



2016 Marketplace Affordability Snapshot

The next Open Enrollment period for the Health Insurance Marketplace begins on November 1, 2015 for coverage starting on January 1, 2016. According to an HHS analysis, about 8 out of 10 returning consumers will be able to buy a plan with premiums less than \$100 dollars a month after tax credits; and about 7 out of 10 will have a plan available for less than \$75 a month. Highlights of the 2016 Marketplace Affordability Snapshot include:

- New HHS data indicates that in 2016 nearly 8 in 10 returning Marketplace consumers will be able to buy a plan with premiums less than \$100 month after tax credits.
- In addition, about 7 in 10 returning Marketplace consumers will be able to buy a plan for \$75 or less in monthly premiums after tax credits in 2016.
- The average rate increase for a benchmark plan across 30 of the largest markets, representing 60 percent of Marketplace enrollees, is 6.3 percent. This rate increase does not account for the benefit provided by tax credits to eligible consumers.
- Across all markets in the 37 states, the cost of the benchmark plan will increase an average of 7.5 percent.
- For 2016, over two thirds of counties will have three or more issuers.
- New analysis based on the second open enrollment found that those returning consumers who switched plans within the same metal tier saved an average of nearly \$400 on their 2015 annualized premiums after tax credits as compared to those who stayed in their same plans.

The 2016 Affordability Snapshot provides a review of the final rate increases for second lowest cost silver plans, known as benchmark plans, which will be available for purchase in the 37 states that used the HealthCare.gov platform in 2015, including those in the Federally-facilitated Marketplace, State Partnership Marketplaces, and supported State-based Marketplaces^{[11](#)}

Across all 37 states that used the HealthCare.gov platform, the cost of the benchmark plan will increase on average 7.5 percent in 2016. For those consumers who live in 30 of the largest markets representing more than 60 percent of total enrollment, the average increase in premiums for the benchmark plan is 6.3 percent for the second-lowest cost silver plan. These increases do not take into account advanced payments of premium tax credits, which lower the monthly costs for the overwhelming majority of Marketplace consumers.

About 8 in 10 individuals who selected a 2015 Marketplace plan qualified for financial assistance, and the average advanced premium tax credits for those enrollees who qualified for financial assistance was [\\$270 per month](#). Based on a new HHS analysis, nearly 8 in 10 of returning Marketplace consumers will be able to buy a plan for \$100 or less in monthly premiums after tax credits in 2016. In addition, about 7 in 10 returning Marketplace consumers will be able to buy a plan for \$75 or less in monthly premiums after tax credits in 2016.

"For most consumers, premium increases for 2016 are in the single digits and they will be able to find plans for less than \$100 a month," said Kevin Counihan, CEO of the Health Insurance Marketplaces.

The second-lowest cost silver plan is notable because it serves as the benchmark plan to calculate the amount of advanced premium tax credit consumers may be eligible for to help lower the cost of their Marketplace coverage. Looking across all “metal levels” of plans available, silver plans are the most popular plans on the Marketplace. [About 70 percent](#) of consumers enrolled in silver plans, with approximately 11 percent of all consumers enrolled in the second-lowest cost silver plans in 2015.

Returning Consumers Who Shop Save Money

When Open Enrollment begins on November 1, consumers will be encouraged to visit HealthCare.gov to browse their coverage options to find the plan that best meets their budget and health needs.

Last year, almost [53 percent of consumers](#) who re-enrolled in a Marketplace plan shopped around with more than half of those selecting a new plan. The average consumer who switched plans saved money on his or her net premium, based on a forthcoming HHS analysis of Open Enrollment in 2015. Net premiums are premiums minus the amount of applicable tax credit – the amount that is paid by a consumer. Those who switched plans within the same metal tier saved an average of nearly \$400 on their 2015 annualized premiums after tax credits as compared to those who stayed in their same plans.

“If consumers come back to the Marketplace and shop, they may be able to find a plan that saves them money and meets their health needs”, according to Counihan. “Last year, over half of re-enrolling consumers on HealthCare.gov shopped and half of those who shopped selected a new plan – that sort of choice and competition was limited prior to the Affordable Care Act.”

Premium spending for consumers in the benchmark plans also are capped based on their income, so a returning consumer who chooses this year’s benchmark plan may offset any potential rate increase. Additionally, advanced premium tax credits adjust with the cost of benchmark plans, so consumers who choose the benchmark plan will see an increase in their tax credits that roughly matches their premium increases. This illustrates why it’s important for consumers to shop – no matter what type of plan they have.

State-by-State Final and Proposed Rate Changes

The overall average rate increase of 7.5 percent is based on the benchmark plan for all counties in the 37 states that used the HealthCare.gov platform in 2015. Premiums in the other states have been and will be released by the individual State-based Marketplaces.

Rating decisions are specific to each state and the dynamics of their market. Due to competition, the issuer offering the benchmark plan can change year to year. For 2016, over two thirds of counties will have three or more issuers.

Table 1 below provides the 2016 benchmark plan rates for each state that uses HealthCare.gov. It also includes the number of consumers who made plan selections at the end of open enrollment in 2015. Table 2 below provides the same information for the 30 largest markets, which represent more than 60 percent of total enrollment.

Table 1: State Average Change in Premiums

Area	Total Plan Selections at End of 2015 Open Enrollment	Year-to-Year Change 2016 Final Second- Lowest Cost

		Silver
HealthCare.gov Average	8,838,291	7.5%
Alabama	171,641	12.6%
Alaska	21,260	31.5%
Arizona	205,666	17.5%
Arkansas	65,684	4.3%
Delaware	25,036	18.3%
Florida	1,596,296	1.2%
Georgia	541,080	6.1%
Illinois	349,487	6.1%
Indiana	219,185	-12.6%
Iowa	45,162	12.8%
Kansas	96,197	16.1%
Louisiana	186,277	8.6%
Maine	74,805	-1.2%
Michigan	341,183	1.2%
Mississippi	104,538	-8.2%
Missouri	253,430	10.4%
Montana	54,266	34.5%
Nebraska	74,152	11.8%
New Hampshire	53,005	5.1%
New Jersey	254,316	5.0%
New Mexico	52,358	25.8%
Nevada	73,596	8.1%
North Carolina	560,357	22.8%
North Dakota	18,171	8.9%
Ohio	234,341	-0.7%
Oklahoma	126,115	35.7%
Oregon	112,024	22.9%
Pennsylvania	472,697	10.9%
South Carolina	210,331	10.8%
South Dakota	21,393	24.7%
Tennessee	231,440	23.4%
Texas	1,205,174	5.1%
Utah	140,612	15.8%
Virginia	385,154	4.0%
West Virginia	33,421	18.5%
Wisconsin	207,349	4.7%
Wyoming	21,092	5.6%

Data Source: CMS analysis of finalized rates for 2016 coverage, reported to CMS as of October 19, 2015^[2]

Table 2: Market Average Change in Premiums

Designated Market Area	Total Plan Selections at End of 2015 Open Enrollment	Year-to-Year Change
		2016 Final Second- Lowest Cost Silver
30 Select Market Average	5,391,167	6.3%
Albuquerque-Santa Fe	45,069	25.0%
Atlanta	405,926	4.7%
Austin	113,859	10.6%
Charlotte	187,102	21.7%
Chicago	287,777	1.3%
Cleveland-Akron-Canton	86,180	-6.3%
Dallas-Ft. Worth	358,619	3.9%
Detroit	180,710	-1.0%
Greenville-Spartanburg	108,305	11.7%
Houston	323,748	4.9%
Indianapolis	101,225	-11.8%
Kansas City	100,192	20.1%
Las Vegas	52,156	9.9%
Miami-Ft. Lauderdale	623,426	2.0%
Nashville	93,298	22.0%
New Orleans	75,640	8.7%
Northern New Jersey	199,306	5.1%
Northern Virginia	159,989	1.0%
Oklahoma City	64,548	35.1%
Orlando-Daytona Beach	288,072	2.8%
Philadelphia	310,611	5.3%
Phoenix	146,130	19.0%
Portland, OR	72,273	22.9%
Raleigh-Durham	151,327	22.9%
Salt Lake City	141,155	15.1%
San Antonio	119,639	-0.3%
St. Louis	119,067	5.2%
Tampa-St. Pete	258,303	-2.4%
Tulsa	43,815	35.2%
West Palm Beach-Ft. Pierce	173,700	2.4%

Data Source: CMS analysis of finalized rates for 2016 coverage, reported to CMS as of October 19, 2015^[3]

NOTES

Affordable Care Act's Rate Review Process: On June 1, 2015, CMS publicly posted health insurance companies' proposed rate increases of 10 percent or more for the 2016 coverage year as part of its commitment to transparency and robust rate review. Proposed rate increases were submitted by health insurance companies for health insurance plans inside and outside the Health Insurance Marketplaces in all states using the HealthCare.gov Marketplace enrollment platform and some State-based Marketplaces. CMS has posted these proposed increases to the rate review site at RateReview.HealthCare.gov.

The rate review process allows for officials, experts, and the public to examine and question why a particular health insurance plan's yearly premium increase is 10 percent or greater and evaluate whether proposed rate increases are based on reasonable cost assumptions before it is finalized. Because of the rate review process and increased competition in the Marketplaces, proposed rates often change before becoming final. In some cases, state Departments of Insurance increased rates and in others they were lower, but in both cases the power of rate review was an important factor in keeping the market stable.

The rate review process is designed to improve the accountability and transparency of the process by which insurance companies set premiums. The Affordable Care Act improved this process by requiring insurance companies to publicly justify proposed rate increases – established in regulations as 10 percent or more – in an easy-to-understand format. RateReview.HealthCare.gov will show the final 2016 rate increases of 10 percent or more for all states using the HealthCare.gov enrollment platform. State insurance regulators operating effective rate review programs are also required to publicly display these materials (or refer consumers to CMS' website) and have a mechanism for receiving public comments on those proposed rate increases.

Consumer Choice in the Marketplace: Marketplace consumers do not have to stay in their same plan; they have options when they purchase their coverage. In 2015, 29 percent of all HealthCare.gov consumers who re-enrolled in coverage shopped and chose different plans.

Second Lowest Cost Silver Plans: The second lowest cost Silver plan offered in a consumer's area is often referred to as a "benchmark plan" because it is used by the IRS to calculate advanced premium tax credits. The benchmark plan is determined by the portion of premiums that cover essential health benefits. Often, the total premium for the benchmark plan is the same as the portion that covers essential health benefits, but it can differ.

Advance Premium Tax Credits: The amount of the advanced premium credit is determined based on household income (on a sliding scale) and the premium for the benchmark plan. Advance premium tax credits are available to individuals and families with incomes between 100 and 400 percent of the federal poverty line who purchase coverage. Households with lower incomes are eligible for bigger credits.

Rate increases included in this snapshot reflect premiums *before* applicable tax credits. For 2015 coverage, the average advanced premium tax credits for those enrollees who qualified for financial assistance was [\\$270 per month](#). More than 8 in 10 individuals who signed-up for a 2015 Marketplace plan through HealthCare.gov qualified for an advanced premium tax credit.

Data Sources and Methodology: The 2015 rate information uses data from the CMS landscape file as of August 2015. The 2016 rate information relies on data reported to CMS as of October 19, 2015. The benchmark rates are identified at the county level for non-smoking consumers. . Consumer plan selections are as of the end of open enrollment in 2015, including additional special enrollment period (SEP) activity reported through February 22, 2015. The national, state, and DMA averages are calculated as total premiums divided by total consumers with a plan selections. The national average and the Top 30 DMA average are not calculated using the state or DMA weighted averages in Table 1 and Table 2.

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^[1] Rates provided are as of October 19 and correspond to the data that will be released for window shopping on October 25. Rates may change ahead of or during Open Enrollment if plan offerings change.

^[2] *Note: The benchmark plans are assigned at the county level. The national average and state average percent changes are calculated by taking all the premiums for 2015 based on the benchmark available to the consumer. Total premiums are then divided by the total number of consumers with plan selections for 2015. The same process is repeated for 2016. The national and state averages for 2015 are then compared to those for 2016 for the percent change. As a result, the national average cannot be calculated using the state weighted averages in this table.*

^[3] *Note: The DMA averages are calculated as total premiums divided by total plan selections. The Top 30 DMA average is not calculated using the DMA weighted averages in this table.*