State Marketplaces Outperform the Federal Marketplace

Enrollment and Premium Comparisons across State and Federal Marketplaces

April 1, 2019
State-based marketplace (SBM) enrollment holds steady

- Overall marketplace enrollment declines began in 2016, largely driven by states that use the federal marketplace (FFM)
  - Enrollment in the FFM dropped by 3.7% in 2019.
- Since 2016, enrollment has remained steady in SBM states.
  - SBM enrollment rose slightly (0.9%) in 2019.
- SBMs have more autonomy over their individual insurance markets. Over time, SBMs have refined strategies to maintain stable marketplaces.

Federal policy changes drive premium increases

- After several years of sustained increases, premiums remained mostly stable in 2019. Some states saw their premiums decline.

- Premiums spiked from 2016 to 2018 and may have contributed to enrollment declines after 2016. Increases were driven in part by market uncertainty caused by:
  - Elimination of cost-sharing reduction payments;
  - Conclusion of the federal reinsurance program;
  - Uncertainty over the future of the individual mandate;
  - Reduction in federal outreach and marketing dollars; and
  - Instability driven by anticipated expansion of short-term and association health plans.

Unweighted average, based on average benchmark premiums as analyzed by the Kaiser Family Foundation. Data available at: https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/?currentTimeframe=0&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D
SBM states consistently contain premium growth

- SBM states have been more successful at containing premium growth and limiting increases to maintain more affordable prices.

- This, in part, is due to SBM strategies to stabilize markets, including work to improve outreach and enrollment and to support policies intended to improve individual market risk (e.g., reinsurance).

- Cumulative premium growth continues to affect consumers. Since 2014, premiums have nearly doubled in FFM states, compared with 1.5-times in SBM states.

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SBM efforts yield more competition and choice

- SBM states have consistently provided more insurer competition to their consumers, surpassing the average number of FFM plans 1.4 to 1.
- Research has shown that increased competition leads to premium reductions and is one reason why SBMs may have maintained lower premium growth over time.

Source: Number of Issuers Participating in the Individual Health Insurance Marketplaces, Kaiser Family Foundation, Accessed on 3/27/19 [https://www.kff.org/other/state-indicator/number-of-issuers-participating-in-the-individual-health-insurance-marketplace/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D]
SBMs target younger enrollees

- SBMs have tailored efforts, including marketing and outreach strategies, to engage younger enrollees.
- Younger enrollees, considered healthy and lower-cost, are essential to maintain a good risk mix and lower overall premiums.
- Total enrollment among young enrollees has risen by 13.5% in SBM states, while dropping by 10.1% in FFM states.

State flexibility and creativity yields results - - despite political and policy uncertainty

- Federal and state policy changes impact enrollment and premium trends.

- States with SBMs outperform those with FFM on enrollment, affordability, and choice.

- Some states are exploring transition to an SBM model. Nevada will implement an SBM this year. New Jersey plans to begin transition in 2020.

- Congress has proposed legislation to provide $200M in federal grants to states that wish to establish SBMs.
For more information

- Chart: Individual Enrollment in Federal and State Health Insurance Marketplaces by State 2018-2019*

- Resources from State-based Marketplaces


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