
Oscar	$385	$394	2.5%
Emblem	$385	$407	5.7%
New York Fidelis	$390	$384	-1.7%
Empire BlueCross BlueShield	$418	$448	7.3%
Northshore LIJ	$420	$394	-6.1%
Healthfirst	$440	$387	-11.9%
Affinity—All Standard Benefits	$440	$372	-15.6%
United Health	$642	$545	-15.2%
Wellcare HMO[b]	N/A	$472	N/A
MVP Health[c]	N/A	$417	N/A
Rating Area Average[a]			**–2.4%**
Rating Area 2: Buffalo			
Health Republic Insurance of New York—Freelancers	$275	$262	-4.8%
New York Fidelis	$338	$337	-0.3%
BlueCross BlueShield of Western New York	$372	$342	-8.1%
Univera	$430	$474	10.3%
IHBC	$432	$428	-1.0%
MVP Health[c]	N/A	$365	N/A
Rating Area Average[a]			**-0.8%**
Rating Area 7: 13 Rural Counties Upstate			
New York Fidelis	$337	$356	5.6%
MVP Health	$373	$431	15.6%
Excellus	$443	$488	10.3%
CDPHP	$493	$499	1.1%
BlueShield of Northeastern NY	$505	$568	12.4%
Emblem[d]	N/A	$488	N/A
Health Republic Insurance of New York—Freelancers[d]	N/A	$278	N/A
Rating Area Average[a]			**9.0%**
Average of Select Rating Areas[a]			**2.7%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Wellcare HMO entered rating area 4 for 2015.*
[c] *MVP Health entered rating areas 2 and 7 for 2015.*
[d] *Emblem, and Health Republic entered rating area 7 for 2015.*

Table 13. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Ohio

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 9: Columbus			
CareSource	$298	$244	2.3%
Paramount Insurance Company	$317	$282	-5.4%
Anthem BlueCross BlueShield (community insurance)	$354	$353	11.3%
MedMutual	$418	$352	-0.8%
Molina Marketplace	N/A	$281	-32.9%
InHealth	N/A	$307	N/A
HealthAmericaOne (Aetna Life Insurance Company)[c]	N/A	$303	N/A
Rating Area Average[a]			**-5.1%**
Rating Area 4: Cincinnati			
Humana	$216	$252	16.7%
CareSource	$238	$232	-2.6%
Ambetter	$262	$236	-9.9%
HealthSpan	$274	$268	-2.2%
Anthem BlueCross BlueShield	$294	$319	8.5%
MedMutual	$359	$353	-1.8%
Molina Marketplace	$431	$281	-34.8%
InHealth	N/A	$300	N/A
Rating Area Average[a]			**-3.7%**
Rating Area 11: Cleveland			
Kaiser Foundation Health Plan of Ohio[b]	$246	$268	9.1%
CareSource	$249	$252	1.4%
MedMutual	$286	$301	5.4%
HealthSpan[b]	$299	$268	-10.5%
Paramount Insurance Company	$316	$302	-4.3%
Anthem BlueCross BlueShield	$320	$346	8.2%
SummaCare	$321	$373	15.9%
Molina Marketplace	$377	$278	-26.4%
HealthAmericaOne (Aetna Life Insurance Company)[c]	N/A	$283	N/A
Ambetter	N/A	$242	N/A
InHealth	N/A	$325	N/A
Rating Area Average[a]			**-0.1%**
Average of Select Rating Areas[a]			**-3.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Kaiser Foundation Health Plan merged with HealthSpan; Kaiser plans are now administered by HealthSpan.*
[c] *Aetna is a new entrant to the market for 2015; plans will be administered by HealthAmericaOne. N/A indicates "not applicable."*

HealthAmericaOne—will enter the Columbus and Cleveland marketplace regions in 2015. The presence of previously Medicaid-only plans, including CareSource, resulted in fairly low premiums in 2014 relative to the other markets studied (see Table 2), while stability or premium decreases in a number of plans will lead to low average premium growth in 2015.

CareSource has by far the lowest premiums in Columbus in 2014. Moreover, its lowest cost 2015 silver offering will be 2.3 percent more than its 2014 option, but keeping CareSource the lowest cost carrier. Molina, which began 2014 with very high premiums, will have a 2015 option that costs 32.9 percent less, which will make it the second-lowest cost carrier in the area. Anthem Blue Cross Blue Shield will increase the premiums for their most competitive option considerably.

Cincinnati insurers have strong competition in 2014 from Humana and two Medicaid plans, CareSource and Ambetter (a product of Centene Corporation). The latter two will lower their 2015 premiums, while Humana will increase its by 16.7 percent. Combined with a very large (34.8 percent) decrease in Molina's premium and a modest decrease in HealthSpan's premium, overall, premiums in Cincinnati will fall by an average 3.7 percent across the carriers' lowest cost silver premiums.

A similar pattern can be seen in Cleveland. Kaiser Permanente has the lowest cost silver premium option in 2014, followed closely by CareSource. Kaiser merged with HealthSpan, and the newly combined firm's lowest cost option will be 9.1 percent more expensive than Kaiser's 2014 offering and 10.5 percent less than HealthSpan's. CareSource will increase its 2015 premium modestly by 1.4 percent, making it the lowest cost carrier, followed by the combined Kaiser/HealthSpan venture. Molina will reduce its lowest cost premium by 26.4 percent, making it a strong competitor.

Oregon

We studied three rating areas in Oregon: Portland, Salem, and the 15 rural counties in the northeast part of the state (see Table 14). On average, premiums for the carriers' lowest cost options will fall by 3.0 percent between 2014 and 2015 in the areas we examined. All three regions have large numbers of participating insurers. Moda Health has the lowest premium silver option in each of those three areas in 2014 but will increase the premiums by about 10 percent in the Portland and Salem rating areas in 2015. Meanwhile, in both of those areas, the Providence Health Plan will come into 2015 more aggressively, lowering its lowest cost silver option prices by 16.1 percent in Portland and by 22.1 percent in Salem, making Providence the lowest price carrier in these rating areas for 2015.

In fact, most of the carriers in all three of the rating areas studied are lowering the cost of their most competitively priced silver options in 2015. BridgeSpan, a Regence Blue Shield subsidiary, will reduce the premium for its lowest cost silver plan by 14.2 percent in Portland, 10.1 percent in Salem, and 11.2 percent in the rural counties. In the rural market in Oregon, Moda Health will reduce its premiums by 2.9 percent and will remain the lowest cost carrier for 2015. A notable exception to the premium-lowering trend is Health Republic, which is a co-op that also sells coverage in New York and which will increase its lowest cost plan premiums in Salem and in the rural area by 23.6 percent and 17.5 percent, respectively. On average, however, low-cost premiums in the rural region will fall by 1.8 percent. As a result of the widespread premium decreases, those areas will see compression in the range of carriers' lowest cost silver offerings, which is an outcome of the highly competitive insurance markets.

Rhode Island

Rhode Island (see Table 15) has one rating area spanning the entire state and three carriers participating in its marketplace in 2015, up from two in 2014.[12] BlueCross BlueShield of Rhode Island has the lowest premium silver plan in 2014, but its 2015 lowest cost option will be priced 10.4 percent higher. Meanwhile, Neighborhood Health Plan will offer a silver option that costs 17.6 percent less than its least expensive offering in 2014, allowing it to gain a significant competitive edge over BlueCross BlueShield of Rhode Island in 2015. United Healthcare enters the nongroup marketplace in 2015, setting its premiums between its two competitors. Taken together, in 2015, consumers in Rhode Island will be able to obtain a silver tier plan option that costs 10.8 percent less than the least expensive option they could purchase in 2014 (see Table 2).

South Dakota

We examined the Sioux Falls rating area in South Dakota, which has three marketplace participating carriers in 2014 (see Table 16). South Dakota's BlueCross BlueShield plan does not participate in the marketplace. Two smaller plans—Avera Health Plans and Sanford Health Plan, together with DAKOTACARE—offer plans in the marketplace in 2014. Avera has, by far, the lowest

Table 14. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Oregon

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Portland, Gresham, Hillsboro			
Moda Health	$194	$213	10.1%
Health Net Health Plan of Oregon, Inc.[b]	$215	N/A	N/A
Providence Health Plan	$234	$196	–16.1%
LifeWise Health Plan of Oregon	$248	$227	–8.4%
PacificSource Health Plans	$248	$272	9.9%
Health Republic Insurance	$256	$249	–2.7%
Kaiser Permanente	$256	$245	–4.3%
Oregon's Health CO-OP	$271	$231	–14.8%
BridgeSpan Health Company	$278	$238	–14.2%
Rating Area Average[a]			**–5.1%**
Rating Area 3: Salem			
Moda Health	$201	$221	9.7%
Health Republic Insurance	$223	$276	23.6%
PacificSource Health Plans	$248	$272	9.9%
LifeWise Health Plan of Oregon	$254	$232	–8.7%
Kaiser Permanente	$256	$245	–4.3%
Providence Health Plan	$260	$202	–22.1%
Oregon's Health CO-OP	$271	$261	–4.0%
ATRIO Health Plans	$278	$246	–11.7%
BridgeSpan Health Company	$296	$266	–10.1%
Rating Area Average[a]			**–2.0%**
Rating Area 6: 15 Rural Counties in the Northeast Part of the State			
Moda Health	$213	$207	–2.9%
Health Republic Insurance	$231	$272	17.5%
LifeWise Health Plan of Oregon	$254	$232	–8.7%
PacificSource Health Plans	$293	$302	3.3%
Oregon's Health CO-OP	$331	$302	–9.0%
BridgeSpan Health Company	$338	$300	–11.2%
Rating Area Average[a]			**–1.8%**
Average of Select Rating Areas[a]			**-3.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Health Net Plan of Oregon is not on the marketplace for 2015. N/A indicates "not applicable."*

Table 15. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in 2014 and 2015 in Rhode Island

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Entire State			
Blue Cross & Blue Shield of Rhode Island	$274	$302	10.4%
Neighborhood Health Plan of Rhode Island	$296	$244	–17.6%
United Healthcare[b]	N/A	$284	N/A
State Average[a]			**–3.6%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *United Healthcare entered the market for 2015. N/A indicates "not applicable."*

cost silver premium in 2014, the first year of reform. Its premium is 61 percent of Sanford Health Plan's lowest cost silver option and 78 percent of DAKOTACARE's lowest priced silver offering. In 2015, Avera will increase the premium for its lowest cost silver plan by 1.6 percent and Sanford will lower the cost of its least expensive silver option by 1.0 percent, still leaving Avera as the lowest cost carrier. DAKOTACARE will significantly lower its lowest cost silver plan premiums for 2015, by 37.7 percent, allowing it to be almost identical in premium to Avera's lowest cost offering.

Tennessee

We studied three rating areas in Tennessee's marketplace: Nashville, Memphis, and 16 rural counties in the middle-southern part of the state (see Table 17). BlueCross BlueShield of Tennessee and Community Health Alliance sell coverage in all three of those rating areas, whereas Cigna Health and Humana participate in the Nashville and Memphis areas. Premium increases in 2015 for those regions of Tennessee are modest, on average 1.2 percent, (Table 17), due to large decreases by Community Health Alliance. However, BlueCross BlueShield and Humana will increase their lowest cost option premiums significantly in 2014.

BlueCross BlueShield is by far the lowest cost carrier in all three of those rating areas in 2014, but the price of its lowest cost silver offerings will increase substantially in the second year of the marketplaces, going up by 21.7 percent in Nashville, 15.1 percent in Memphis, and 19.9 percent in the rural area studied. But even with such large relative increases in 2015, BlueCross BlueShield will still be very competitive in each of the three rating areas in 2015, and Tennessee premiums remain low by national standards (see Table 1). Community Health Alliance, the state's co-op, will lower the premiums it charges for its lowest cost silver offerings by 35.2 percent in Nashville, 37.2 percent in Memphis, and 18.6 percent in the rural counties, becoming the lowest cost carrier

Table 16. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in 2014 and 2015 in South Dakota

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 2: Sioux Falls			
Avera Health Plans	$252	$257	1.6%
Sanford Health Plan	$322	$319	-1.0%
DAKOTACARE	$414	$258	-37.7%
Average of Select Rating Areas[a]			**-12.4%**

[a] *Percentage changes are not weighted by enrollment.*

Table 17. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Tennessee

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 4: Nashville, Clarksville			
BlueCross BlueShield of Tennessee	$181	$220	21.7%
Humana Insurance Company	$248	$292	17.8%
Cigna Health and Life Insurance Company	$283	$301	6.5%
Community Health Alliance	$299	$194	-35.2%
Rating Area Average[a]			**2.7%**
Rating Area 6: Memphis			
BlueCross BlueShield of Tennessee	$186	$214	15.1%
Humana Insurance Company	$214	$240	12.0%
Cigna Health and Life Insurance Company	$267	$298	11.3%
Community Health Alliance	$294	$184	-37.2%
Rating Area Average[a]			**0.3%**
Rating Area 8: 16 Rural Counties in the Middle-Southern Part of the State			
BlueCross BlueShield of Tennessee	$216	$259	19.9%
Community Health Alliance	$293	$238	-18.6%
Rating Area Average[a]			**0.7%**
Average of Select Rating Areas[a]			**1.2%**

[a] Percentage changes are not weighted by enrollment.

across the board. Cigna and Humana will increase the premiums of their lowest cost silver plans in 2015 in both of the urban areas studied, but Humana's pricing will remain more competitive than Cigna in both regions.

Tennessee will see modest increases for the lowest cost silver options in those three rating areas. And, on average, as shown in Table 2, the levels of premiums in those areas remain quite low relative to those across the nation.

Virginia

We examined the rating areas of Richmond; Virginia Beach and Norfolk; and the Washington, D.C., suburbs in the Virginia marketplace (see Table 18). Those three markets have considerable carrier participation. Overall, 2015 premium increases in the participating carriers' lowest cost silver options will be fairly low, at 4.9 percent.

In the Richmond market, CoventryOne, the carrier offering the lowest cost silver option in 2014, will increase its premium by 5.2 percent in 2015 but will remain the most price-competitive option. Anthem HealthKeepers' lowest cost option will increase modestly as well, by 4.3 percent in 2015. Aetna and Kaiser Permanente's lowest cost silver plans will be slightly less expensive in 2015 than in 2014, whereas Optima, the least price competitive of the silver plans in 2014, will increase its lowest cost option by 6.9 percent for 2015, putting it further beyond the rest of the pack.

In the Tidewater area of Virginia Beach and Norfolk, Aetna and Optima Health offer the lowest cost silver plans in 2014. In 2015, however, Kaiser Permanente is entering that market and will then have the lowest cost silver plan. Optima Health will increase its premium for its least expensive plan by only 3.6 percent over 2014, but the cost of that plan will still be slightly higher than Kaiser's. Anthem

and Aetna's lowest cost options will be priced only slightly above Optima in a very competitive market.

In the Washington, D.C., suburbs, the Innovation Health Insurance Company, which is a product of Aetna and the Inova Hospital System (a dominant system of hospitals in Northern Virginia), offers the lowest cost silver plan in 2014. But although Innovation's lowest cost silver plan in 2015 will be 8.6 percent higher than in 2014, Kaiser Permanente will keep the premium for its lowest cost silver plan essentially fixed, allowing it to become the lowest cost silver carrier in 2015. Optima and CareFirst will both be increasing premiums for their least expensive silver offerings (Optima by 6.8% and CareFirst by 18.9%), making both less price competitive in that market. Anthem HealthKeepers remains in the mix, however, a result of lowering its lowest cost silver option premium by more than 5 percent for 2015.

Table 18. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Virginia

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 7: Richmond			
CoventryOne	$230	$241	5.2%
Anthem HealthKeepers	$253	$264	4.3%
Anthem Health Plans of Virginia (MSP)	$269	$280	3.8%
Kaiser Permanente	$275	$273	-0.7%
Aetna	$317	$312	-1.6%
Optima Health	$348	$372	6.9%
Piedmont Community Health Care[c]	N/A	$324	N/A
Rating Area Average[a]			**3.0%**
Rating Area 9: Virginia Beach/Norfolk			
Aetna	$270	$305	13.1%
Optima Health	$272	$281	3.6%
Anthem Health Keepers	$278	$287	3.2%
Anthem Health Plans of Virginia (MSP)	$296	$304	2.9%
Kaiser Permanente[c]	N/A	$273	N/A
Rating Area Average[a]			**5.7%**
Rating Area 10: Washington, D.C. Suburbs			
Innovation Health Insurance Company	$260	$282	8.6%
CareFirst BlueChoice, Inc.	$272	$323	18.9%
Kaiser Permanente	$275	$273	-0.7%
Anthem Health Plans of Virginia (MSP)	$289	$309	7.0%
CareFirst BlueCross BlueShield (MSP)[b]	$301	N/A	N/A
Anthem HealthKeepers	$301	$292	-3.1%
Optima Health	$333	$355	6.8%
Rating Area Average[a]			**6.1%**
Average of Select Rating Areas[a]			**4.9%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *CareFirst is a multistate plan for which planned premiums are not available through the Virginia Bureau of Insurance for 2015. Thus N/A indicates "not available."*
[c] *Piedmont Community Health Care is a new entrant. Kaiser Permanente entered rating area 9 for 2015. N/A here indicates "not applicable."*

All in all, the Virginia markets remain price competitive going into 2015, adding carriers in at least some markets.

Washington

For Washington state, we examined premium rates in three areas: Seattle, Spokane, and 14 rural counties (see Table 19). The Washington markets are highly competitive and premiums on average will be 3.0 percent lower for 2015, with some much larger decreases.

Coordinated Care, part of the Centene Corporation – a national Medicaid carrier – offers the lowest cost silver plan in all three of those regions in 2014 and will decrease its lowest cost silver premiums in each area (-4.2 percent in Seattle, -6.9 percent in Spokane and -6.2 percent in the rural counties) in 2015. BridgeSpan, a Blue Shield plan with relatively high premiums in 2014, will

Table 19. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in Washington

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 1: Seattle, Bellevue			
Coordinated Care	$245	$235	-4.2%
Group Health	$281	$281	0.1%
Premera	$283	$291	2.9%
Lifewise	$283	$291	2.8%
BridgeSpan Health Company	$300	$254	-15.6%
Molina HealthCare	$311	$277	-11.0%
Community Health Plans	$335	$343	2.5%
Moda[b]	N/A	$284	N/A
Rating Area Average[a]			**-3.2%**
Rating Area 4: Spokane			
Coordinated Care	$235	$219	-6.9%
Premera	$260	$267	2.9%
Lifewise	$260	$267	2.8%
Group Health	$268	$269	0.1%
BridgeSpan Health Company	$295	$255	-13.5%
Community Health Plans	$322	$332	3.0%
Molina HealthCare	$357	$265	-25.7%
Moda[b]	N/A	$284	N/A
Rating Area Average[a]			**-5.3%**
Rating Area 5: 14 Rural Counties			
Coordinated Care	$267	$251	-6.2%
Group Health	$282	$282	0.1%
Premera	$283	$291	2.9%
Lifewise	$283	$291	2.8%
Community Health Plans	$369	$360	-2.3%
BridgeSpan Health Company[c]	N/A	$263	N/A
Molina HealthCare[c]	N/A	$304	N/A
Moda[b]	N/A	$284	N/A
Rating Area Average[a]			**-0.6%**
Average of Select Rating Areas[a]			**-3.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Moda entered the Washington market for 2015.*
[c] *Molina and BridgeSpan entered rating area 5 for the 2015 plan year. N/A indicates "not applicable."*

reduce the prices for its lowest cost silver options and will become the second most competitive carrier in all three markets for the coming year (it will be entering the rural area marketplace for the first time in 2015), just behind Coordinated Care.

Molina, also a national Medicaid plan, has relatively expensive silver plan offerings in 2014 in Seattle and Spokane but will lower the premiums of its least costly options for 2015 in those areas, making the company significantly more competitive in the second year. It also will enter the rural market for the first time in 2015, although with relatively high premiums. The other carriers in those highly competitive markets are increasing the premiums for their lowest cost options very modestly (by 3% or less). Moda, the lowest premium carrier in Oregon in 2014, will also enter all three of those Washington markets in 2015 with quite competitive rates.

West Virginia

We examined the Charleston area and nine rural counties in the central eastern part of West Virginia (see Table 20). Highmark BlueCross BlueShield is the dominant carrier in West Virginia and the only carrier participating in those markets in 2014. The carrier—listed here twice because of its offerings of state-specific and multistate plans—has fairly high premiums, by national standards, for its lowest cost silver plan in 2014. Highmark Blue Cross Blue Shield, West Virginia's lowest cost silver plan, will cost 9 percent more in 2015 than it did in 2014, reflecting both the lack of competition in the insurance market and the plan's limited negotiating leverage over reimbursement rates with small-town providers. Highmark's 2015 premium rates for its multistate plan are identical.

The West Virginia Health Cooperative, a spin-off of the Kentucky Health Cooperative, will enter the rural market in 2015. The co-op's lowest cost silver offering will be almost the same as Highmark's. The introduction of marketplace competition may compel Highmark to lower its premiums in the 2016 plan year, depending on the extent to which the co-op is successful in capturing market share in 2015.

Table 20. Lowest Cost Silver Plan Premiums for a 40-Year-Old, by Carrier, in Selected Rating Areas, in 2014 and 2015 in West Virginia

Issuer Name	2014 Lowest Cost Silver Plan Premium (US)	2015 Lowest Cost Silver Plan Premium (US)	Percentage Change, 2014 to 2015
Rating Area 2: Charleston			
Highmark Blue Cross Blue Shield (MSP)[b]	$288	$314	9.0%
Highmark Blue Cross Blue Shield West Virginia	$288	$314	9.0%
Rating Area Average[a]			**9.0%**
Rating Area 9: 9 Rural Counties in the Central Eastern Part of the State			
Highmark Blue Cross Blue Shield (MSP)[b]	$262	$286	9.0%
Highmark Blue Cross Blue Shield West Virginia	$262	$286	9.0%
West Virginia Health Cooperative[c]	N/A	$282	N/A
Rating Area Average[a]			**9.0%**
Average of Select Rating Areas[a]			**9.0%**

[a] *Percentage changes are not weighted by enrollment.*
[b] *Highmark Blue Cross Blue Shield is the multistate plan, and its rates are not available through the West Virginia Department of Insurance for 2015 at the time of this writing. Thus N/A here indicates "not available."*
[c] *West Virginia Health Cooperative is the Kentucky co-op that has entered the West Virginia market for 2015. N/A indicates "not applicable."*

DISCUSSION

The ACA's insurance regulatory reforms to the nongroup market created four actuarial value tiers of insurance coverage, with advanced premium tax credits for the modest income pegged to the silver (70 percent actuarial value level) plans offered within the new marketplaces. Silver is also the only level of coverage to which cost-sharing subsidies may be applied. As a consequence of the centrality of silver tier coverage under the ACA, we analyzed 2015 changes to the lowest cost premium for silver coverage offered by each carrier in an array of markets in 17 states plus the District of Columbia, all of which have finalized premium rates for 2015, the second full year of health care reform.

The lowest cost silver premium for a carrier is the least expensive entry to the tier of coverage to which marketplace financial assistance is oriented. Premiums in those states and the rating regions studied within them, although not necessarily representative of the rates to be released in the remaining states for 2015, span the array of different market types, including urban areas of various sizes and rural communities in many geographic regions of the United States. Their insurance markets range from highly competitive to those strongly dominated by one or two carriers.

Our analysis indicates that, over all, premium increases for carriers' lowest cost silver plans offered through the nongroup marketplaces will be modest in 2015. Changes from 2014 in the vast majority of markets studied include many carriers that are lowering their lowest cost silver premiums; many others are increasing the premiums of their lowest cost silver offerings by modest amounts or holding them virtually constant. New competitors entering the marketplaces—including large insurers such as Aetna and United, along with some expansion of co-ops to additional states—also are evident in a number of markets. Exceptions exist, however, with some marketplace participants increasing the premium associated with their lowest cost options by double-digit percentages, but those cases often involve carriers whose 2014 rates were substantially lower than the rates of their local competitors. Those relatively large increases at times result in the carriers still having the lowest cost silver option in the market.

Competitive responses often can be observed in the carrier-specific changes between years one and two of marketplace implementation. Carriers whose lowest cost silver premiums are significantly higher in 2014 than premiums of their competitors frequently will lower their entry-level prices for 2015, sometimes by double-digit percentages. Often such adjustments lead to a different carrier from the one in 2014 offering the lowest cost silver option in 2015. Markets with multiple competitors clustered closely in price in 2014 often will reduce their premiums or increase them very little for the coming year. New 2015 entrants into a market tend to set premiums that indicate that the insurers have learned lessons by studying the 2014 levels in their area. In certain markets, large insurers may retain substantially higher prices even for their lowest premium silver product, but they likely offer a broader provider network than do their competitors and thus appeal to a particular segment of potential enrollees.

Some caution, however, ought to be observed when evaluating the predictive power of 2015 premium changes for future years because those markets remain in transition in a number of respects. In addition, as we have shown elsewhere,[13] average premiums vary considerably over the course of a 10-year-period.

First, plan years 2014 and 2015 both required insurers to set premiums with very little information about the characteristics of marketplace enrollees. Premiums were set in mid-2013 for 2014 with no postreform experience on which to rely. Premiums set in mid-2014 for 2015 had very little data about enrollees and their use of services, given that the 2014 open enrollment period did not end until late March of 2014. Thus, many enrollees were not able to access coverage under their new policies until sometime in April. The 2016 plan year will be the first in which insurers' actuaries will have had an entire year of experience from which to set premiums.

Second, premiums set for 2014 and 2015 were determined assuming potential payment from the temporary risk corridor and reinsurance programs. Some carriers may have set premiums aggressively (that is, low), presuming that at least a percentage of any possible error they made in predicting average costs to be incurred would be compensated by those programs. Both programs are set to expire after the 2016 plan year, with the size of potential reinsurance program outlays declining in both 2015 and 2016 relative to 2014.

Third, implementation of the permanent risk adjustment

program has introduced another level of uncertainty into appropriate insurer pricing in those early postreform years. At the time they were submitting premium rates for approval, insurers did not know how their enrollees' average risk compared to that of their competitors' enrollees. As such, insurers did not know whether they could expect to be paying out to the program or receiving payments from it. Because risk adjustment payments for the 2014 plan year will not be made until some months into 2015, those payments could not be confidently incorporated into premium setting. The extent to which the particular risk adjustment formulas will compensate for differential risk, as well as the practical opportunities for gaming the risk adjustment process—for example, by carriers using upcoding strategies—is yet to be determined as well. Those realities may significantly affect future pricing decisions.

Although significant uncertainties remain, however, the dark predictions of widespread, quickly escalating premiums appear not to have materialized for 2015. Outliers exist, to be sure, but those tend to be found in areas characterized prior to reform as noncompetitive insurance markets dominated by one or two insurers or a single hospital system that prevents carriers from negotiating effectively over provider payment rates or from limiting provider networks. More frequently, particularly in urban areas, effective price competition can be seen in private nongroup insurance markets for the first time, with premiums for entry-level silver coverage growing quite slowly or even decreasing.

ENDNOTES

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10. The percentage changes in lowest cost silver offerings do not necessarily, however, apply to the second lowest cost premium across all participating carriers available in a given rating area. As such, they should not be used to compute changes in the reference premiums for these regions nor to compute premium tax credits.
11. Snowbeck C. Big Jump for PreferredOne Premiums. *Star Tribune*. October 16, 2014, www.startribune.com/business/279332032.html.
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