2017 Health Insurance Exchange Snapshot

Avalere Health | An Inovalon Company
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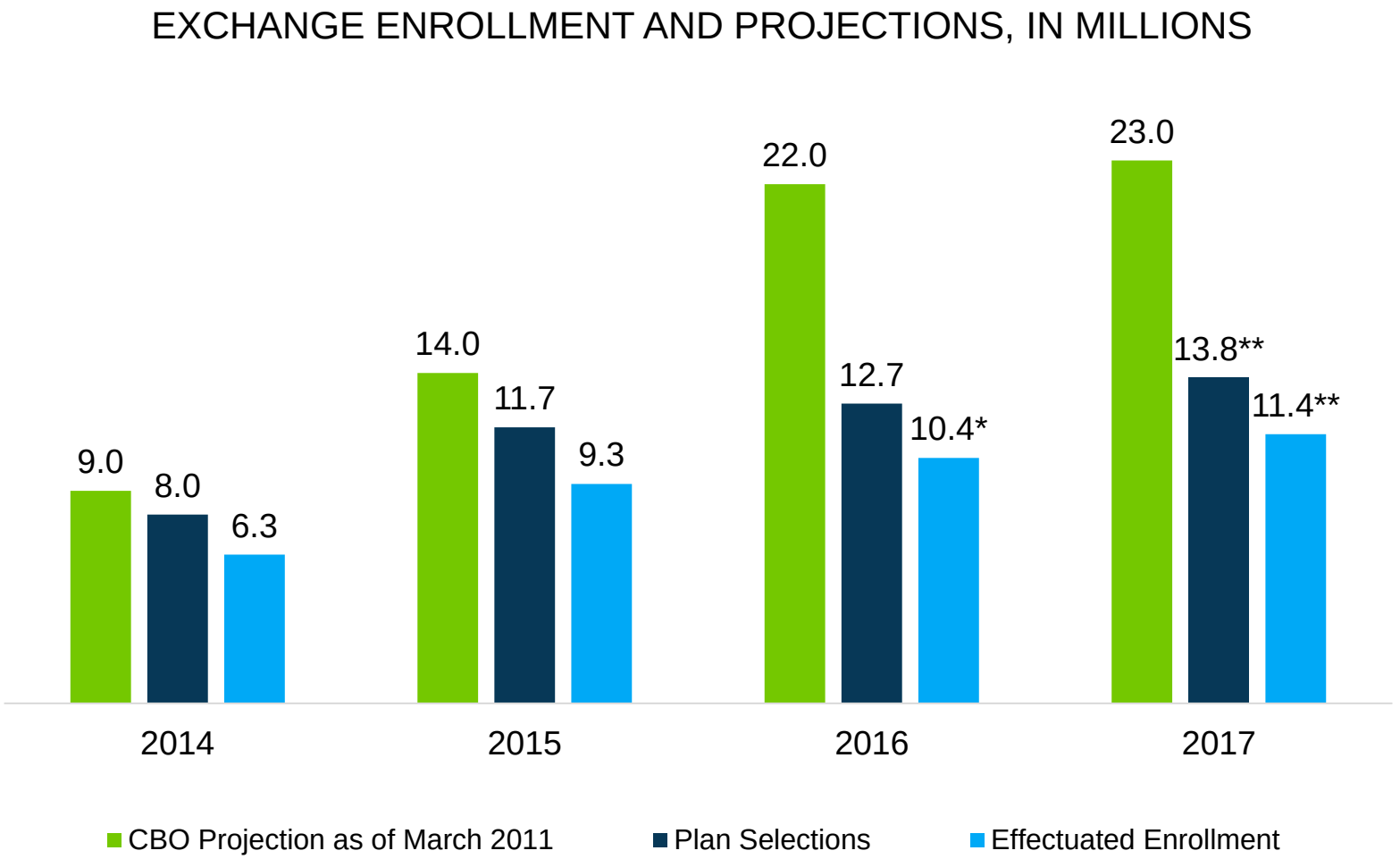
Figure 1. Exchange Enrollment Continues to Fall Below Expectations



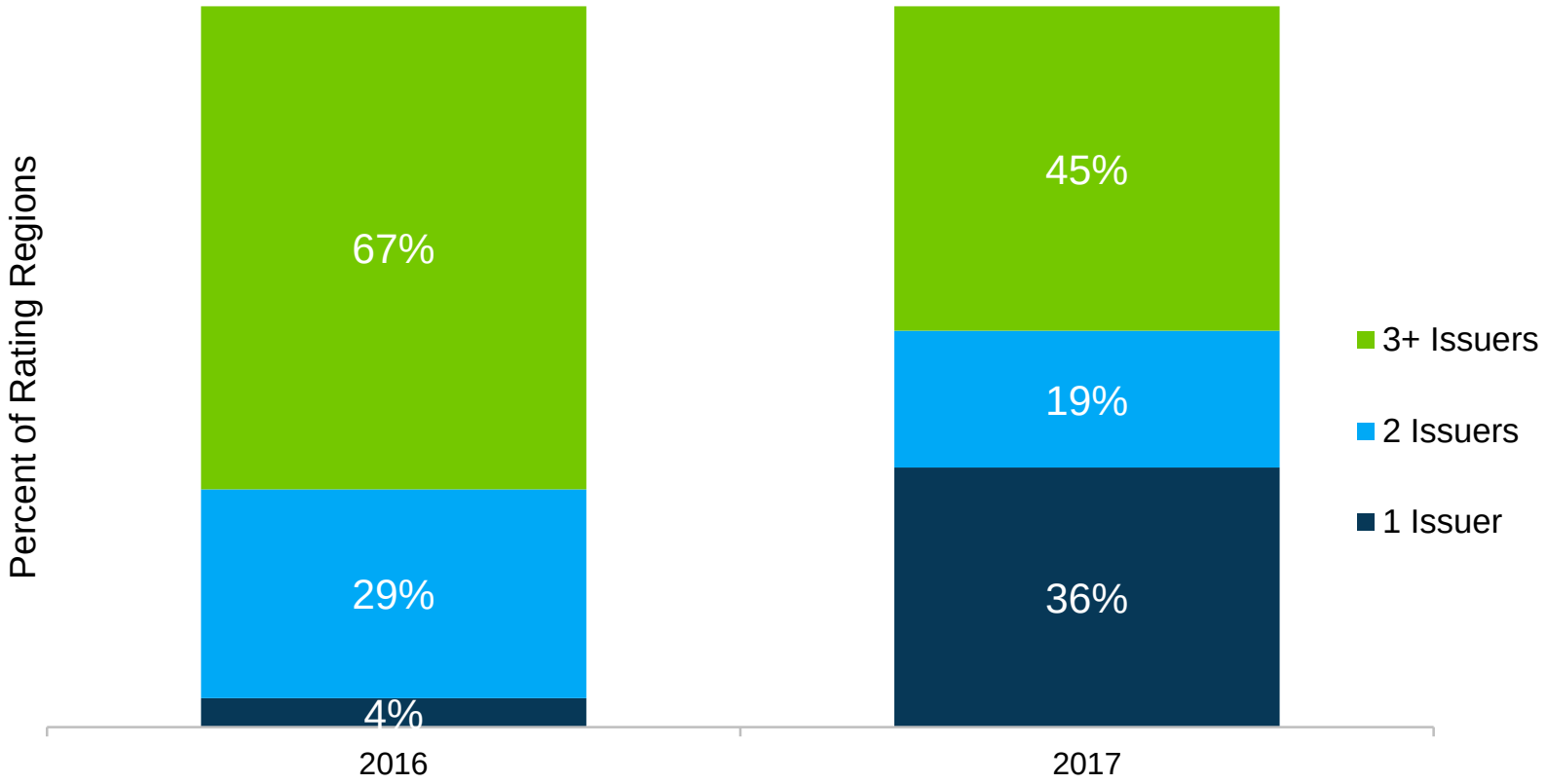
*Latest 2016 effectuated enrollment data. Represents average effectuated enrollment in June 2016.

**Avalere estimates based on the Department of Health and Human Services Assistant Secretary for Planning and Evaluation (ASPE), October 19, 2016.

Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed HHS enrollment reports for each year's open enrollment period.

Figure 2. Issuer Participation Dropped Significantly in 2017; Roughly 1 in 3 Regions Have Only 1 Issuer

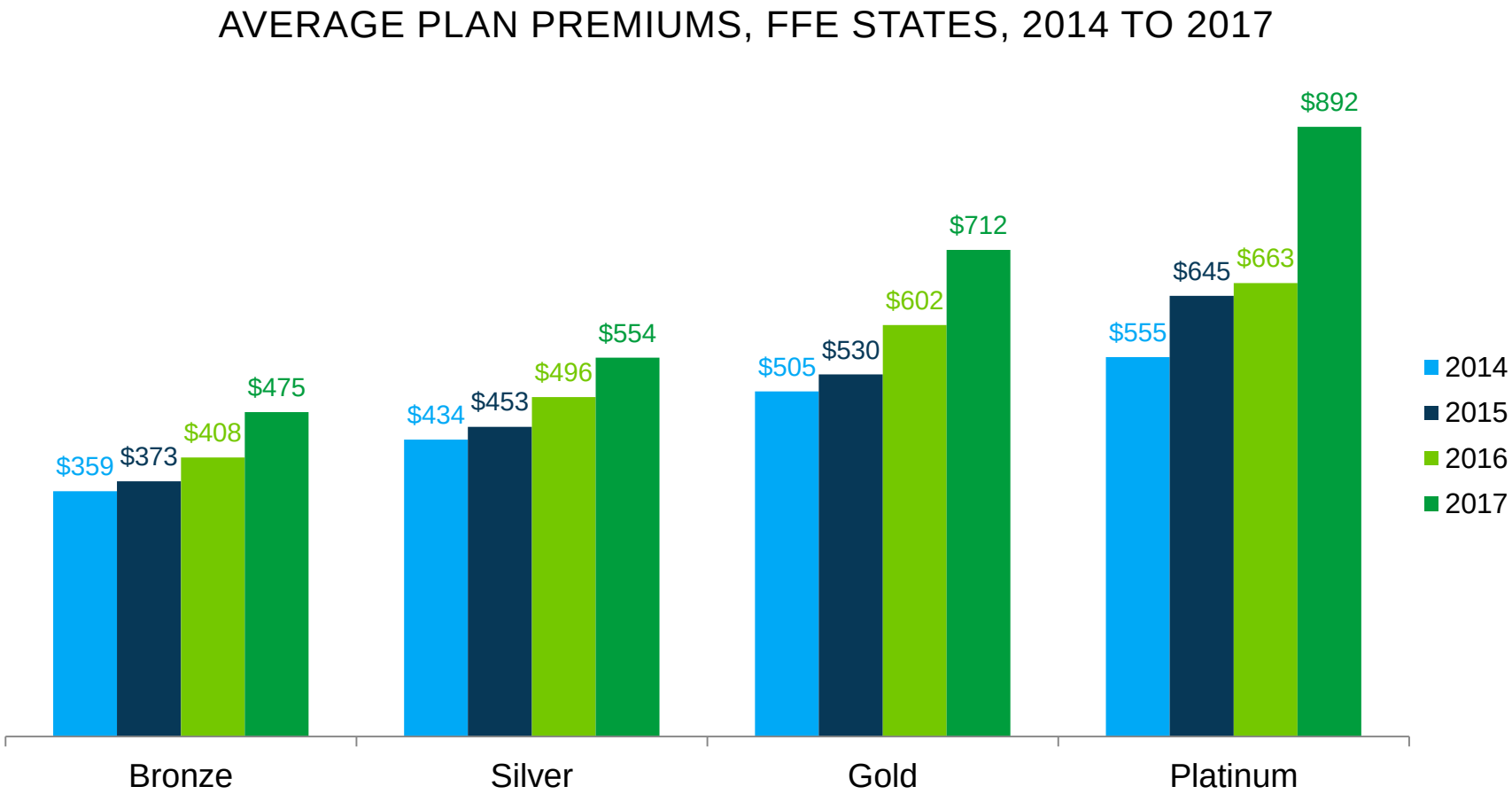
ISSUER PARTICIPATION IN EXCHANGE RATING REGIONS, 50 STATES AND DC



Note: Through the use of public data sets and Avalere's analysis of the state-run exchange websites, Avalere compiled a county-level dataset of health insurer participation in the health insurance exchanges for the 2015, 2016, and 2017 plan years. Avalere compares insurer participation in each year to determine the ongoing trends within the market and the expected insurer choice that will be available for consumers. Additionally, to provide a fuller analysis of the data, Avalere enrollment weights the national roll-up of average health insurer participation in each county. This means issuer participation in regions with greater enrollment will be weighed more heavily in the national average of number of issuers per region.

Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and state-based exchange websites; 2016 Federally Facilitated Exchange County Plan Selections: Department of Health and Human Services Plan Selections File; Census Current Estimates Data by County; ASPE Health Insurance Marketplaces Open Enrollment Period 2016 Final Enrollment Report.

Figure 3. Silver Premiums Are Increasing by 12% from 2016 to 2017

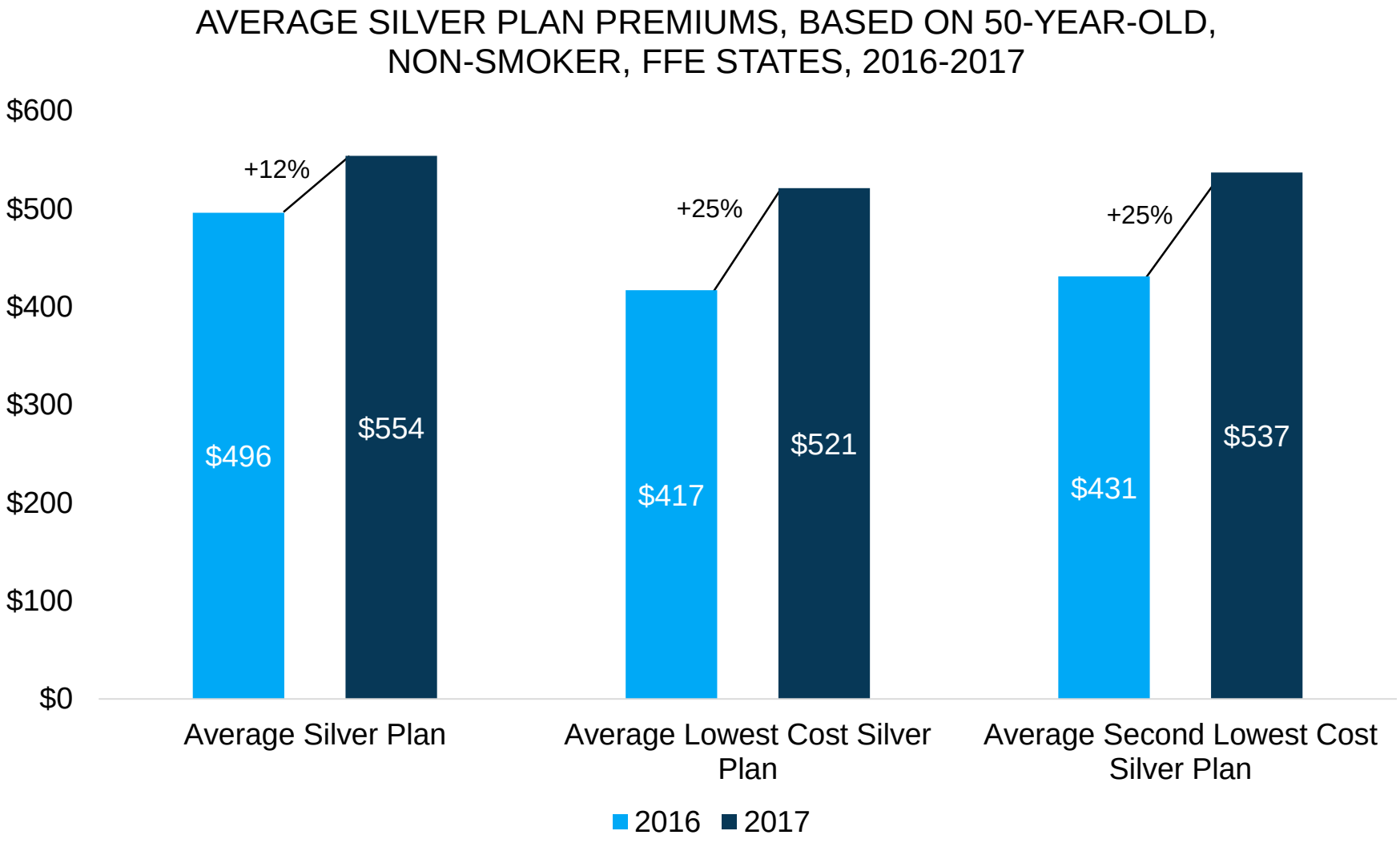


Average premium increases in 2017 exceed the increases from 2015 to 2016.

Note: Premium rates are for a nonsmoking 50-year-old individual.

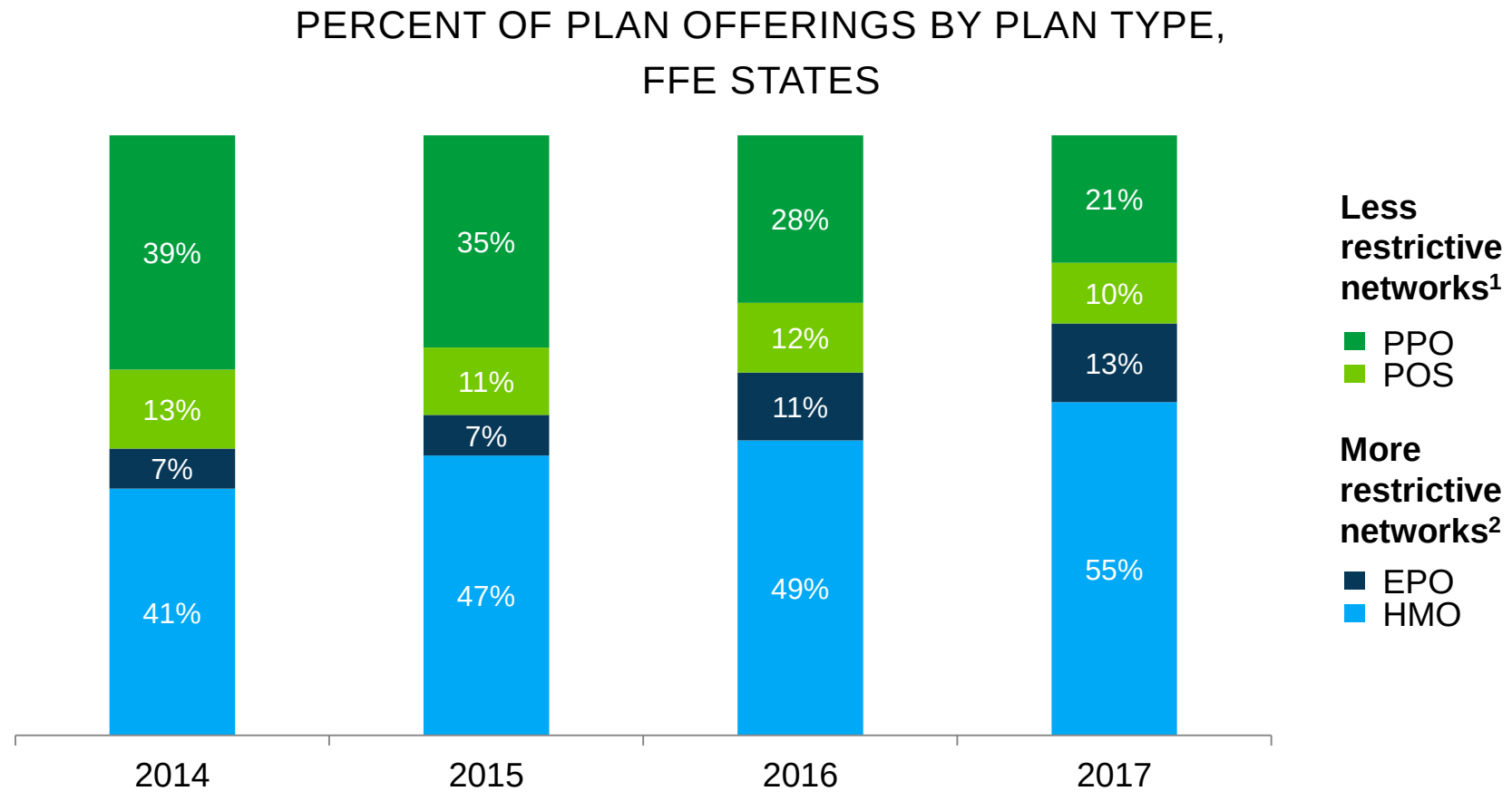
Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.

Figure 4. Popular Low-Cost Silver Plan Premiums Rise in 2017



Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.

Figure 5. Issuers Are Increasingly Limiting Their Offerings to Narrower Network Plans



EPO: Exclusive Provider Organization; POS: Point of Service Plan; HMO: Health Maintenance Organization; PPO: Preferred Provider Organization

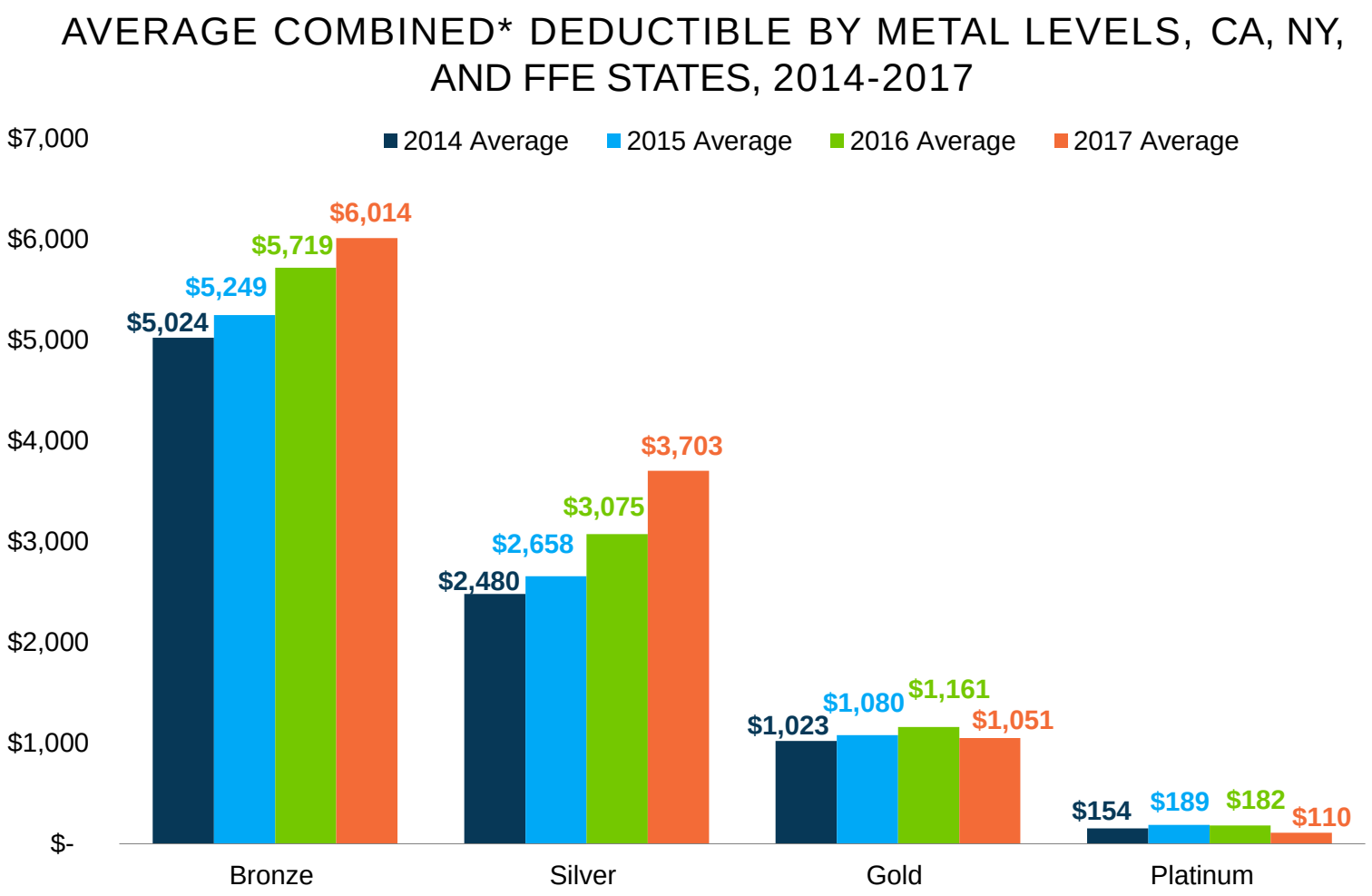
1 Compared to HMOs and EPOs, POS and PPO plans generally offer broad in-network coverage of providers; out-of-network coverage is usually offered in exchange for higher cost sharing.

2 HMOs and EPOs often have comparatively fewer providers in their network and across specialties compared to POS and PPO plans; coverage is usually exclusive to in-network providers.

Note: Compared to prior slides, analysis of number of plans is based on the number of unique benefit designs offered by each issuer in a state in 2017, rather than by rating region. Catastrophic plans and New York plans are excluded from this analysis.

Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.

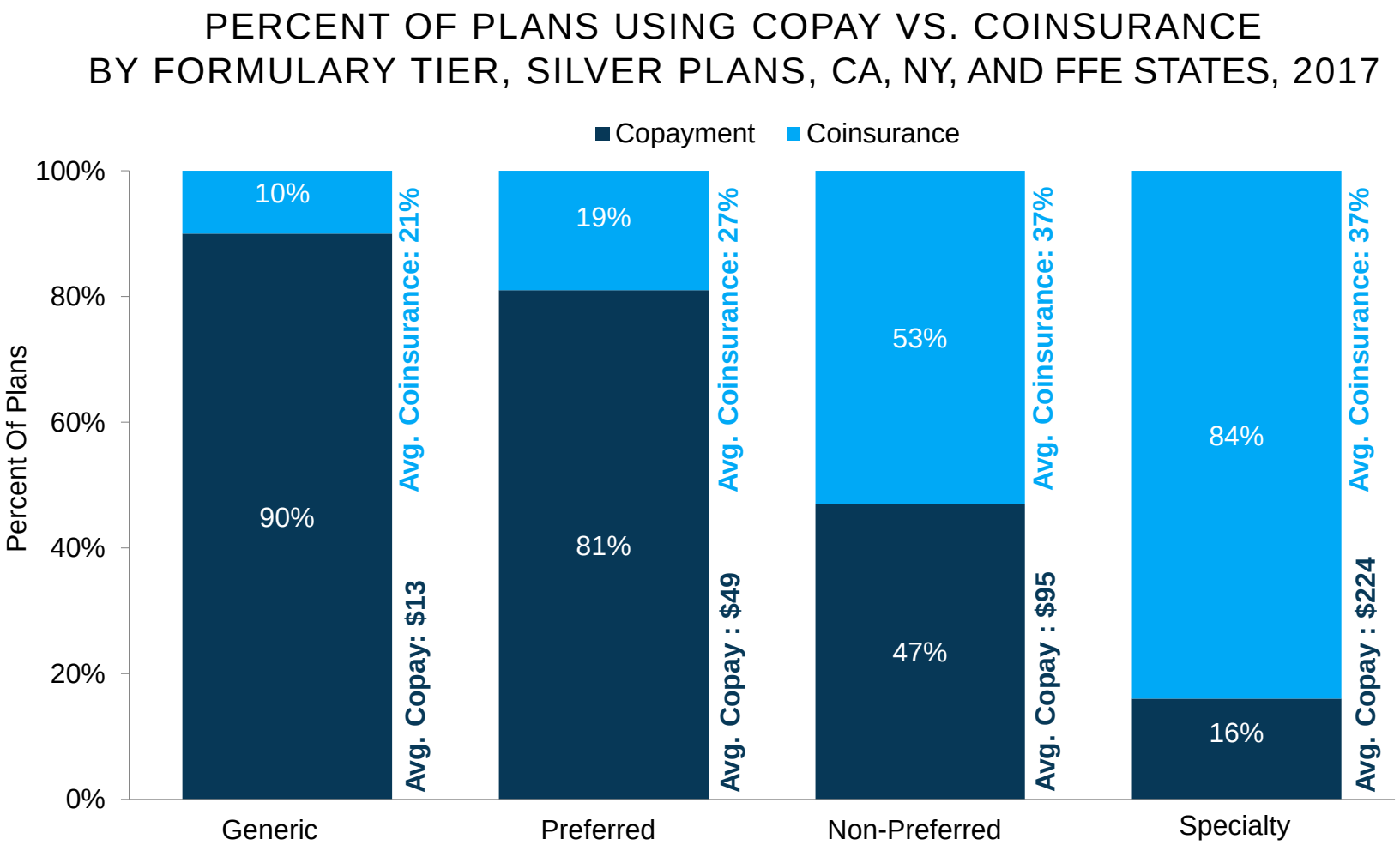
Figure 6. Combined Deductibles for Silver Plans Increase by 20% to $3,703 in 2017



Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.

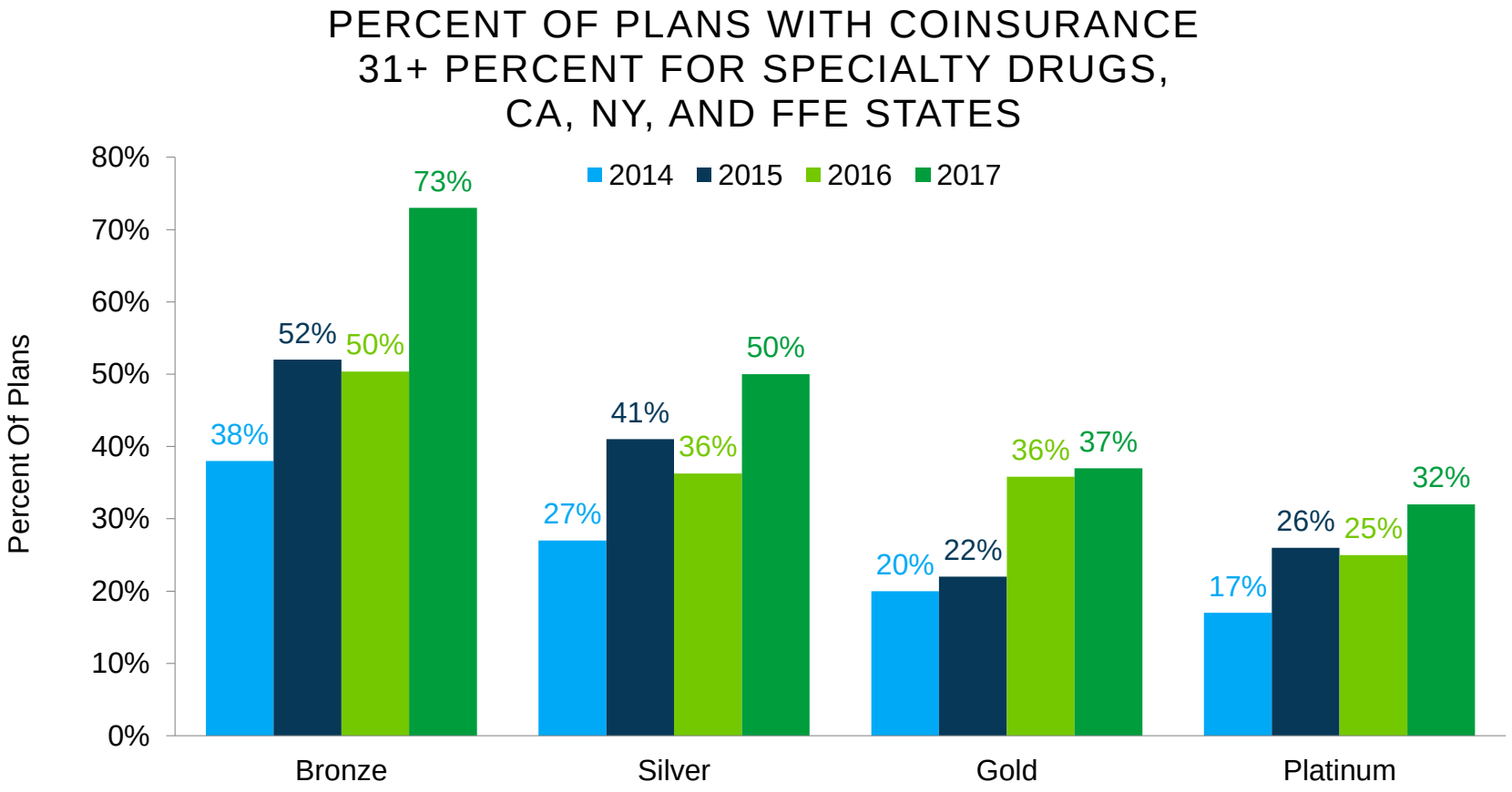
*In the FFE landscape file, plans note either a "combined" deductible which includes the medical and drug deductible, and other plans note separate medical and drug deductibles. The information above examines only plans with a combined deductible.

Figure 7. Silver Plans Generally Use Copayments for Generics and Coinsurance for Specialty Drugs in 2017



Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.
Note: These data include the FFE landscape file as well as data from Covered California and New York State of Health. Notably, the FFE landscape file forces plans into four tiers of data which excludes some cost-sharing detail. When plans indicated "no charge" in the FFE landscape file, Avalere assigned the plan to $0 copayment or 0 percent coinsurance depending on which cost-sharing type was most prevalent for the specified benefit. For Tiers 1 – 2 Avalere used $0 copayment, and for Tiers 3 – 4 Avalere used 0 percent coinsurance. Avalere did not include heath plans in which there was no cost sharing across service categories or that had deductibles that were equal to the out-of-pocket maximum.

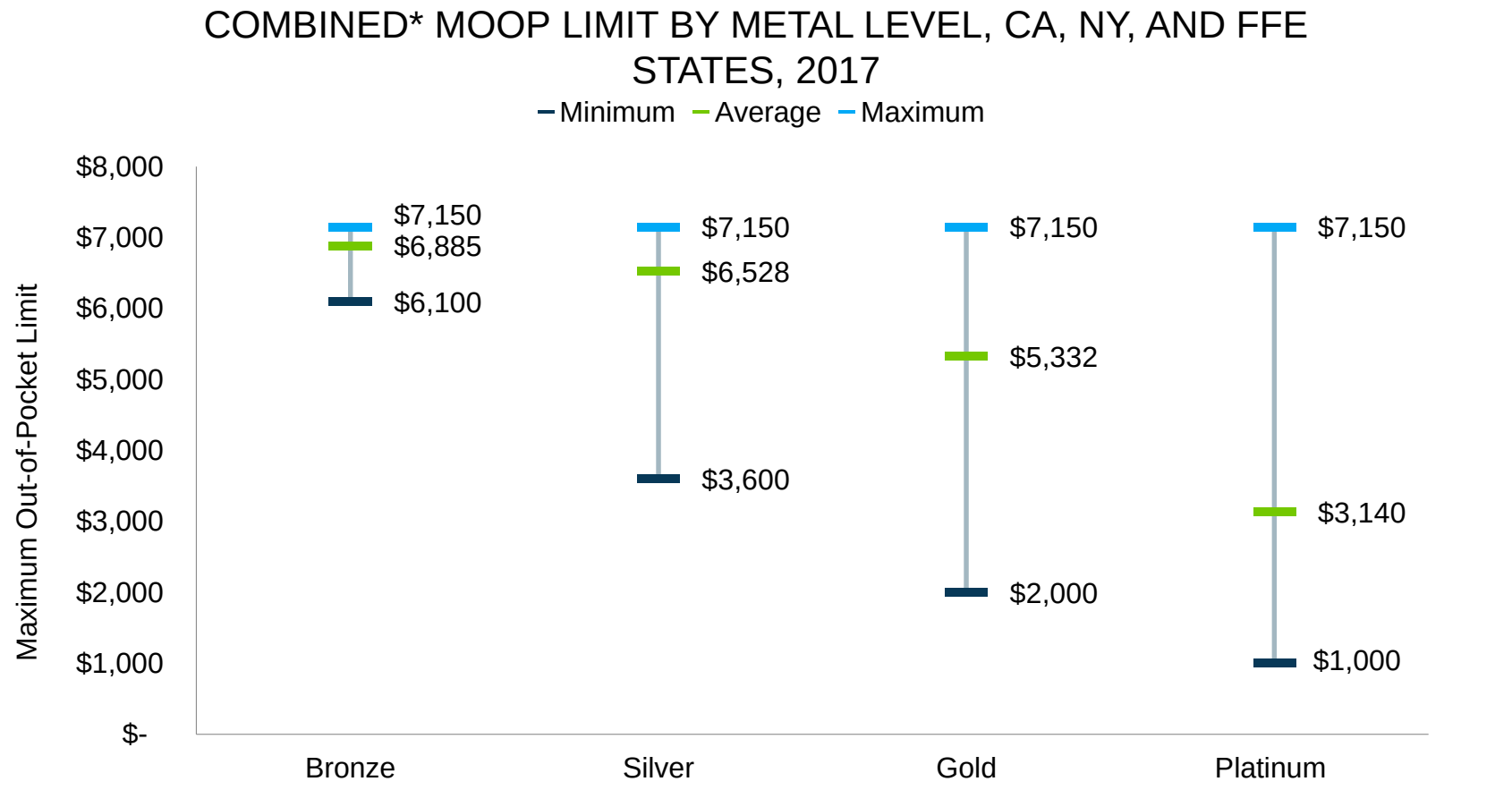
Figure 8. Substantial Increase in Coinsurance of 31% or More for Specialty Drugs in Bronze, Silver Plans



In 2017, plans are increasingly requiring coinsurance of 31% or more for specialty tier drugs, particularly among bronze and silver level plan offerings.

Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.
Note: These data include the FFE landscape file as well as data from Covered California and New York State of Health. Notably, the FFE landscape file forces plans into four tiers of data which excludes some cost-sharing detail. When plans indicated "no charge" in the HHS Landscape file, Avalere assigned the plan to $0 copayment or 0 percent coinsurance depending on which cost-sharing type was most prevalent for the specified benefit. For Tier 4 Avalere used 0 percent coinsurance. Avalere did not include heath plans in which there was no cost sharing across service categories or that had deductibles that were equal to the out-of-pocket maximum.

Figure 9. Average Silver MOOPs Increase Moderately in 2017



Average MOOPs in silver plans increased 6% from 2016 to 2017.

Source: Avalere PlanScape®, a proprietary analysis of exchange plan features, December 2016. Avalere analyzed data from the FFE Individual Landscape File released October 2016 and the California and New York state exchange websites.
MOOP: Maximum Out-of-Pocket
*In the FFE landscape file, plans note either a "combined" MOOP limit, which includes one MOOP for all medical and drug spending, or separate medical MOOP and drug MOOP limits. The information above examines only plans with a combined MOOP limit.