Center for Health Economics and Policy
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POLICY BRIEF:

2017 Health Insurance Marketplaces in Missouri and Illinois

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November 2016

Introduction

Almost 10 million people enrolled in health plans on the Health Insurance Marketplaces (HIMs) in 2016, with enrollment reaching 290,201 in Missouri and 388,179 in Illinois.[1] These enrollees along with others who do not receive affordable insurance through their employers are now able to enroll in coverage for 2017. The 2017 open enrollment period (November 1, 2016 – December 31, 2017) occurs in the wake of announcements by some large insurance firms that they will no longer participate in the HIMs and in an environment of double-digit premium increases in some areas of the United States. This brief focuses on the regional impact in Illinois and Missouri by describing the average monthly premiums, the number of insurance firms offering HIM plans, and changes in both state Marketplaces since last year. The premium increases as reported in this brief do impact some consumers who do not qualify for financial assistance; however, the majority (87% of Missouri HIM consumers and 75% of Illinois HIM consumers in 2016) receive premium tax credits, , which helps to protect them from the rising costs.[1]

Key Findings

- Premiums for HIM plans offered in Missouri increased by 22.7% on average from 2016 to 2017 compared to 37.7% for HIM plans offered in Illinois.
- HIM premiums increased by 12% for HIM consumers living in the St. Louis, MO metro region compared to a 40% increase for consumers living in the St. Louis, IL metro region.
- The majority of Missouri counties (84%) have one insurance firm offering Marketplace plans, and the majority of Illinois counties (64%) have two insurance firms offering Marketplace plans. However, in the St. Louis Metro Area, where Missouri counties have plans available from two firms and Illinois counties only have plans available from one firm.

Data and Methods

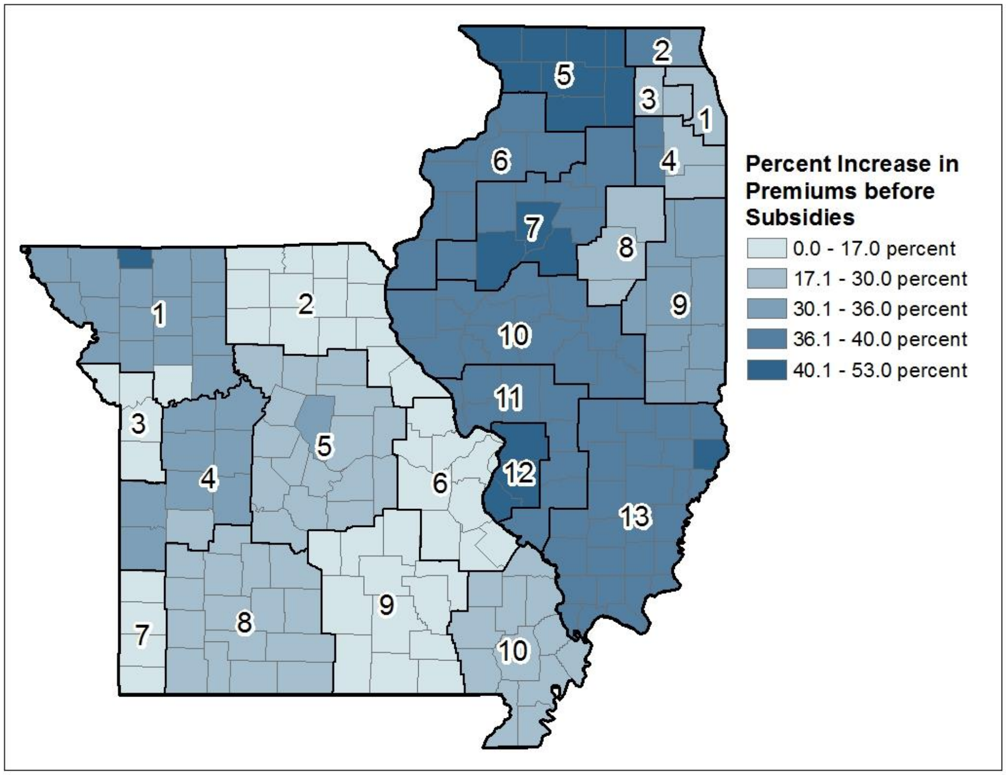
Data for the Illinois and Missouri Marketplaces are from comprehensive county-level files available from the Centers for Medicare and Medicaid Services (CMS).[2] This brief reports the monthly premium for the second-lowest silver plan, which is the benchmark in each county. The benchmark is used to determine the amount of financial assistance (premium tax credits and cost-sharing reductions) that is available to qualifying HIM consumers based on annual household income. The full cost of premiums is reported before premium tax credits are applied.

Results

HIM plan premiums in Missouri and Illinois are similar, averaging $362.02 and $365.49 respectively. However, premiums increased by 21.7% on average in Missouri compared to 37.7% in Illinois since 2016. As shown in Figure 1, growth rates vary significantly across counties in the bi-state region. The majority of Missouri counties are experiencing premium growth between 0% and 30%, while the majority of Illinois counties are experiencing premium growth between 36.1% and 40.0%. In fact, premiums grew by more than 36% in just one Missouri county compared to 81.37% of Illinois counties.

Table 1 shows how premiums and the number of participating insurers changed throughout the region, by

Figure 1. Percent Increase in HIM Premiums from 2016 to 2017 by County



rating area. Rating areas are geographic divisions (groups of counties) in a state within which insurers must charge the same premium to enrollees that are the same age, have the same family status, and tobacco use status. The rating areas are visually defined on the Figure 1 map. Rural-urban trends are apparent in Missouri and Illinois: the lowest premiums occur in urban areas. These urban rating areas have the lowest premiums: Chicago, IL (rating area 1),

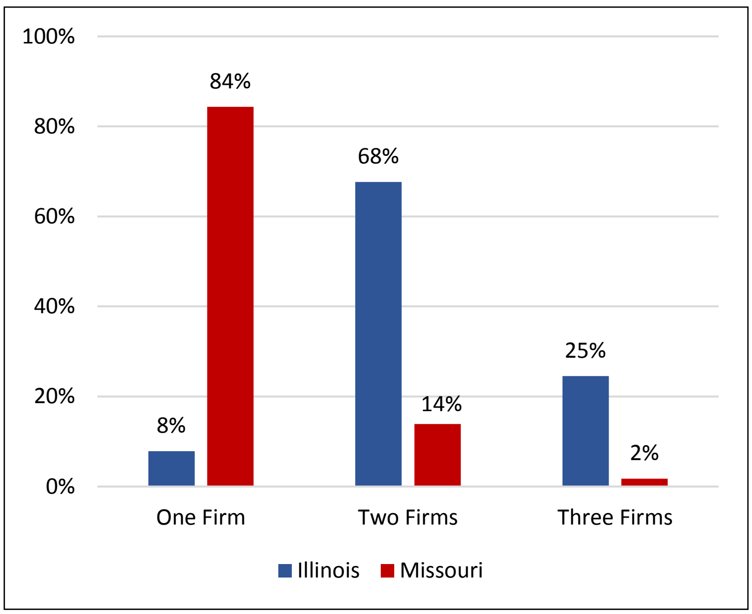
Table 1. Number of Firms, Exiting Firms, Premiums, and Premium Increases by Rating Areas, 2017

Rating	Area		Average Firms	Average Firm Exits	Average Premium	Premium Increase
MO	1	Northwest Missouri (St. Joseph)	1.1	-1.8	430.04	31.80%
MO	2	Northeast Missouri (Kirksville, Macon, Chillicothe)	1.0	-2.0	383.21	16.65%
MO	3	Core Kansas City Metro	2.5	-1.5	285.02	12.72%
MO	4	Surrounding Kansas City Metro (Warrensburg, Sedalia)	1.0	-2.0	423.84	31.14%
MO	5	Mid Missouri (Columbia, Jefferson City, Lake of the Ozarks)	1.0	-2.0	370.04	29.49%
MO	6	St. Louis Metro	2.0	-2.0	254.47	12.10%
MO	7	Southwestern Corner of Missouri (Joplin)	1.5	-2.0	288.05	14.23%
MO	8	Southwest Missouri (Springfield, Branson)	1.1	-2.0	325.58	20.66%
MO	9	Southeast Missouri (Fort Leonard Wood)	1.0	-2.0	362.31	14.24%
MO	10	Southeastern Corner of Missouri (Cape Girardeau)	1.0	-2.0	371.52	17.82%
IL	1	Cook County (Chicago)	3.0	-5.0	238.90	29.58%
IL	2	Lake & Henry Counties	1.0	-5.0	308.10	36.56%
IL	3	Kane & DuPage Counties	2.5	-2.5	282.80	27.00%
IL	4	Kendall, Grundy, Will, and Kankakee Counties	1.8	-3.3	301.69	32.98%
IL	5	Northwestern Corner of Illinois	2.0	-3.0	436.48	46.88%
IL	6	Iowa Border (Quad Cities, Rock Island, Moline)	2.0	-3.0	375.91	38.00%
IL	7	Peoria and Surrounding Counties	3.0	-3.0	337.27	39.32%
IL	8	Livingston, McLean, and De Witt Counties	3.0	-2.0	326.73	27.23%
IL	9	Eastern Illinois (Champaign)	2.0	-2.0	326.73	30.70%
IL	10	Central Illinois (Springfield, Quincy, Decatur)	2.6	-2.0	330.24	36.48%
IL	11	Surrounding Metro East St. Louis Counties	2.0	-2.0	394.18	39.45%
IL	12	Core Metro East St. Louis Counties	1.0	-3.0	382.14	40.02%
IL	13	Southern and Southeastern Illinois (Carbondale)	2.0	-2.0	403.17	39.74%

St. Louis, MO (rating area 6), Aurora and Naperville (rating area 3), and Kansas City, MO (rating area 3). Population size alone does not seem to explain premiums in the other rating areas. For example, Joplin, MO (rating area 7) has the next-lowest average premium even though population of the rating area is smaller than the Branson and Springfield, MO area (rating area 8) and Lake and DuPage Counties in Illinois (rating area 2).

The highest average premium of the bi-state region is in the northwestern corner of Illinois (rating area 5) where the premium is nearly $200 higher than the premium in Chicago, IL. In addition, premiums in the St. Louis metro region are starkly different for residents living in Missouri (rating area 6) compared to Illinois (rating area 12). While the Missouri side of the metro experienced the lowest premium increase of both states, the Illinois side of the metro experienced the second largest increase: 12% compared to 40%, respectively. Furthermore, the monthly premium on the Illinois side is over $100 more expensive at $382.14 compared to $254.47 on the Missouri side.

Figure 2. Illinois and Missouri Counties by Number of HIM Participating Insurance Firms, 2017



Premium increases can largely be explained by insurance firms exiting the Marketplace, and more firms did exit the Marketplace in Illinois than in Missouri. In Illinois counties, up to five insurance firms that offered Marketplace plans in 2016 stopped offering plans in 2017. Meanwhile, the maximum number of firms to leave any Missouri county was two.

For 2017, five firms are offering plans to Illinois HIM consumers, and four firms are offering plans to Missouri HIM consumers; however, firms select to offer plans in certain counties. As a result, both states have a maximum of three firms competing within each county. The majority of Illinois counties have options from two insurance firms while the large majority of Missouri counties have plans available from just one firm (Figure 2).

In Missouri, only consumers living in Kansas City (Jackson and Clay Counties) have plan options available from three insurance firms. Areas with two participating firms include counties near the St. Louis metro, Kansas City, Joplin, and Springfield. All remaining Missouri counties have just one firm participating in the Marketplace.

In Illinois, three insurance firms are competing in rating areas 7 and 10 as well as select counties near Chicago (Cook, DuPage, and Kankakee) and counties near Springfield and Decatur. Only one firm is offering HIM plans to consumers living in the St. Louis Metro East region. Meanwhile, all counties in the St. Louis, MO metro region have two insurance firms offering HIM plans to consumers. This likely explains, in part, the previously mentioned premium difference in the larger St. Louis area.

Discussion

Missouri and Illinois HIM consumers will experience a premium increase in 2017, although the amount of the premium and the increase from last year varies significantly. Generally, urban areas in the two states have more insurers offering HIM plans and lower premiums than rural areas; however, population alone does not explain the premium variation throughout the bi-state region. Other likely factors could include the insurance firms' ability to contract with health care providers and the overall health status of residents in each rating area. Policy interventions are likely necessary to incentivize insurance firm participation in rural areas and areas with minimal insurer competition in order to slow premium growth. Furthermore, the increasing premiums emphasize the importance of financial assistance for HIM consumers, especially in the short term as the market continues to adjust. Premium tax credits offset monthly costs for the majority of Missouri and Illinois HIM consumers. Without the assistance, HIM plans would become unaffordable for most of these individuals.

Understanding the dynamics of the Marketplaces locally and nationally is vital to creating policy improvements that align with the goal of ensuring that affordable health insurance coverage options exist for the many individuals currently insured through Marketplace plans and for the remaining uninsured. Longitudinal data on insurer participation, the health plan choices made by individuals, and the rising costs of Marketplace coverage suggest that, as modifications to existing ACA policies are considered, there are inherent difficulties in crafting a marketplace structure to deliver a good as complex as health insurance, and clearly there is an adjustment process as firms accumulate claims data on which to base their premiums. Going forward, the most significant policy change that could incentivize firm participation may be a clear, robust way to adjust for risk. Small numbers of very high-cost enrollees can create losses for firms, especially in less populated areas, which in turn discourage them from participating in HIMs. As suggested by the analysis presented here, a lack of competition is associated with higher premiums, and this is a burden experienced most by the middle class (with incomes too high to qualify for subsidies) who do not have access to insurance from an employer.

More broadly, going forward any market-based mechanisms that are developed to provide health insurance to individuals need to take these lessons into account, as they apply not only to the Marketplaces, but to all health insurance reforms that attempt to leverage the power of competition.

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[1] Office of the Assistant Secretary for Planning and Evaluation (ASPE), Department of Health and Human Services (HHS). (March 11, 2016). "Addendum to the Health Insurance Marketplaces 2016 Enrollment Period: Final Enrollment Report." Retrieved from https://aspe.hhs.gov/sites/default/files/pdf/188026/MarketPlaceAddendumFinal2016.pdf

[2] Healthcare.gov. "2017 QHP Landscape Data." Retrieved from https://www.healthcare.gov/health-plan-information-2017/