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Report: Medicaid Expansion Population Younger, More Expensive Than Others in Market in 2016
NHID-commissioned analysis presented to commission studying program's future

Concord, NH – An actuarial firm hired by the New Hampshire Insurance Department presented [findings](#) today to a legislative commission studying the future of the Premium Assistance Program on what it cost insurers to cover claims for Premium Assistance Program members in 2016. Gorman Actuarial's analysis of 2016 claims data revealed that this population was younger but more expensive than other health plan members in the state's individual market.

The Insurance Department retained Gorman Actuarial in June to make recommendations for [stabilizing the state's individual market](#). This work included looking at the claims experience of the Premium Assistance Program population, which currently represents about half of the individual market. When a legislative committee's vote in July put market stabilization efforts on hold, the Insurance Department asked Gorman to continue with its analysis related to the state's Medicaid expansion population, in order to assist the legislative Commission to Evaluate the Effectiveness and Future of the Premium Assistance Program as it considers the fate of the program, which is set to sunset at the end of 2018 if not renewed by the state.

Based on an analysis of 2016 claims, Gorman made a number of findings. On average, Gorman found that Premium Assistance Program member costs were higher than for the non-Premium Assistance Program population. Gorman looked at differences in age between enrollees (Premium Assistance Program enrollees are younger), and differences in plan design (Premium Assistance Program members have very limited out-of-pocket costs). After adjusting for age and plan design, Gorman concluded that costs for Premium Assistance Program enrollees are 39% higher. In aggregate, Gorman found the presence of the Premium Assistance Program raised average claim costs for the entire individual market by 14%.

Gorman will provide additional analysis in September that looks closely at recent market changes, such as [Minuteman's exodus](#) from the market, the significant rate increases that have been proposed by remaining carriers, and potential actions by the federal government. These factors could prompt healthier people to leave the market, making the overall risk pool less healthy, and raise premiums. Gorman will look at potential market effects under several scenarios, including leaving the Premium Assistance Program members in the individual market or moving those members to a separate risk pool and excluding them from the private market entirely.

Insurance Commissioner Roger Sevigny said the findings are not conclusive on whether the Premium Assistance Program should continue in its current form.

"How to best cover this population is a complex question that the New Hampshire Legislature will wrestle with in 2018," said Commissioner Sevigny. "These are times of unprecedented uncertainty for individual markets in New Hampshire and across the country – a factor that compounds the difficulty of the reauthorization question. While these findings shed light on carriers' experience in 2016, our markets will look very different in the future, due to factors unrelated to the Premium Assistance Program."