

Research

The Pima County Marketplace: 2014-2019

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ABSTRACT

The Patient Protection and Affordable Care Act (ACA) was enacted in March 2010. Four years later, the ACA created the Health Insurance Exchanges (Marketplaces). The Marketplaces were designed to promote competition among insurance companies for consumers, with dual goals of slowing down the rising cost of health care and increasing health insurance coverage. In 2014, the Pima County Marketplace was one of the most competitive federally qualified exchanges. Pima County's 10 insurers offered 119 plans across all metal categories and catastrophic plans. This descriptive study examined how the Pima County Marketplace had changed during 2014-2019. It looked at three areas: (1) Marketplace competitiveness, (2) consumer cost sharing, and (3) Marketplace enrollment trends. At the end of six years, the Pima County Marketplace had become less competitive and more expensive -- insurers had decrease from 10 to 3 and health plans had decrease from 119 to 17. The consumer cost sharing portion had increased significantly. During last three years, the number of Marketplace enrollees had steadily declined.

Keywords: Marketplace, Patient Protection and Affordable Care Act (ACA), Cost Sharing, Uninsured.

Abbreviation: ACA: Affordable Care Act; QHP: Qualified Health Plans; FPL: Federal Poverty Level.

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INTRODUCTION

The Patient Protection and Affordable Care Act (ACA) was enacted on March 23, 2010. The ACA was to provide health care coverage for 32 million uninsured [1]. In 2014, two of the ACA's major provisions came into force that would provide health care coverage to the uninsured. It expanded Medicaid eligibility up to 137 percent of Federal Poverty Level (FPL) and created the Health Insurance Exchanges (Marketplaces) for primarily those who were uninsured between 138 to 400 percent of FPL who would be receiving federal subsidies.

The Marketplaces are designed to promote competition among insurance companies for consumers, with dual goals of decreasing the rising cost of health care and increasing health insurance coverage. There are state and federally facilitated marketplaces. The states that do not established their own marketplaces are mandated to participate in the federally facilitated marketplace such as Arizona. The Arizona Marketplace became operational on October 1, 2013. The federally facilitated marketplaces are broken down by county services areas in which an insurer can list multiple Qualified Health Plans (QHP) at the county level. The marketplace provides the consumers choices in how much they would like to pay for (cost sharing) their health plan coverage in premiums, co-payments, deductibles, coinsurance, and out of pocket maximum. To reduce the consumers' portion of the cost sharing, the federal government subsidizes the cost of the premium through tax credits based on one's income (138% to 400% of FPL).

The QHPs are broken into two distinct groups: the four metal plans (bronze, silver, gold, and platinum) and catastrophic plans. The metal plans are based on the percentage the plan pays of the average overall cost of providing essential health benefits to its members -- on average the amounts the plans will spend are 60%-bronze, 70%-silver, 80%-gold and 90%-platinum [2]. Usually, the premium for bronze is the lowest, while the premium for platinum is the highest. Catastrophic plans are available only to individuals under the age of 30 and some low-income people who have received a hardship exemption [3]. Usually, catastrophic plans have lower premiums and higher deductibles. The plans cover three annual primary care visits and preventive services at no cost [3].

The ACA mandates all U.S. citizens (who are federal income taxpayers) are required to be covered by approved health care coverage or have to pay a tax penalty (e.g., \$695 per individual (up to maximum of \$2,085) or 2.5% of household income whichever is greater in 2016) [4]. All QHPs provide the mandated 10 essential health services (preventive services, outpatient services, maternity and new-born care, pediatric care, mental health and substance abuse treatment, emergency services, hospitalization, rehabilitative and habilitative, prescription drugs, laboratory services) and cannot turn away individuals with pre-existing conditions [5].

The Pima County Marketplace was reported by The New York Times in 2013 to have the lowest monthly premiums of all the federally qualified exchanges [6]. The county is located

in the southern part of Arizona bordering Mexico to the south and covers 9,189 square miles which is larger than the state of New Jersey [7]. Pima County is the second most populated county in Arizona, with a total of 1,039,073 people in 2018 [8]. Tucson is the county capital and the largest city in the county. The Census Bureau reported Pima County uninsured rate in 2014 was 13.2 percent (129,619) [8].

This study examines how the Pima County Marketplace has changed during 2014-2019. It will look at three areas: Marketplace competitiveness (insurance company and health plan numbers), consumer cost sharing (premiums, co-payments, deductibles, coinsurance, and out of pocket maximum), and impact on reducing the number of uninsured (Marketplace enrollment numbers).

METHODS

This is a descriptive study of the Pima County Marketplace that examines any changes and trends during 2014-2019. The study uses data from the Multi-Dimensional Insurance Data Analytics System (MIDAS).

Data for this study is obtained from the Healthcare.gov website for researchers, along with the MIDAS, which serves as a central repository for capturing, organizing, aggregating, and analysing HealthCare.gov (HC.gov) Exchange data [9]. The datasets contain information on plan premiums, deductibles, and cost sharing for all health insurance plans available on federally facilitated marketplaces, as well as enrollment information. Available health insurance plans are examined for competitiveness at each metal level.

Definitions of terms used:

- Cost sharing is a way for insurance companies to control health care costs and prevent potential over utilization. The central economic idea behind cost sharing is that if people have to pay more for a service they use less of that service [10].
- Premium is the amount that a consumer must pay to maintain coverage from the health plan. It is paid a regular interval by the consumer (e.g., consumer pays \$100 monthly premium).
- Deductible is the amount a consumer will need to pay before the health plan begins to pay for covered services (e.g., consumer pays the first \$500 before the health plan will pay for the prescriptions).
- Co-payment (co-pay) is a fixed amount the consumers pay each time they use a covered service and it varies by the type of service (e.g., consumer pays \$10 for a doctor visit) [11].
- Coinsurance is consumer shared of the costs of the covered services that is calculated as a percent of the allowed amount for the service (e.g., doctor visit is \$100, and the consumers coinsurance is 20% or \$20) [11].
- Out of pocket maximum (OOPM) is the most a consumer will pay during a policy period before the plan start to pay 100% for covered services (e.g., consumers pays no more than \$5,000 out of pocket) [11].

The analysis is conducted using Microsoft Excel 2016 (Redmond, WA).

RESULTS AND DISCUSSION

Marketplace health plans

In 2014, the Pima County Marketplace was one of the most competitive in the country [6]. Since then the number of available plans and insurers offering plans had steadily fallen (Table 1). Ten insurers offered 119 plans across all metal groups and catastrophic plans. In 2019, only three insurers offered 17 plans in the bronze, silver, gold, and catastrophic categories. The platinum plans were discontinued in 2017.

There was no platinum plan offered in 2019, and only one catastrophic plan. All plans listed on the marketplace were identified as health maintenance organizations, which offered coverage through a specific, often limited list of providers. Insurers providing plans included Blue Cross and Blue Shield of Arizona (6 plans), Bright Health Company (a new insurance start up) (6 plans), and Health Net of Arizona (5 plans).

The greatest decrease in the number of insurers (50% dropped -- 10 to 5) and health plans (70% dropped -- 105 to 32) occurred between 2015 to 2016. The most significant drop in the number of health plans was in 2017 (32 to 3), which left consumers with very few choices. In 2018, there was only one insurer Health Net of Arizona, which offered one bronze, two silver, and one gold plan. Two additional insurers entered the Marketplace in 2019.

Marketplace enrollment demographics

In 2019, there were 24,018 enrollees in the Pima County Marketplace, and the majority of these were females. (55.7%). Individuals between the ages of 55 and 64 represented the largest age group of enrollees (35.6%). Consumers heavily favoured silver plans (68%). Bronze plans captured 26% of the enrollees, while only 6% of individuals registered for a gold plan (Table 2). Of the 24,018 enrollees, 18,621 were renewals and 5,397 were new enrollees.

Cost sharing

Consumer cost sharing rose significantly between 2014 and 2019 (Table 3). The premiums and deductibles for all metal and catastrophic plans increased. The platinum plan was not available in 2019. The greatest dollar deductible increases occurred in the silver (\$2,220) and catastrophic (\$1,550) plans. As expected, when deductibles increased, the out of pocket cost rose as well. The greatest dollar out of pocket increases occurred in the gold (\$1,820) and catastrophic (\$1,550) plans.

Premium

Plan premiums are defined at age increments starting at 21. A single individual, age 30, will pay less in monthly premiums than

Table 1: Marketplace Health Plans by Metal and Companies: 2014-2019.

Plan type	2014	2015	2016	2017	2018	2019
Catastrophic	9	8	4	1	0	1
Bronze	24	26	9	0	1	6
Silver	39	32	11	1	2	7
Gold	33	27	7	1	1	3
Platinum	14	12	1	0	0	0
Total Plans	119	105	32	3	4	17
Companies Selling Plans	10	10	5	2	1	3

Source: Multi-Dimensional Insurance Data Analytics System (MIDAS)

Table 2: Marketplace health plan 2019 enrollment demographics.

Demographic characteristics	Number	Percent
Gender		
Male	10,640	44.3%
Female	13,378	55.7%
Age		
17 or younger	3,190	13.3%
18-25	1,871	7.8%
26-34	2,944	12.3%
35-44	2,948	12.3%
45-44	4,273	17.8%
55-64	8,558	35.6%
65 or older	234	1.0%
Race		
American Indian/Alaskan Native	81	0.3%
Asian	1,497	6.2%
Native Hawaiian/Pacific Islander	17	0.1%
African American	350	1.5%
White	14,719	61.3%
Other	787	3.3%
Multi-Racial	694	2.9%
Unknown	5,873	24.5%
Metal		
Catastrophic	169	0.7%
Bronze	6,244	26.0%
Silver	16,237	67.6%
Gold	1,368	5.7%
Total	24,018	100.0%

Source: Multi-Dimensional Insurance Data Analytics System (MIDAS)

Table 3: Marketplace plans’ average premium, deductible and out of pocket costs: 2014 and 2019.

Health plan	Average monthly premium cost (\$D)	Average deductible dollar (\$D)	Average Out of Pocket maximum \$ (\$D)
Catastrophic 2014	\$179 (\$84)	\$6,350 (\$0)	\$6,350 (\$0)
Catastrophic 2019	\$210 (\$N/A)	\$7,900 (\$0)	\$7,900 (\$0)
Bronze 2014	\$239 (\$107)	\$5,410 (\$908)	\$6,240 (\$213)
Bronze 2019	\$336 (\$139)	\$6,842 (\$741)	\$7,225 (\$615)
Silver 2014	\$285 (\$128)	\$2,844 (\$1,410)	\$5,991 (\$821)
Silver 2019	\$418 (\$173)	\$5,064 (\$1,357)	\$7,293 (\$609)
Gold 2014	\$327 (\$152)	\$999 (\$838)	\$4,730 (\$1,293)
Gold 2019	\$548 (\$230)	\$2,067 (\$702)	\$6,550 (\$1,176)
Platinum 2014	\$294 (\$129)	\$393 (\$435)	\$2,179 (\$942)
Platinum 2019	N/A	N/A	N/A

Source: Multi-Dimensional Insurance Data Analytics System (MIDAS)

a single individual age 50, a couple with two children will pay even more to account for the additional dependents. In the Pima County Marketplace, premiums had steadily risen as competition decreased. During the first enrollment cycle premiums were extremely competitive across plans. Platinum level plans were offering monthly premiums competitive with bronze, silver and gold level plans, presumable to attract a larger risk pool of younger healthier people.

The increased competition helped to keep premium prices low; however, the trend has reversed in 2019. In 2019, with fewer insurers offering plans, premium prices had increased significantly. Based on average premiums across all age groups, compared to 2014 [12], in 2019 there was a 41% increase in bronze premiums, 47% for silver, and 67% for gold. Catastrophic plans had seen an 18% premium increase. The increase was more significant for those of advanced age, for example, an individual age 30 would

be charged \$445 for a gold plan, while an individual age 60 would be charged \$1,064 per month for the same plan -- an increase of 139%.

Deductible

In 2014, several insurers offered plans with zero deductibles across all metal types, showing the strong level of competition for Pima County members [12]. In 2019, this trend was reversed as no insurer offered a zero-deductible plan. In 2019, gold plans demonstrated the lowest average deductibles \$2,067, followed by silver \$5,064, bronze \$6,842, and then catastrophic \$7,900. Silver plans demonstrated the most variation in deductible with a range of \$3,200-\$7,050. Bronze plans demonstrated the least variation in deductible with a range of \$6,550-\$7,900.

Out of Pocket Maximum (OOPM)

The average out of pocket maximum (OOPM) dropped as the metal level increases in 2014 such as the bronze OOPM was \$6,240 and platinum OOPM was \$2,179 [12]. The Internal Revenue Service (IRS) had defined the OOPM limit for 2019 as \$7,900 for individual plans and \$15,800 for family plans. Six plans had set their OOPM for 2019 at \$7,900. The rest of the plans used some form of cost sharing to balance the cost of their risk pool. As expected, the catastrophic plan available had the highest OOPM (\$7,900). Gold plans showed the lowest average OOPM \$6,550, with the largest variation.

Co-Payment/coinsurance

Similar to plans offered in 2014 [12], the 2019 plans had a very aggressive co-payment/coinsurance strategy (Table 4). To visit a primary care physician, a gold level plan co-pay ranges between \$10 and \$20, and silver plans range from \$20 to \$40. The Blue Cross and Blue Shield of Arizona Portfolio HSA HMO 5850–PimaFocus Network plan included a coinsurance fee of 10% after the deductible was met in 2014. This fee applied to a visit with a primary care provider, a specialist, the emergency room, an inpatient facility, obtaining generic drug, or preferred brand drug. The minimum co-payments were higher in 2019 than 2014 for most covered health services.

Pima County uninsured and marketplace enrollment

Pima County uninsured numbers had steadily decreased from 2014 to 2017, (13.2% to 8.3%) but rose in 2018 (10.8%) (Table 5). The highest Marketplace enrollment number occurred in 2016 (32,094). After 2016, there was a steady decline in the number of enrollees.

Marketplace enrollment factors

There are several factors that influence the Pima County Marketplace enrollment numbers. The decline in the numbers of participating insurers and health plans offered reduces Marketplace competitiveness and consumer choices. The Marketplace enrollment period has been significantly reduced since 2014 (e.g., the open enrollment period in year 1 was from October 1, 2013 to March 31, 2014 while in year 6 was from November 1 to December 15, 2019). The federal funds available for promoting the Marketplace and assisting potential enrollees has been significantly reduced. Arizona allotment of money for Marketplace promotion and assistance has been reduced by 74

Table 4: Consumer cost sharing for health services by plan type: 2014 and 2019.

Plan type	Primary care physician visit	Specialist visit	Emergency room visit	Inpatient facility visit	Generic drugs	Preferred brand drugs
Catastrophic 2014	\$0-\$35	\$0	\$0	\$0	\$0	\$0
Catastrophic 2019	\$20	\$0	\$0	\$0	\$0	\$0
Bronze 2014	\$0-\$45	\$0-\$85	\$0-\$800	\$0-\$1,400	\$0-\$50	\$0-\$100
	20%-50%	10%-50%	10%-50%	10%-50%	10%-50%	40%-50%
Bronze 2019	\$0-\$50	\$0-\$100	\$0	\$0	\$0-\$35	\$0-\$100
	10%	10%	10%	10%	10%	10%
Silver 2014	\$0-\$45	\$0-\$100	\$0-\$500	\$0-\$1,000	\$0-\$25	\$0-\$72
	20%-30%	20%-30%	20%-45%	20%-45%	0%-20%	20%-30%
Silver 2019	\$20-\$40	\$50-\$100	\$0-\$750	\$0	\$15-\$25	\$40-\$100
	0%	0%	20%-40%	20%-40%	0%	0%
Gold 2014	\$0-\$30	\$0-\$60	\$0-\$500	\$0-\$1,000	\$0-\$20	\$0-\$55
	10%-20%	10%-30%	10%-30%	10%-30%	0%-10%	10%-20%
Gold 2019	\$10-\$20	\$30-\$60	\$150-\$500	\$375	\$10-\$15	\$50-\$60
	0%	0%	20%	20%	0%	0%
Platinum 2014	\$15-\$25	\$30-\$40	\$100-\$250	\$250-\$750	\$5-\$10	\$15-\$30
	0%	0%	20%	20%	0%	0%
Platinum 2019	NA	NA	NA	NA	NA	NA
	NA	NA	NA	NA	NA	NA

Source: Multi-Dimensional Insurance Data Analytics System (MIDAS)

Note: For catastrophic plans, only co-payment dollars are presented. The metal categories have both co-payment (top)

Table 5: Pima County uninsured and marketplace enrollment: 2014-2019.

Year	Total population	Uninsured number	Uninsured Percent	Total marketplace enrollment
2014	984,428	129,619	13.2%	19,724
2015	991,256	97,064	9.8%	31,098
2016	996,737	86,716	8.7%	32,094
2017	999,171	82,931	8.3%	26,979
2018	1,039,073	112,220	10.8%	24,716
2019	N/A	N/A	N/A	24,018

Sources: U.S. Census Bureau American Fact Finder; CMS.Gov Open Enrollment Period Public Use Files, N/A: not available

percent in 2019 from \$1.17 million in 2018 to \$300,000 [13]. The number of contracted Marketplace entities has decreased from 14 to 4 [13]. Starting in 2018, the ACA tax penalty for not having the approved health coverage is no longer being enforced. The improved economy has increased the number of employers offering health coverage to their employees and moved individuals from AHCCCS eligibility to Marketplace eligibility [14].

CONCLUSION

The Affordable Care Act had three main goals when it was created, to decrease the cost of health care, improve the quality of healthcare, and make healthcare more accessible, particularly to the uninsured. While initially these goals were met and there was a dip in the uninsured rate, it is clear these targets are no longer being met in Pima County. After six years of the Pima County Marketplace, it had become less competitive. The number of insurers had decreased from 10 to 3 and the number of health plans had decreased from 119 to 17. As consumers were left with fewer choices, prices rose.

Cost sharing including premiums, deductibles, co-pays and co-insurance had increased across all metal levels. With the IRS increasing the out of pocket maximum to \$7,900, combined with high deductibles in most plans, coupled with the reduction of the individual mandate penalty to \$0, cost is again becoming a barrier to accessing the healthcare system. This is reflected in lower enrollment rates and a rising uninsured population. This especially impacts the low-income population, which are most at risk for becoming uninsured.

As the result of this research, there are several questions that are left unanswered. Further research is needed to fully understand the impact of reduced competition on the Pima County Marketplace. Data is becoming available that shows which plans consumers are choosing; understanding the driving factor behind plan choice could significantly improve the functionality of the healthcare.gov website in the future. While the health insurance exchanges were successfully in immediately reducing the uninsured population, the rising number of uninsured and higher costs demonstrates the need to revisit the law to refocus on its original three goals.

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