



KANSAS MARKETPLACE OPENS FOR YEAR TWO

The average premium for all plans changed little from 2014, but individuals could see wide changes for specific plans

Introduction

The second open enrollment period for the health insurance marketplaces created by the Affordable Care Act (ACA) began November 15, 2014. The federal government is once again operating the marketplace in Kansas through healthcare.gov, along with the marketplaces for 36 other states. Thirteen states (plus the District of Columbia) are running their own marketplaces. While the healthcare.gov website looks much like it did when the first enrollment period began in October 2013, the Obama administration has stated that many of the technical problems have been addressed for the 2015 plan year enrollment cycle.

Last year, there were an estimated 298,000 potential marketplace enrollees in Kansas but only 57,013 (19.1 percent) actually signed up for a plan. During the open enrollment period for 2015, Kansans will have the option to stay on their current plan or sign up for a different one. This brief examines what Kansans shopping for health insurance will find when they visit the marketplace, and how much they can expect to pay for coverage.

Selection of Plans

Shoppers in the 2015 enrollment cycle can choose from a variety of plans offered by five private health insurance companies. BlueCross BlueShield Kansas Solutions, Inc., (a subsidiary of Blue Cross and Blue Shield of Kansas) is a new insurer joining the four from the 2014 plan year: Blue Cross and Blue Shield of Kansas, Blue Cross and Blue Shield of Kansas City, Coventry Health Care of Kansas and Coventry Health and Life Insurance.

There are 82 plans available through the Kansas marketplace for 2015—64 for individuals and families and 18 for small businesses. The 2014 marketplace had 72 plans—65 for individuals and families and seven for small businesses.

Figure 1. Plans Available in Kansas Marketplace, 2015 Plan Year

Individuals and Families	64 plans	Bronze	20
		Silver	29
		Gold	11
		Platinum	2
		Catastrophic	2
Small Businesses	18 plans	Bronze	6
		Silver	7
		Gold	5

Source: KHI analysis of 2015 marketplace data provided by the Kansas Insurance Department.

KEY POINTS

- The 2015 Kansas marketplace has 82 plans available—64 for individuals and families (down from 65 in 2014), and 18 for small businesses (up from seven in 2014).
- One additional insurer has joined the Kansas marketplace in 2015, bringing the number to five.
- The average premium for all plans offered in the marketplace changed very little, an increase of just 0.1 percent from 2014 to 2015. However, individual

Kansans could see a wide range of price changes for specific plans. For example, premiums for some silver plans are anywhere from 11.6 percent more to 13.0 percent less in 2015 compared to 2014.

- Kansans seeking coverage through the marketplace, especially those considering renewing their current plans, are encouraged to evaluate their options carefully. Insurers may have adjusted their rates substantially and similar coverage may be available at a lower cost.

Plans are offered in four coverage, or “metal” tiers: bronze, silver, gold and platinum (plus plans for catastrophic coverage), as shown in *Figure 1* (page 1). All plans cover the same services but differ based on cost-sharing features. For example, bronze plans have lower premiums, but consumers will pay a larger share of the cost for the services they use. Platinum plans have higher premiums, but consumers will pay a smaller share of the cost for the services they use. Catastrophic plans have the lowest premiums but require enrollees to pay the largest share of costs. These differences in cost sharing do not apply to certain preventive care services required by the ACA, which are free in all plans.

Every county in Kansas has at least 24 plans available for individuals and families to purchase, with a minimum of two different insurers offering coverage in each county. The average number of plans offered in a county is 29, compared to an average of 37 plans offered during the 2014 plan year.

Similar to 2014, residents of Johnson and Wyandotte counties will have fewer options than residents in other counties. The two insurers offering coverage in Johnson and Wyandotte counties opted to offer plans in the bronze, silver and gold tiers only; catastrophic and platinum plans are not offered in these counties.

Cost of Plans in 2015

The cost of health insurance premiums to the consumer depends on two factors: the price of the plan selected and the amount of premium tax credit they may qualify for.

Plan premiums are based on family size and age(s) of those covered, where consumers live, smoking status and the selected level of cost sharing. Premium tax credits are available for those with incomes between 100 and 400 percent of the federal poverty level (\$11,670–\$46,680 for individuals and \$23,850–\$95,400 for a family of four in 2014) who do not have access to other affordable insurance.

Figure 2. Young Individual: Single Person, Age 28, Living in Rating Area 2

Annual Income	Percent of Federal Poverty Level	Monthly Premium for Benchmark Plan	Monthly Premium Tax Credit	Monthly Cost to Consumer for Benchmark Plan after Tax Credit
less than \$11,670	100%	\$201	\$0	\$201
\$12,000	103%	\$201	\$181	\$20
\$25,000	214%	\$201	\$59	\$142
\$40,000	343%	\$201	\$0	\$201
more than \$46,680	400%	\$201	\$0	\$201

Note: Plans and prices offered are not always the same in all counties within a rating area. The premium shown is the actual premium in Jackson County. Jackson County has the median-priced benchmark plan in Rating Area 2, which is the median-priced rating area in the state.

Source: KHI analysis of 2015 marketplace data provided by the Kansas Insurance Department.

Figure 3. Family: Parents Ages 40 and 38, Two Children Under Age 19, Living in Rating Area 2

Annual Income	Percent of Federal Poverty Level	Monthly Premium for Benchmark Plan	Monthly Premium Tax Credit	Monthly Cost to Consumer for Benchmark Plan after Tax Credit
less than \$23,850	100%	\$467	\$0	\$467
\$25,000	105%	\$467	\$425	\$42
\$50,000	210%	\$467	\$189	\$278
\$75,000	314%	\$701	\$103	\$598
more than \$95,400	400%	\$701	\$0	\$701

Note: Plans and prices offered are not always the same in all counties within a rating area. The premium shown is the actual premium in Jackson County. Jackson County has the median-priced benchmark plan in Rating Area 2, which is the median-priced rating area in the state.

The premium cost of \$467 assumes both children are eligible and enrolled in Medicaid/CHIP since family income is below 245 percent of FPL. The premium cost of \$701 assumes both children are covered by the marketplace plan since they are not eligible for Medicaid/CHIP with family income above 245 percent of FPL.

Source: KHI analysis of 2015 marketplace data provided by the Kansas Insurance Department.

Premium Tax Credits

The premium tax credit amount is based on income and is designed so that people selecting the “benchmark plan”—a plan defined as the second-lowest-cost silver plan—only pay a certain percent of their income toward premiums.

Those with incomes at 100 percent of the federal poverty level (FPL) pay no more than 2.01 percent of their income toward the premium for the silver benchmark plan, while people with incomes between 300 and 400 percent of FPL pay no more than 9.56 percent of their income in premiums for the same plan.

The federal government pays the premium tax credit directly to the insurer to reduce the consumer’s premium cost. Nearly four out of every five Kansas marketplace enrollees (78.7 percent) used a premium tax credit in 2014 to help purchase their plan, and the average premium cost for enrollees after tax credits was \$67 per month.

Figures 2–4 (pages 2–3) illustrate the monthly premium for three sample consumers at various income levels. The scenarios use the premium of the silver benchmark plan, although the premium tax credit can be applied to any plan available in the marketplace (with the exception of catastrophic plans).

Some Kansans with incomes very near the poverty line have the option of paying as little as \$20 per month for a silver plan after premium tax credits are applied.

These credits can be worth hundreds of dollars each month for these enrollees. People with higher incomes qualify for much smaller tax credits and could pay substantially more per month in premiums for the same plan.

Those with incomes between 100 and 250 percent of FPL also qualify for additional cost-sharing subsidies through the ACA if enrolled in a silver plan. These subsidies reduce out-of-pocket costs when healthcare services are utilized.

Rating Areas

Kansas is divided into seven “rating areas” for plan premiums based on regional factors such as previous health care spending and the cost of living. Plan premiums vary across rating areas. For example, the silver benchmark plan in the state’s most expensive rating area—the Northwest corner (area four)—is 17.5 percent more expensive on average than in the least expensive rating area—the South Central region (area six).

Medicaid “Eligibility Gap”

As originally written, the ACA called for all states to expand their Medicaid programs to cover all adults with incomes under 138 percent of FPL. Therefore, premium tax credits for people with incomes below the poverty level were not included in the law. However, the 2012 Supreme Court decision on the ACA made Medicaid expansion optional for states.

Figure 4. **Older Couple: Married, Both Age 63, Living in Rating Area 2**

Annual Income	Percent of Federal Poverty Level	Monthly Premium for Benchmark Plan	Monthly Premium Tax Credit	Monthly Cost to Consumer for Benchmark Plan after Tax Credit
less than \$15,730	100%	\$1,091	\$0	\$1,091
\$17,000	108%	\$1,091	\$1,063	\$28
\$30,000	191%	\$1,091	\$943	\$148
\$50,000	318%	\$1,091	\$693	\$398
more than \$62,920	400%	\$1,091	\$0	\$1,091

Note: The plans and prices offered are not always the same in all counties within a rating area. The premium shown is the actual premium in Jackson County. Jackson County has the median-priced benchmark plan in Rating Area 2, the median-priced rating area in the state.

Source: KHI analysis of 2015 marketplace data provided by the Kansas Insurance Department.

States electing not to expand coverage—such as Kansas—are faced with an “eligibility gap,” as people with incomes below 100 percent of FPL are not eligible for Medicaid, and they also cannot qualify for premium tax credits to buy private coverage through the marketplace. As a result, these individuals receive no assistance for their health insurance premiums, as illustrated in the first row of *Figures 2-4* (pages 2–3). KHI estimated earlier this year that nearly 182,000 Kansans fell into the eligibility gap and 78,400 of those individuals were uninsured.

Comparing 2014 to 2015 Plan Premiums

Health insurance premiums tend to increase based on numerous factors including rising health care costs and increasing utilization. In addition, under the ACA, rates can increase for individuals based on their age.

On average, premiums for plans available in the marketplace changed very little between 2014 and 2015. The average premium across all plans increased just 0.1 percent. If catastrophic plans (which are available only to individuals under age 30 or those with a special hardship exemption) are excluded, the average premium decreased 1.1 percent across all plans.

For the silver benchmark plan, the average premium decreased by 0.7 percent. Average premium changes for all tiers are shown in *Figure 5*.

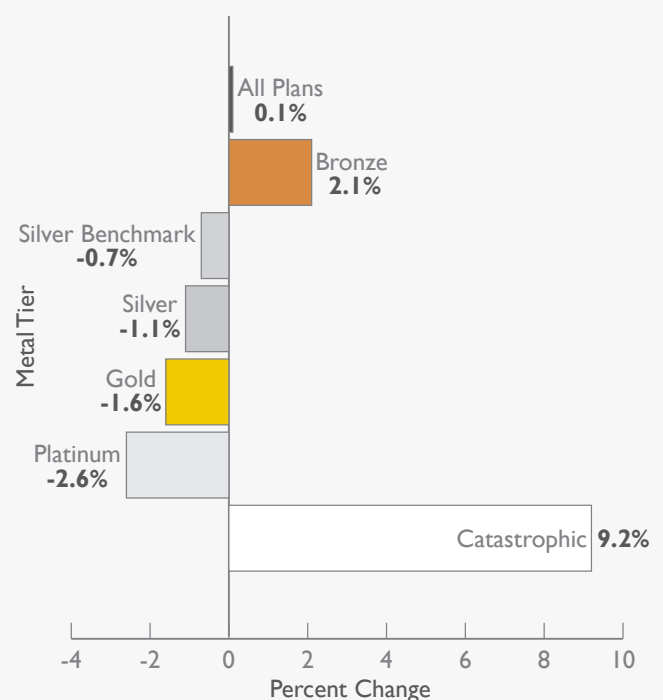
Even though premiums decreased on average in most tiers, prices may increase from 2014 depending on the specific plan. Kansans who enrolled in a marketplace plan for 2014 are encouraged to revisit the marketplace and evaluate their current coverage, as insurers may have adjusted their 2015 rates based on their 2014 experience. For example, the premiums for some silver plans (the plan tier selected most often in 2014) could be anywhere from 11.6 percent more to 13.0 percent less in 2015.

Looking Ahead

In Kansas, less than 20 percent of potential marketplace consumers actually signed up through the marketplace during the first plan year. However, despite the troubled online rollout of healthcare.gov and most state marketplaces, more than eight million people nationwide gained health insurance coverage. Many of these individuals may have been either unable to afford health insurance or were previously denied coverage due to pre-existing conditions.

With the promise of improved website operation, similar premium costs and plan offerings, the question is, will more Kansans sign up for coverage in the marketplace in year two?

Figure 5. Change in Average Monthly Premium for Each Metal Tier from 2014 to 2015



Note: The change in plan premiums presented here are based on the average of all plans offered, and are not weighted by plan enrollment.

Source: KHI analysis of 2015 marketplace data provided by the Kansas Insurance Department.

About the Issue Brief

This brief is based on work done by LeAnn Bell, Pharm. D. It is available online at www.khi.org/2015ksmarketplace.

KANSAS HEALTH INSTITUTE

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