

FOR IMMEDIATE RELEASE: August 29, 2014

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NH Insurance Department: State's Individual Market Grew by 75 percent as Health Care Reforms Took Effect

New Report Examines Changes to Health Insurance Markets in 2014

Concord, NH – The New Hampshire Insurance Department today issued a report analyzing changes to health insurance markets in the state since most federal health care reforms took full effect on Jan. 1, 2014.

The analysis, performed by Wakely Consulting Group, looks at enrollment and premium changes in New Hampshire health insurance markets between 2013 and 2014. It uses data collected from New Hampshire insurers, third-party administrators (TPAs) that administer self-funded health insurance plans for employer groups, Medicaid, and the federal and state high-risk pools. The report also contrasts current findings with projections made in 2012 for the New Hampshire Insurance Department by another actuarial consulting group, Gorman Actuarial.

Wakely's analysis indicates that the number of insured people in New Hampshire grew by 22,000 – and the state's uninsured population was reduced by about 14 percent – between Dec. 31 and May 1. This number includes both those who signed up for health insurance coverage on New Hampshire's federally facilitated Health Insurance Marketplace and those who signed up for coverage through Medicaid.

The analysis shows that the federal Affordable Care Act (ACA) had the most significant impact on the individual market, which grew by 75 percent, or 26,000 members. On April 30, 2014, the U.S. Department of Health and Human Services reported that more than 40,000 New Hampshire residents had signed up for coverage through the Marketplace, regardless of whether premiums were paid. The data analyzed in the Wakely report, which includes only those residents who paid their premiums by May 1, indicates that 34,600 of the 60,800 enrollees in the individual market received coverage through the federally facilitated Marketplace. Some enrollees may have paid their premiums after May 1; updated enrollment numbers will be available when the U.S. Department of Health and Human Services issues its next enrollment report.

"We are closely monitoring the effects of health care reform on our insurance markets," said New Hampshire Insurance Commissioner Roger Sevigny. "As today's report indicates, New Hampshire experienced a substantial increase in individual market coverage. We expect that growth to continue in 2015, now that four additional insurance companies have applied to offer plans through the federally facilitated Health Insurance Marketplace."

According to the analysis, overall declines were seen in the group markets, including a decrease of 11,700 individuals covered by employers of all sizes in the state. These changes include some people who shifted between different types of coverage; they do not necessarily indicate that those individuals

lost coverage. The largest decline was in the small-employer market, which decreased in size by 9 percent, or 7,000 covered lives. Declines also were seen in the federal and state high-risk pools, which provided insurance for those who had been denied coverage elsewhere or faced prohibitively high premiums because of pre-existing health problems. The high-risk pools were phased out of existence in mid-summer because federal law now mandates that an individual cannot be denied coverage when seeking commercial insurance because of pre-existing conditions. As of May 1, even before the New Hampshire Health Protection Program (the state's Medicaid expansion) took effect, 9,000 New Hampshire residents had newly signed up for Medicaid coverage.

The Wakely analysis found premium changes were consistent with earlier predictions. Premiums remained stable in the small-employer market, where the New Hampshire insurance rules prior to 2014 were similar to those imposed under the ACA. In the individual market as a whole, premium increases were lower than predicted by the 2012 modeling, possibly because of Anthem Blue Cross and Blue Shield's use of a narrow provider network for its offerings on the Marketplace. Both the modeling and actual experience showed an increase in individual market premiums due to insuring people with substantial health-care needs, many from the state's high-risk pool. However, for the nearly 80 percent of Marketplace purchasers who qualified for federal subsidies, the amount actually paid in premiums was substantially less, with subsidies representing an average reduction in premium of 74 percent.

Some public policy changes made after the 2012 Gorman model influenced an outcome different from what Gorman predicted. For example, as of May, only about 64 percent of 2014 individual market enrollees were covered by plans that reflected all of the reforms required under the ACA for 2014 policies. A quarter of individual market members were covered by policies that, while not "grandfathered," were temporarily allowed to be renewed. In the small-employer market, only 16 percent of members were enrolled in policies that reflected all 2014 ACA requirements. Because New Hampshire's pre-2014 small-group standards were similar to those under the ACA, there were not significant differences between these policies and the 2014 ACA-compliant small-group policies.

The full Wakely report may be found on the Insurance Department's website:
http://www.nh.gov/insurance/reports/documents/wakely_ma_rpt_pr.pdf. The 2012 Gorman projections also may be found on the Department's website:
http://www.nh.gov/insurance/reports/documents/gorman_nh_mktstdy_kf.pdf.

The New Hampshire Insurance Department's mission is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. For more information, visit www.nh.gov/insurance.

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