

The State of North Dakota's Marketplace: Making Sense of Individual Market Rate Filings



Since the Affordable Care Act (ACA) was enacted in 2010, North Dakota's uninsured rate has [dropped](#) from 9.8 to 7.8 percent, a 20 percent reduction that translates into 15,000 North Dakotans gaining coverage. Those gains are due in part to the ACA's individual market reforms, which prevent discrimination against North Dakotans with pre-existing health conditions, provide [18,000 North Dakotans](#) with tax credits that help pay for coverage, and allow all North Dakotans to shop and compare plans in a transparent marketplace.

Insurers in North Dakota and across the country are in the process of submitting individual market plan offerings and premiums for 2018 to state and federal regulators. These rate filings will contribute to the ongoing debate about health insurance affordability and the state of North Dakota's marketplace. Here are a few key points to keep in mind.

North Dakota's Marketplace Was Poised for Continued Stability and Success

Nationwide, it's increasingly clear that the Trump Administration inherited a marketplace that was poised for greater price stability and growing insurer competition going forward. For example, the [Kaiser Family Foundation](#) found that individual market insurers substantially narrowed the gap between premiums and costs in 2016, meaning that premium increases already in place for 2017 should put them on track to break even or earn a profit this year. For consumers, these improvements should translate into lower premium increases and more insurer competition.

North Dakota's marketplace saw moderate premium growth and strong competition even in 2017, when premiums rose significantly in much of the rest of the country. As the CEO of Blue Cross Blue Shield of North Dakota [commented](#) last fall, "In North Dakota, it's been a much more stable marketplace." Benchmark marketplace premiums rose an average of [7 percent](#), leaving North Dakota marketplace premiums [slightly below](#) premiums for comparable employer market coverage. North Dakota's market also remains strongly competitive: [97 percent](#) of consumers had a choice of three or more insurers for 2017. With marketplaces maturing and stabilizing around the country, North Dakota's marketplace should have been poised for even greater success going forward.

Trump Administration Sabotage Is Undermining North Dakota's Market

Unfortunately, the Trump Administration has already acted to sabotage marketplace progress, in North Dakota and around the country, by:

- [Threatening to withhold billions of dollars owed to insurers.](#) Under the ACA, insurers are required to offer plans with lower deductibles and copays ("cost-sharing reductions," or CSRs) to lower-income consumers; the federal government then reimburses them for the roughly \$10 billion annual cost. The Trump Administration has repeatedly threatened to withhold these CSR payments. To make up for the lost payments, insurers in North Dakota would have to **raise premiums for affected plans by [9 percent or more](#) — or they might decide not to offer coverage at all.**
- [Creating uncertainty about whether it will enforce the ACA's individual mandate.](#) The individual mandate encourages healthy consumers to buy health insurance by requiring them to pay a penalty if they don't. But the Administration has [intimated](#) that it may stop enforcing the mandate. If insurers believe the mandate won't be enforced, they will **raise premiums by up to [20 percent](#) nationwide to cover the resulting increase in per-enrollee costs.**
- [Discontinuing outreach during one of the most critical weeks of open enrollment.](#) In its first week in office, the Administration abruptly halted outreach and marketing activities for the final week of the 2017 open enrollment period. That decision likely led to tens or hundreds of thousands [fewer sign-ups](#) nationwide for 2017, especially among younger, healthier consumers, which will mean **higher per-enrollee costs and premiums going forward.**
- [Finalizing rules that will cut tax credits and make it harder for people to sign up for coverage.](#) Under [new rules](#) finalized in April, millions of consumers will likely receive less help paying for coverage, the open enrollment period for 2018 will be shorter, and consumers who need coverage outside of open enrollment — if they lose coverage through their job, for example — will have a harder time signing up. These changes are likely to mean fewer sign-ups and again will contribute to **higher per-enrollee costs and premiums going forward.**

In a recent [analysis](#), actuaries at Oliver Wyman concluded that uncertainty about CSRs and the individual mandate will add 20 to 29 percent to rate increases for 2018 and that **2018 rate increases would be about two thirds lower without**

these factors. In states where insurers have submitted two sets of proposed rate increases for 2018 – with and without Trump Administration sabotage – these rates are in line with the Oliver Wyman projections.

Final Marketplace Options Will Depend on What Policymakers Do Next

Even more troubling, Trump Administration sabotage may lead some insurers to exit the ACA marketplaces altogether. Already, Anthem has withdrawn from Ohio's marketplace, citing uncertainty around CSRs as a [key factor](#) in its decision.

In the ACA marketplaces' first four years, every consumer nationwide had options for marketplace coverage. To ensure that the same is true this year, federal policymakers must, at a minimum:

- Give insurers certainty that they will receive the cost-sharing reduction payments they're owed. Without that certainty, [governors](#) and [insurance commissioners](#) of both parties, [insurers, providers, and the Chamber of Commerce](#) have predicted that insurers won't just raise prices, many will stop offering marketplace plans altogether.
- Commit to administering the law of the land. That means enforcing the ACA's individual mandate and undertaking the outreach needed to make sure consumers know about the coverage options available to them.
- Work with insurers and state insurance commissioners – as the previous Administration did – to facilitate insurer entry into new markets and make sure consumers everywhere in the country have options.

Provided There Are Marketplace Options, Most Consumers Will Be Protected

Fortunately, the ACA is designed to shield most consumers from the rate increases that could result from the Trump Administration's actions, as well as from normal increases that will occur as insurers continue to bring premiums in line with costs. Consumers will be protected as long as the Administration's sabotage does not leave people in some parts of the country without marketplace options – and as long as the ACA itself stays intact.

That's because, under the ACA, most marketplace consumers don't pay sticker price for their health coverage. Instead, 84 percent of North Dakota enrollees qualify for tax credits that are designed to keep coverage affordable for consumers no matter what headline premiums are. Under the ACA, people with incomes up to 400 percent of the federal poverty level – about \$100,000 for a family of four – pay no more than a set percentage of their income for benchmark health coverage. If the price of coverage increases, tax credits increase to compensate, and the amount families pay stays the same.

This year, for example, headline premiums in North Dakota rose, but average premiums for the 84 percent of North Dakota marketplace consumers with tax credits actually fell – from \$142 per month in 2016 to \$124 per month in 2017.

Marketplace consumers also benefit from the ability to shop around for coverage. North Dakota marketplace consumers had a choice of [19 plans](#) on average for 2017, and *all* consumers had at least some choice of plans, compared with almost one-third of people with employer coverage who can opt only for the single plan their employer offers.

Headline premiums rose for 2017, but average premiums for most consumers did not.

The House ACA Repeal Bill Would Make North Dakota's Challenges Far Worse

Along with sabotage by the Administration, legislative efforts to repeal the ACA threaten access to affordable coverage. The House ACA repeal bill, for example, would significantly worsen disruption in the individual market next year, raising individual market premiums by 20 percent and reducing enrollment, according to Congressional Budget Office [estimates](#).

Over the longer run, the House bill would further worsen affordability for marketplace consumers because tax credits would shrink and would no longer adjust based on people's income or the cost of their coverage. The bill would also increase headline premiums (by repealing the individual mandate) and would increase deductibles and other costs.

Overall, it would [increase total out-of-pocket costs](#) (premiums net of tax credits, deductibles, copays, and coinsurance) for current North Dakota marketplace consumers by an average of \$2,100 in 2020, and by far more for older and lower-income people. These increases would cause thousands of North Dakotans to lose coverage altogether and leave thousands more burdened with unaffordable premiums or deductibles that would keep them from accessing care.

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For a version of this fact sheet with links to sources, see <http://www.cbpp.org/sites/default/files/atoms/files/6-21-17health-factsheets-nd.pdf>.