

## Burnt Offerings? PPOs DECLINE in Marketplace Plans

*Across the states, Preferred Provider Organizations are being dropped from insurance marketplaces, or greatly reduced, in 2016.*

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The Affordable Care Act (ACA) marketplaces have from the beginning been associated with so-called “narrow network” plans, which are characterized by a limited group of in-network providers. Absence of clear standards about actual or desirable network size has led to calls for both more-specific, [consumer-friendly categorizations of network size](#), as well as the creation of stronger state, or even [national, standards for “network adequacy.”](#)

Despite the concerns that have been raised about narrow network plans, [surveys](#) show many consumers are willing to give up access to a broader group of providers in exchange for lower premiums. During the first two years of the marketplaces, however, there was a broad array of plan type choices on the exchanges. As seen in Table 1, approximately 35 percent of silver plans offered in 2014 were Preferred Provider Organizations (PPOs). In 2015, while the number of silver plans offered nearly doubled, the distribution changed very little, and 39 percent of plans on the marketplace were PPOs. These often-popular plans allow participants to generally choose the health care providers they want, paying lower fees when they select “preferred providers.”

During the months leading up to the 2016 open enrollment period, there were some high-profile PPO withdrawals announced, including BCBS of Texas, New Mexico, and Illinois. Many anticipated that the share of offered plans that were PPOs would decline noticeably in 2016. This assessment of the status of silver PPO plans offered in 2016 suggests that this is indeed the case. The plans offered in 2015 were identified using [HIX Compare](#), and the [healthcare.gov](#) website was used to identify their status in 2016. For state-based marketplaces, many of which were not open when this analysis was conducted, rate filings, carrier websites and other sources were used to identify the status of 2015 plans in 2016. In a small share of cases their 2016 status could not be identified.

In 2015, there were 790 unique PPO plans offered in 48 states by 93 different carriers. Since many carriers offered PPO plans in more than one state, there were a total of 131 unique carrier-state PPO offerings. Usually carriers offered more than one PPO plan in a given state; the median number of plans offered by a carrier in a state was four.

Figure 1 shows the 2016 status of silver PPO offerings from 2015. As can be seen, only 33 percent of these offerings remained the same in 2016; 28 percent were dropped, and 39 percent were reduced. The dropping of PPO plans occurred either because carriers exited the market, as was the case with Assurant and some of the co-ops, or because they discontinued their PPO plans, as in the examples discussed above. Reductions of offerings occurred when carriers reduced the number of plans they offered or offered plans in fewer rating areas.

Table 2 shows the change in the status of PPO offerings by state. In 22 states, all of the PPO offerings for 2015 were either dropped or reduced. In 11 states, the 2015 PPO offerings remained unchanged in 2016. The rest of the states fell somewhere in between. New Jersey and New York were not included in Table 2 since there were no silver PPO offerings in these states in 2015.

The data show a pronounced regional pattern. As seen in Figure 2 and Table 3, states where all of the 2015 offerings were dropped in 2016, more likely to be in the Mountain or West South Central regions and least likely to be in the Pacific and Northeast regions. (*Note: Pennsylvania was included with the New England states in the Northeast region because of the exclusion of the other two Mid-Atlantic states: New York and New Jersey.*)

The top 20 carriers that offered PPO plans on the marketplace in 2015 are shown in Table 4. The carriers are ranked by the number of unique plans that they

offered, and the number of states in which they offered plans is also shown. The top two carriers, Assurant and Community Health Alliance, dropped all of their PPO offerings because they exited the market. None of the other carriers in the top 20 exited the market, although Land of Lincoln Mutual Health Insurance Company is limiting enrollment this year, and Moda Health is exiting certain states. Among the other leading carriers, many are single state Blues, and the majority of carriers who retained their PPO offerings were in this category. The two exceptions are also Blues plans—Anthem Blue Cross Blue Shield retained offerings in five states, and Blue Cross Blue Shield of Kansas City retained offerings in Kansas and Missouri. In general, single state Blues on this list that did not retain their offerings were more likely to reduce than to drop. This was the case for the Blues plans in North Carolina, Oklahoma, Pennsylvania, and Illinois. The Illinois plan is interesting because after widespread news reports that they would be dropping their PPO, they did offer some reduced PPO options. There are several national carriers on this list—Cigna, Humana, and Coventry. They were more likely to drop than to reduce, and these carriers discontinued much of their PPO business in 2016.

This decline in the offering of PPO plans in the 2016 marketplace represents a significant change. In one sense this analysis underestimates the supply of PPO plans since it does not explicitly take new entrants into account. A small number of newcomers were identified, including Harken Health in Georgia and Illinois; Medica, which entered in Iowa and Nebraska; Scott and White and Allegia, which entered in Texas; and a number of others. In general, new entrants came to markets where others exited, and it remains to be seen how they will fare.

In another sense, this analysis may underestimate the extent of change because the term “PPO” does not have an exact definition. It could be the case that many of the offerings that were retained are not actually the same, and in fact have smaller networks and/or fewer out-of-network benefits as compared to 2015. This dimension of potential change was not measured for this analysis, but is an important issue to investigate going forward. Findings of changes over time and/or wide variation in offerings in plans defined as PPOs may increase interest in improving characterization of plan type, so that consumers clearly understand important features such as network size and existence of out-of-network benefits.

Carriers who discontinued PPOs have argued their expense makes it impossible to affordably price exchange products. Given the significance of the prices to exchange consumers, and the competitiveness of the market, these are important considerations, yet some returning consumers will find that they no longer have access to their provider, or do not have the opportunity to purchase a plan with out-of-network benefits. It remains to be seen how marketplace consumers will react to these trends, and to what extent these changes in plan design will also be seen in the off-exchange market and in employer-sponsored coverage.

Sources: HIX Compare 2015, and the 2016 federal public use file, available at <https://www.cms.gov/CCIIO/Resources/Data-Resources/marketplace-puf.html>

State exchange websites were used for SBM states.

Table 1. Network Characteristics of Silver ACA Plans, 2014 and 2015

	2014					2015				
	(N) Plans	% PPO	% HMO	% EPO	% POS	(N) Plans	% PPO	% HMO	% EPO	% POS
AK	13	100%	0%	0%	0%	11	100%	0%	0%	0%
AL	4	100%	0%	0%	0%	8	50%	50%	0%	0%
AR	16	56%	0%	0%	44%	24	71%	0%	0%	29%
AZ	67	39%	61%	0%	0%	64	36%	61%	0%	3%
CA	16	19%	69%	13%	0%	19	16%	63%	21%	0%
CO	53	23%	62%	6%	0%	50	28%	64%	8%	0%
CT	4	75%	0%	0%	25%	11	55%	0%	0%	45%
DC	8	0%	50%	0%	38%	6	0%	83%	0%	17%
DE	5	20%	20%	60%	0%	7	29%	29%	43%	0%
FL	73	12%	55%	22%	11%	87	25%	55%	7%	13%
GA	25	8%	88%	0%	4%	78	38%	60%	0%	1%
HI	10	40%	20%	0%	0%	7	29%	71%	0%	0%
IA	25	40%	8%	8%	44%	36	22%	17%	0%	61%
ID	20	15%	30%	0%	55%	38	42%	58%	0%	0%
IL	33	73%	18%	0%	9%	97	58%	41%	0%	1%
IN	40	0%	100%	0%	0%	53	30%	62%	8%	0%
KS	24	83%	0%	0%	17%	29	76%	3%	0%	21%
KY	7	86%	14%	0%	0%	14	50%	50%	0%	0%
LA	19	42%	26%	0%	32%	21	38%	29%	0%	33%
MA	17	6%	94%	0%	0%	20	5%	90%	5%	0%
MD	16	13%	38%	25%	19%	17	6%	53%	24%	12%
ME	9	33%	33%	0%	33%	20	25%	35%	0%	40%
MI	23	39%	61%	0%	0%	72	33%	49%	4%	14%
MN	20	75%	20%	0%	0%	25	92%	8%	0%	0%
MO	16	100%	0%	0%	0%	37	86%	0%	14%	0%
MS	10	40%	60%	0%	0%	15	33%	67%	0%	0%
MT	10	90%	0%	0%	10%	16	88%	0%	0%	13%
NC	22	64%	0%	0%	36%	33	24%	9%	0%	67%
ND	9	89%	11%	0%	0%	9	44%	33%	0%	22%
NE	16	38%	31%	0%	31%	24	50%	33%	0%	17%
NH	3	0%	100%	0%	0%	16	44%	56%	0%	0%
NJ	13	0%	8%	85%	8%	19	0%	16%	79%	5%
NM	16	31%	69%	0%	0%	29	21%	79%	0%	0%
NV	22	0%	73%	0%	27%	27	15%	59%	0%	26%
NY	43	0%	33%	26%	9%	83	0%	45%	39%	12%
OH	75	39%	61%	0%	0%	95	51%	47%	0%	2%
OK	20	55%	40%	0%	5%	35	74%	26%	0%	0%
OR	34	59%	6%	26%	6%	51	73%	0%	27%	0%
PA	57	58%	32%	0%	11%	105	47%	38%	11%	4%
RI	3	67%	0%	0%	0%	7	43%	57%	0%	0%
SC	17	0%	0%	71%	29%	50	24%	0%	52%	24%
SD	13	46%	54%	0%	0%	20	45%	55%	0%	0%
TN	32	91%	0%	9%	0%	95	100%	0%	0%	0%
TX	42	33%	64%	2%	0%	139	27%	62%	4%	7%
UT	35	3%	94%	0%	3%	42	7%	86%	0%	7%
VA	28	32%	43%	0%	25%	29	31%	38%	0%	31%
VT	6	0%	50%	50%	0%	6	0%	50%	50%	0%
WA	17	41%	35%	0%	0%	28	68%	29%	4%	0%
WI	92	13%	60%	3%	24%	174	7%	73%	6%	14%
WV	4	100%	0%	0%	0%	5	100%	0%	0%	0%
WY	5	20%	80%	0%	0%	16	75%	25%	0%	0%
<b>OVERALL</b>	<b>1207</b>	<b>35%</b>	<b>44%</b>	<b>7%</b>	<b>11%</b>	<b>2016</b>	<b>39%</b>	<b>43%</b>	<b>8%</b>	<b>10%</b>

Source: HIX Compare  
Unit of analysis is the individual plan

Table 2. 2016 Status of Silver PPO Marketplace Offerings in 2015

State	(N) PPO plans offered in 2015*	(N) Carriers offering PPOs in 2015	Carrier Status in 2016		
			Same offering	Dropped**	Reduced***
AK	11	2	0%	0%	100%
AL	4	2	100%	0%	0%
AR	17	3	0%	0%	100%
AZ	23	6	33%	67%	0%
CA	3	2	100%	0%	0%
CO	14	4	25%	25%	50%
CT	6	2	100%	0%	0%
DC	1	1	100%	0%	0%
DE	2	1	0%	0%	100%
FL	22	3	0%	100%	0%
GA	30	3	0%	33%	67%
HI	2	1	100%	0%	0%
IA	8	1	0%	100%	0%
ID	16	4	50%	0%	50%
IL	56	6	0%	33%	67%
IN	16	1	0%	100%	0%
KS	22	3	33%	33%	33%
KY	8	2	50%	50%	0%
LA	8	2	50%	0%	50%
MA	1	1	100%	0%	0%
MD	1	1	100%	0%	0%
ME	5	1	100%	0%	0%
MI	24	5	40%	20%	40%
MN	23	3	100%	0%	0%
MO	32	6	50%	17%	33%
MS	5	1	0%	0%	100%
MT	14	4	25%	25%	50%
NC	8	1	0%	0%	100%
ND	4	1	0%	0%	100%
NE	12	3	0%	67%	33%
NH	7	2	0%	50%	50%
NM	6	2	0%	100%	0%
NV	4	1	0%	100%	0%
OH	48	6	67%	17%	17%
OK	26	2	0%	50%	50%
OR	37	7	29%	0%	71%
PA	49	8	13%	13%	75%
RI	3	1	100%	0%	0%
SC	12	1	0%	100%	0%
SD	9	1	0%	0%	100%
TN	95	5	40%	40%	20%
TX	37	5	0%	100%	0%
UT	3	1	0%	100%	0%
VA	9	4	25%	0%	75%
WA	18	5	60%	20%	20%
WI	12	2	0%	0%	100%
WV	5	1	0%	0%	100%
WY	12	1	100%	0%	0%
<b>Overall</b>	<b>790</b>	<b>131</b>	<b>43</b>	<b>37</b>	<b>51</b>
		<b>100%</b>	<b>33%</b>	<b>28%</b>	<b>39%</b>

Source: HIX Compare 2015 and the 2016 federal public use file, available at <https://www.cms.gov/CCIIO/Resources/Data-Resources/marketplace-puf.html>.

State exchange websites were used for SBM states.

New Jersey and New York did not offer PPO plans in 2015.

\*(N): Refers to number of unique plans, which could have been offered in any number of rating areas.

\*\* Dropped: Plans could be dropped because carriers exited market, or because they discontinued plans but remained in the market.

\*\*\* Reduced: Carrier offered fewer plans, and/or offered plans in fewer rating areas.



Table 3. 2016 Status of Silver PPO Marketplace Offerings in 2015, by Census Region

	(N)	Keep	Drop	Reduce
Northeast	15	40%	13%	47%
East North Central	20	30%	25%	45%
West North Central	18	39%	28%	33%
Mountain	23	30%	43%	26%
Pacific	17	47%	6%	47%
West South Central	12	8%	50%	42%
East South Central	10	50%	30%	20%
South Atlantic	16	20%	32%	50%
<b>Total</b>	<b>131</b>	<b>33%</b>	<b>28%</b>	<b>39%</b>

Table 4. Top 20 Carriers Offering Silver PPO Marketplace Plans in 2015

	Carrier	(N) Plans offered in 2015	(N) States	% States where offering is the same	% States where PPO is dropped	% States where PPO is reduced
1	Assurant Health*	158	14	0%	100%	0%
2	Community Health Alliance*	43	1	0%	100%	0%
3	BlueCross BlueShield of Tennessee	36	1	100%	0%	0%
4	Coventry Health Care/Health and Life	36	4	25%	25%	50%
5	Cigna Healthcare	29	6	17%	66%	17%
6	Blue Cross and Blue Shield of Oklahoma	22	1	0%	0%	100%
7	BridgeSpan/Bridgespan Health Company	21	4	25%	25%	0.5%
8	AultCare Insurance Company	20	1	100%	0%	0%
9	PacificSource Health Plans	20	2	0%	0%	100%
10	Humana Insurance Company	19	7	43%	29%	29%
11	Avera Health Plans	17	2	0%	50%	50%
12	Blue Cross and Blue Shield of Kansas City	17	2	50%	0%	50%
13	Highmark/Highmark Health Insurance Company	17	2	0%	0%	100%
14	Blue Cross and Blue Shield of Illinois	14	1	0%	0%	100%
15	Anthem Blue Cross and Blue Shield	12	5	100%	0%	0%
17	Blue Cross Blue Shield of Wyoming	12	1	100%	0%	0%
18	Alliant Health Plans	11	1	0%	0%	100%
19	Moda Health	11	3	0%	33%	66%
20	Medica	11	2	50%	0%	50%
21	Common Ground Healthcare Cooperative	10	1	0%	0%	100%
22	Land of Lincoln Mutual Health Insurance Company	10	1	0%	0%	100%
23	BlueCross BlueShield Minnesota	9	1	100%	0%	0%
24	Blue Cross and Blue Shield of NC	8	1	0%	0%	100%
25	Capital BlueCross	6	1	0%	0%	100%

Carriers ranked by number of unique silver PPO plans offered in 2015 marketplace

\*Carrier exited market altogether

"Reduced" means limiting number of plans offered and/or number of rating areas in which plans are offered, or capping membership.

Figure 1. 2016 Status of 2015 Silver PPO Marketplace Plans

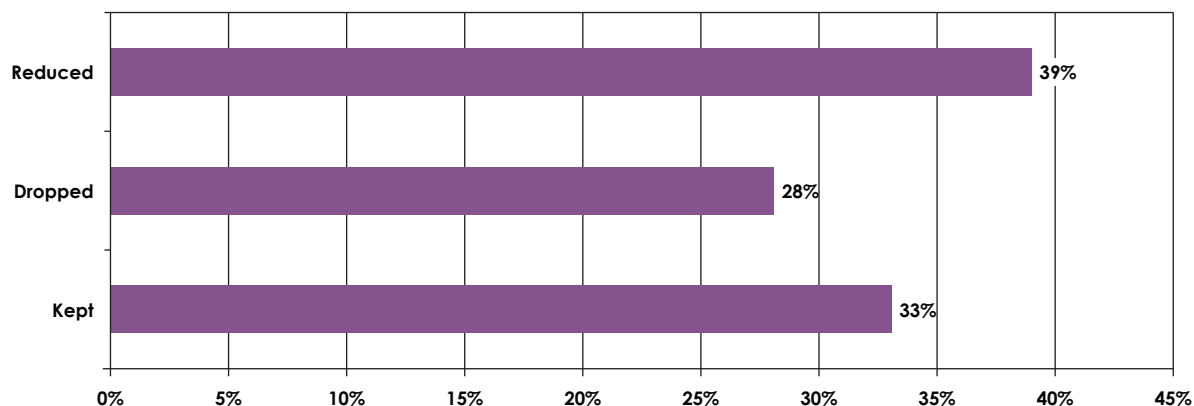
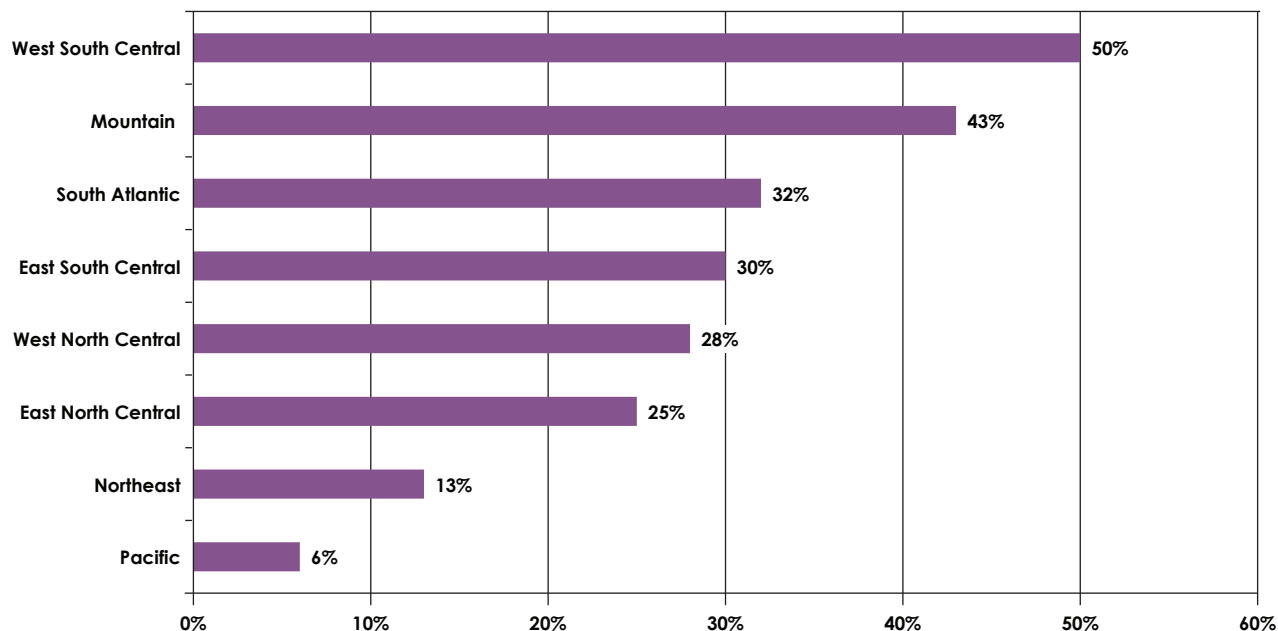


Figure 2. Percent of 2015 Silver PPO Offerings Dropped in 2016 by Census Region



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