Marketplace Premium Changes Throughout the United States, 2014–2015

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Timely Analysis of Immediate Health Policy Issues

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In-Brief

In this paper, we examine marketplace premium changes between 2014 and 2015 in all rating regions in all states and the District of Columbia. We provide premium data on the lowest-cost silver plan within each rating region for a 40-year-old individual who does not use tobacco.[1] We calculate that the population-weighted national average premium increase in the lowest-cost silver plan offered in each year was 2.9 percent. Increases varied considerably both across rating regions within states and across states. The change in the population-weighted average premium in the lowest-cost silver plan offered in each year was 1.8 percent in the Northeast, 3.5 percent in the Midwest, 5.4 percent in the South and 1.4 percent in the West.

Approximately 70 percent of the population of the West and over 80 percent of the population of the Northeast reside in rating regions where the lowest-cost silver plan premiums either fell or increased less than 5 percent. Almost 60 percent (59.3 percent) of Midwest residents live in rating areas where the lowest-cost silver plan premium either fell or increased less than 5 percent. In the South, however, the population is more heavily concentrated in areas with larger increases. Over 60 percent of the South's population live in rating regions with lowest-cost silver plan premium increases of 5 percent or more, and roughly 28 percent live in rating regions with increases of more than 10 percent. We also show that half the U.S. population lives in rating regions where there was a change in the lowest-cost insurer; this means that enrollees in those areas would have to switch plans to fully benefit from available price reductions.

We also provide data on premium increases in 40 cities. Most often in these major cities, the average premiums for the lowest-cost silver plans are lower and the average relative changes in the lowest-cost silver plan premiums were smaller than in their states overall. We also present data on 38 rural areas that could be separately identified. Most often, the lowest-cost silver premiums in rural areas are higher than their statewide average, but the relative changes for these rural areas between 2014 and 2015 were a mix of below and above the statewide average change.

Background

This brief updates our previous work that analyzed changes in marketplace premiums between 2014 and 2015.[2] In that paper, we looked at selected rating regions in 18 states that approved premiums early. We found premium increases to be low, though there were exceptions. In that analysis, we found that, typically, premiums and premium increases were lower in markets with competition among several commercial plans and those with participation by co-ops and plans previously providing coverage only for Medicaid enrollees. In general, insurers with the lowest premiums offer products with limited provider networks or are able to negotiate payment rates effectively with key providers. The underlying health care costs in a given market also affect premiums.

Subsequent to our previous paper's publication, several other reports have been issued. This has led to some confusion over whether premium increases overall have been large or modest for 2015. For example, on November 14, 2014, the *New York Times* printed an article stating that "many Americans with health insurance bought under the Affordable Care Act could face substantial price increases next year—in some cases as much as 20 percent—unless they switch plans."[3] The article later noted that premium increases would be more modest (closer to 5 percent) for many people who changed plans. Other reports have found lower premium increases but their analyses have not been as comprehensives as that presented here.[4] In addition, the Congressional

Budget Office released updated budget projections in March 2015, significantly lowering their estimate of the government costs of the ACA over the 10 year budget window.[5] While the report notes a number of reasons for the lower cost estimates since March 2010, they highlight the lower than expected premiums and the persistence of the slower growth in health care costs in regard to both private insurance covered services and in Medicare and Medicaid.

Methods

In this paper, we present data on premium increases for all rating regions in each of the 50 states and the District of Columbia. Data on premiums for states using the federally facilitated marketplace were obtained from healthcare.gov. For states using an IT system of their own, premium information was collected from individual state marketplace websites, as of November 20, 2014. We use census data to derive populations by county; these are aggregated to compute population at the Affordable Care Act rating region level, and the rating region populations are used to compute weighted average premiums at the state level using rating region–specific premium information.[6]

Because the lowest-cost silver plan in each area offers the least expensive entry to the marketplace into the most popular tier of coverage, and the silver plans are those to which the financial assistance is pegged (and the only ones for which cost-sharing reductions are available), we focus our analysis on these. We provide data on the lowest-cost silver plan in each year and the relative difference between the two. Silver plans enroll the largest share of marketplace enrollees: 65 percent of individuals who selected a plan.[7] The lowest–cost and second-lowest-cost silver plans are the most popular.[8] The lowest-cost silver plan in 2014, however, may not be the lowest-cost silver plan in 2015; the two plans can frequently be offered by different insurers.[9] In such cases, a consumer wanting to choose the lowest-cost silver plan in each year would have to change plans and presumably provider networks.

In this paper, we present data in four ways. First, we compute statewide average premiums for the lowest-cost silver plans in all 50 states and the District of Columbia, weighted by rating region population, showing the relative change in those premiums between 2014 and 2015. Second, we compute the percentage of the population in each state that lives in rating regions where the lowest-cost silver plan premium decreased between 2014 and 2015, the percentage living in rating regions with small increases (0 percent to 5 percent) in the lowest-cost silver option, the share living in areas with moderate increases (5 percent to 10 percent), and those residing in areas with large increases (10 percent or greater). We also indicate the number of rating regions in a state and the share of each state's population for whom the lowest cost silver premium is sold by a different insurer in 2015 than in 2014. Third, we provide data for selected large cities. We chose 10 major cities in each of the four geographic regions and used the rating regions' populations to calculate the weighted averages. Fourth, we show premium increases in rural areas for those states in which rural areas could be identified.[10]

Results

State and Regional Averages

The results are shown in tables 1–4. Table 1 shows a population-weighted average premium increase of 2.9 percent nationwide. This is in comparison to a projected increase in the gross domestic product of 5.0 percent and a projected increase in national health expenditures of 4.9 percent.[11]

In the Northeast, the population-weighted average increase in lowest-cost silver plan premiums was 1.8 percent between 2014 and 2015. All but 2 of the 12 states in this region had either small (less than 5 percent) average increases or decreases in lowest-cost silver plan premiums. New Hampshire and Rhode Island stand out for their large reductions. New Hampshire's lowest-cost silver plan premiums fell 17.5 percent, likely because of competition from four new market entrants for 2015. Lowest-cost silver plan premiums in Rhode Island fell 10.9 percent because of the expanded market presence of the Neighborhood Health Plan, which reduced its premiums substantially. The Neighborhood Health Plan replaced Blue Cross as the lowest-cost silver plan insurer in the state in 2015.

In the Midwest, the lowest-cost silver plan premiums increased on average 3.5 percent in 2015. Most states had decreases or small increases in these premiums. Michigan and Minnesota, however, had larger increases. Michigan experienced significant premium increases from the two lowest-cost insurers in the Detroit market as well as large increases in less competitive rural areas. Minnesota's large increase is attributable to the marketplace exit of the lowest-cost insurer in six of the nine rating regions (including Minneapolis) as well as large increases in rural areas.

In the South, on average, the lowest-cost silver plan premiums increased 5.4 percent in 2015. Many health insurance markets in the South have few competitors; many are dominated by Blue Cross–affiliated plans. Florida, North Carolina, Texas and West Virginia had particularly large increases in premiums that can be attributed to the preexisting dominance of Blue Cross plans. In contrast, Mississippi had a large decrease (12.5 percent) because of a new market entrant, United Healthcare, and aggressive pricing from Ambetter, a former Medicaid-only plan.

Lowest-cost silver premium increases were quite small (1.4 percent on average) in the West. This small regionwide average increase, however, disguises considerable variability in the experiences across the Western states, where decreases in about half the states

Table 1. State and Regional Averages for Lowest-Cost Silver Plan Premiums,[a] Population Weighted Across All Rating Regions

	State	Average 2014 premium	Average 2015 premium	Relative change
	National average	**$256**	**$264**	**2.9%**
Northeast	**Regional average**	**$284**	**$288**	**1.8%**
	Connecticut	$346	$348	0.6%
	Delaware	$286	$297	4.0%
	District of Columbia	$238	$239	0.3%
	Maine	$311	$307	-1.5%
	Maryland	$221	$228	3.2%
	Massachusetts	$247	$243	-1.5%
	New Hampshire	$288	$238	-17.5%
	New Jersey	$308	$315	2.2%
	New York	$340	$344	1.0%
	Pennsylvania	$207	$222	7.1%
	Rhode Island	$274	$244	-10.9%
	Vermont	$395	$428	8.3%
Midwest	**Regional average**	**$239**	**$248**	**3.5%**
	Illinois	$222	$229	3.0%
	Indiana	$313	$300	-4.3%
	Iowa	$219	$231	5.7%
	Kansas	$208	$201	-3.3%
	Michigan	$218	$241	10.5%
	Minnesota	$178	$199	11.8%
	Missouri	$257	$269	4.6%
	Nebraska	$239	$254	6.3%
	North Dakota	$281	$292	3.7%
	Ohio	$244	$252	3.2%
	South Dakota	$274	$257	-6.4%
	Wisconsin	$277	$281	1.3%
South	**Regional average**	**$248**	**$261**	**5.4%**
	Alabama	$244	$255	4.8%
	Arkansas	$282	$281	-0.6%
	Florida	$244	$276	12.8%
	Georgia	$255	$260	1.8%
	Kentucky	$203	$208	2.5%
	Louisiana	$294	$297	1.1%
	Mississippi	$324	$283	-12.5%
	North Carolina	$289	$307	6.2%
	Oklahoma	$206	$201	-2.2%
	South Carolina	$267	$266	-0.6%
	Tennessee	$189	$199	5.0%
	Texas	$231	$248	7.1%
	Virginia	$259	$273	5.3%
	West Virginia	$266	$290	9.0%
West	**Regional average**	**$265**	**$269**	**1.4%**
	Alaska	$380	$488	28.4%
	Arizona	$200	$177	-11.3%
	California	$280	$294	4.9%
	Colorado	$258	$225	-12.5%
	Hawaii	$176	$195	10.4%
	Idaho	$223	$235	5.7%
	Montana	$249	$237	-4.8%
	Nevada	$276	$270	-2.1%
	New Mexico	$225	$204	-9.2%
	Oregon	$204	$216	5.9%
	Utah	$196	$211	8.0%
	Washington	$269	$237	-12.0%
	Wyoming	$396	$429	8.6%

[a] *Premiums shown are for a 40-year-old non-tobacco user. Because of fixed age-rated premium schedules, relative changes for all ages are the same as those shown here.*

essentially offset sizable increases in the other half. Arizona and Colorado saw large decreases. The co-op in Colorado decreased its premiums significantly, lowering the cost of the lowest-cost silver plan in six of the state's seven rating regions. Arizona also saw several new entrants to the individual marketplace, increasing the level of competition in an already highly competitive market.

Population Distribution

Table 2 shows the population distribution of each state across rating regions with reductions, small increases, moderate increases and large increases in the lowest-cost silver plan premiums available. None of the rating regions in the Northeast had premium increases greater than 10 percent. Over 80 percent of the Northeast's population lives in rating regions that experienced either decreases or small increases (less than 5 percent) in premiums.

In the Midwest, almost 60 percent of the population lives in rating regions with premium reductions or small increases in their lowest-cost silver plans. The majority of the populations in each of Illinois (86.9 percent), Indiana (92.8 percent), Kansas (100.0 percent), North Dakota (100.0 percent), Ohio (61.2 percent), South Dakota (100.0 percent) and Wisconsin (82.2 percent) live in areas with reductions or only small increases in premiums.

In the South, 63.1 percent of the population lives in rating regions that experienced moderate (5 percent to 10 percent) or large increases (more than 10 percent) in their lowest-cost silver plan premiums. Large segments of the population in Florida (84.9 percent), Kentucky (42.6 percent), North Carolina (32.1 percent), Tennessee (25.3 percent) and Texas (24.4 percent) live in areas with large increases in their lowest-cost silver plan premiums.

In the West, almost 70 percent of the region's population lives in rating areas experiencing decreases or small increases in their lowest-cost silver plan premiums. Large segments of the populations (75 percent or more) in Arizona, Colorado, Montana, Nevada, New Mexico and Washington live in areas that had decreases in their lowest-cost silver plan premiums. In California, over 62 percent of the population lives in rating areas that had either a decrease or a small increase in these premiums.

Table 2 also shows that if individuals are to benefit from these decreases or small increases in premiums, many will have to change insurers. We show that 237 out of 497 rating regions in the nation had a change in the lowest-cost silver plan insurer.[12] Further, 50.3 percent of the U.S. population lives in these rating regions. The need to switch to have the lowest-cost plan is particularly prominent in the Northeast. About 72 percent of the population in the Northeast lives in rating regions where there was a change in the lowest-cost silver plan insurer. The comparable percentages are 46.9 percent in the Midwest, 49.1 percent in the South and 36.8 percent in the West.

The large number of changes in the lowest-cost insurers and the large number of people affected is a product of competitive marketplaces. Insurers adjust premiums, lowering them when they can, to compete for market share. The large amount of plan order switching should decline over time as insurers finalize their pricing strategies and markets reach an equilibrium. However, data show that for the market to work, individuals must be willing to change insurers to take advantage of the best prices. This can be burdensome for some because changing insurers often means changing provider networks, but it is a direct outgrowth of insurers responding to competitive incentives and a sign of an effective, dynamic market.

Selected Cities

Table 3 provides data on the lowest-cost silver plan premiums in selected cities throughout each region. Overall, in 24 of 38 cities,[13] premiums grew more slowly than the statewide average for the state in which they are located. In addition, premiums tend to be low in the cities compared with the rest of the state: 24 of 38 cities have a lower 2015 silver plan premium than their state's average, and two have an identical premium. The average increase in the lowest cost-silver plan premium in the selected cities in the Northeast was 1.9 percent, including three cities with decreases: Baltimore (0.7 percent), Buffalo (4.8 percent), and Rochester (11.3 percent). The 10 cities we examined in the Midwest had an average increase in their lowest-cost silver plan premiums of 4.8 percent. This average is heavily influenced by the large increases in Detroit and Minneapolis that were discussed earlier. In the South, the regional average lowest-cost silver plan premium increase was 6.0 percent. Premium increases were particularly large in Atlanta, Charlotte, Miami and New Orleans. In the West, the average change in lowest-cost silver premiums was actually a decrease of 2.2 percent.

Rural Areas

Table 4 provides data on premiums and premium changes in rural areas. It was not possible to identify premiums in rural areas in all states because some states either have one statewide rating region or otherwise combine urban and rural areas into combined rating regions. The data presented in table 4 includes only identifiable rural areas, defined as rating regions in which at least 80 percent of counties are classified as rural.

The 2015 increases in the lowest-cost silver plan premiums in these rural areas were low, averaging 3.3 percent in the Northeast, 2.8 percent in the Midwest, 2.7 percent in the South and 1.9 percent in the West. The level of 2015 premiums, however, is high in rural areas: 27 of the 38 rural areas have lowest-cost silver plan premiums that are higher than the overall average for their state. But relative changes in premiums between 2014 and 2015 varied considerably across states within a region. In 16 states, the rural areas we identified experienced lowest-cost silver plan premium increases that exceeded their statewide average changes, and in 19 states the rural areas had smaller changes than in their respective state averages.

Table 2. Distribution of Population Across Rating Areas with Lowest-Cost Silver Premium Increases and Decreases and Share of Population Living in Regions Where Lowest-Cost Insurer Changed, 2014 to 2015

	State	Number of rating regions	Percent of population in rating regions with a decrease	Percent of population in rating regions with a small increase (<5%)	Percent of population in rating regions with a moderate increase (5% to 10%)	Percent of population in rating regions with a large increase (>10%)	Number of rating regions where lowest-cost insurer changed	Percent of population living where lowest-cost insurer changed
	National average	**497**	**25.6%**	**33.9%**	**22.6%**	**16.9%**	**237**	**50.3%**
Northeast	**Regional average**	**46**	**25.2%**	**56.9%**	**17.9%**	**0.0%**	**23**	**71.9%**
	Connecticut	8	31.3%	68.7%	0.0%	0.0%	4	59.5%
	Delaware	1	0.0%	100.0%	0.0%	0.0%	0	0.0%
	District of Columbia	1	0.0%	100.0%	0.0%	0.0%	0	0.0%
	Maine	4	100.0%	0.0%	0.0%	0.0%	1	39.1%
	Maryland	4	43.1%	0.0%	56.9%	0.0%	3	88.8%
	Massachusetts	7	40.2%	56.2%	3.6%	0.0%	4	69.2%
	New Hampshire	1	100.0%	0.0%	0.0%	0.0%	1	100.0%
	New Jersey	1	0.0%	100.0%	0.0%	0.0%	1	100.0%
	New York	8	24.0%	61.4%	14.5%	0.0%	4	67.4%
	Pennsylvania	9	9.5%	57.2%	33.3%	0.0%	4	66.7%
	Rhode Island	1	100.0%	0.0%	0.0%	0.0%	1	100.0%
	Vermont	1	0.0%	0.0%	100.0%	0.0%	0	0.0%
Midwest	**Regional average**	**124**	**24.7%**	**34.6%**	**19.1%**	**21.6%**	**66**	**46.9%**
	Illinois	13	4.1%	82.8%	8.3%	4.8%	5	14.8%
	Indiana	17	76.5%	16.3%	5.8%	1.4%	15	92.5%
	Iowa	7	18.4%	21.3%	10.3%	50.0%	2	31.6%
	Kansas	7	70.6%	29.4%	0.0%	0.0%	5	89.6%
	Michigan	16	2.1%	7.4%	40.5%	50.0%	8	23.9%
	Minnesota	9	14.9%	0.0%	0.0%	85.1%	7	87.4%
	Missouri	10	5.5%	39.3%	36.6%	18.6%	4	36.4%
	Nebraska	4	0.0%	42.7%	23.9%	33.4%	1	42.7%
	North Dakota	4	0.0%	100.0%	0.0%	0.0%	3	77.5%
	Ohio	17	35.5%	25.7%	30.0%	8.8%	10	63.9%
	South Dakota	4	66.0%	34.0%	0.0%	0.0%	3	66.0%
	Wisconsin	16	43.8%	38.4%	17.7%	0.0%	3	26.4%
South	**Regional average**	**249**	**17.9%**	**18.3%**	**35.4%**	**27.7%**	**108**	**49.1%**
	Alabama	13	8.5%	36.4%	55.1%	0.0%	6	32.5%
	Arkansas	7	28.3%	71.7%	0.0%	0.0%	2	19.1%
	Florida	67	5.1%	5.4%	4.6%	84.9%	39	46.6%
	Georgia	16	29.3%	0.0%	58.7%	12.0%	9	79.6%
	Kentucky	8	47.7%	0.0%	9.7%	42.6%	2	15.4%
	Louisiana	8	30.9%	43.8%	15.3%	0.0%	6	74.6%
	Mississippi	6	71.9%	8.1%	19.9%	0.0%	1	19.9%
	North Carolina	16	8.3%	8.6%	51.0%	32.1%	9	66.5%
	Oklahoma	5	60.9%	33.5%	3.2%	2.4%	1	25.0%
	South Carolina	46	70.4%	27.4%	2.3%	0.0%	12	39.3%
	Tennessee	8	24.0%	18.4%	32.3%	25.3%	7	92.2%
	Texas	26	3.2%	25.8%	46.1%	24.4%	7	33.0%
	Virginia	12	0.0%	17.1%	82.9%	0.0%	7	74.9%
	West Virginia	11	0.0%	0.0%	100.0%	0.0%	0	0.0%
West	**Regional average**	**78**	**34.8%**	**34.6%**	**21.4%**	**9.2%**	**40**	**36.8%**
	Alaska	3	0.0%	0.0%	0.0%	100.0%	0	0.0%
	Arizona	7	76.8%	7.7%	0.0%	15.5%	7	100.0%
	California	19	5.1%	57.3%	33.1%	4.5%	4	9.6%
	Colorado[a]	7	97.6%	2.4%	0.0%	0.0%	6	97.6%
	Hawaii	1	0.0%	0.0%	0.0%	100.0%	0	0.0%
	Idaho	7	26.0%	0.0%	43.5%	30.6%	4	47.4%
	Montana	4	100.0%	0.0%	0.0%	0.0%	4	100.0%
	Nevada	4	86.5%	13.5%	0.0%	0.0%	3	35.8%
	New Mexico	5	100.0%	0.0%	0.0%	0.0%	1	10.2%
	Oregon	7	0.0%	45.4%	54.6%	0.0%	3	61.8%
	Utah	6	4.1%	43.2%	0.0%	52.7%	2	25.7%
	Washington	5	100.0%	0.0%	0.0%	0.0%	4	70.7%
	Wyoming	3	0.0%	0.0%	100.0%	0.0%	2	86.1%

[a] *Colorado redrew the state's geographic rating regions, creating 9 where 11 had been drawn before. Only the seven regions in the state that remained unchanged between 2014 and 2015 are included here.*

Table 3. Selected Cities: Lowest-Cost Silver Premiums[a] and Relative Change 2014 to 2015

	Rating area	2014 lowest-cost silver plan premium	2015 lowest-cost silver plan premium	Relative change 2014–2015
Northeast	**Regional average of selected cities**	**$289**	**$295**	**1.9%**
	District of Columbia	$238	$239	0.3%
	Hartford, CT	$316	$321	1.5%
	Baltimore, MD	$228	$226	-0.7%
	Boston, MA	$250	$255	2.1%
	Newark, NJ	$308	$315	2.2%
	New York, NY	$359	$372	3.5%
	Buffalo, NY	$275	$262	-4.8%
	Rochester, NY	$305	$271	-11.3%
	Philadelphia, PA	$256	$267	4.3%
	Pittsburgh, PA	$163	$170	4.4%
Midwest	**Regional average of selected cities**	**$225**	**$233**	**4.8%**
	Chicago, IL	$210	$212	1.0%
	Indianapolis, IN	$339	$317	-6.3%
	Detroit, MI	$190	$219	15.2%
	Minneapolis, MN	$154	$181	17.9%
	Kansas City, MO	$238	$241	1.1%
	St. Louis, MO	$239	$252	5.1%
	Omaha, NE	$256	$259	1.1%
	Cleveland, OH	$246	$242	-1.6%
	Columbus, OH	$238	$244	2.3%
	Milwaukee, WI	$302	$301	-0.1%
South	**Regional average of selected cities**	**$244**	**$259**	**6.0%**
	Birmingham, AL	$255	$262	2.8%
	Miami, FL	$247	$274	11.0%
	Atlanta, GA	$229	$248	8.2%
	New Orleans, LA	$255	$276	8.2%
	Charlotte, NC	$301	$324	7.6%
	Oklahoma City, OK	$193	$201	3.9%
	Memphis, TN	$186	$184	-0.7%
	Houston, TX	$238	$248	4.2%
	Dallas, TX	$264	$279	5.7%
	Richmond, VA	$230	$241	5.2%
West	**Regional average of selected cities**	**$242**	**$238**	**-2.2%**
	Phoenix, AZ	$194	$166	-14.5%
	Los Angeles, CA[b]	$234	$238	1.7%
	San Diego, CA	$271	$295	9.0%
	San Francisco, CA	$328	$356	8.5%
	San Jose, CA	$340	$343	0.9%
	Denver, CO	$245	$207	-15.7%
	Albuquerque,NM	$189	$167	-11.3%
	Las Vegas, NV	$237	$237	-0.2%
	Portland, OR	$194	$212	9.3%
	Seattle, WA	$267	$235	-12.2%

[a] *Premiums shown are for a 40-year-old non-tobacco user. Due to fixed age-rated premium curves, relative changes are the same for all ages as those shown here.*

[b] *Average of Los Angeles' two rating areas*

Conclusion

We conclude that, across the country, relative increases in the premiums associated with the lowest-cost silver plans were modest, although there were exceptions in a small number of states. The same is true for the bulk of rating regions within these states. The exceptions (large increases) tend to be found in rating regions where the 2014 lowest-cost plan left the market, where the 2014 premiums were very low, and in areas without significant insurance market competition; in several cases, such circumstances caused very large increases in the lowest-cost available option in 2015. On the other hand, the lowest-cost silver plan premium options fell considerably in markets where new competitors entered or where an existing insurer priced more competitively after seeing their position in the 2014 market.[14]

The competitive success thus far is attributable to the managed competition framework built into the Affordable Care Act, where premium tax credits are tied to the second-lowest-cost silver plan in an individual's rating area. Individuals who want a more expensive plan must pay the full difference directly and those who choose a less expensive plan reap the financial benefits. The transparency of premiums provided through the on-line marketplaces and the comparability of benefits and actuarial values of plans also spur competition. As we have shown, however, many people must be willing to change plans and insurers to take advantage of the lowest premiums. Without plan switching, competitive pressures on insurers will weaken.

In general, Blue Cross plans that were historically dominant in nongroup insurance markets have participated in marketplaces, although they frequently offer more limited network products than they had before 2014. In larger, particularly urban, markets, other commercial plans participate in the marketplaces and many have priced aggressively. In 2014, many markets were joined by plans that previously had enrolled only Medicaid beneficiaries and were thus structured to be low-cost plans. Co-ops, additional new entrants facilitated by the Affordable Care Act, were surprisingly successful in keeping rates competitive in several areas.[15]

Whether marketplaces will continue to see aggressive pricing and small premium increases in the future is uncertain. First, the temporary risk corridors and reinsurance provisions in the law will end after 2016. This is expected to cause a small average increase in premiums. Second, if underlying health care costs begin to grow at historical rates, as opposed to the lower rates seen in recent years, it will be hard for insurers to avoid reflecting this in their premiums.

Finally, many insurers have been able to keep rates low by developing more limited provider networks. These have generally consisted of providers willing to accept lower reimbursement rates; whether these arrangements are sustainable and remain attractive to consumers over time is unknown. If consumers prefer broader networks and are willing to pay for them, the market will respond by offering such products, and premiums will consequently increase. States and the federal government could also engage in greater regulation of network adequacy; this, too, could cause premiums to increase.

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Table 4. Rural Areas: Average Lowest-Cost Silver Plan Premiums[a] and Relative Change 2014 to 2015

	State	2014 lowest-cost silver plan premium	2015 lowest-cost silver plan premium	Relative change 2014–2015
Northeast	**Regional average for selected rural areas**	**$254**	**$262**	**3.3%**
	Connecticut	$328	$323	-1.6%
	Maine	$329	$328	-0.6%
	New York	$373	$356	-4.4%
	Pennsylvania	$180	$202	11.9%
Midwest	**Regional average for selected rural areas**	**$262**	**$269**	**2.8%**
	Illinois	$264	$276	4.7%
	Indiana	$313	$302	-3.3%
	Iowa	$245	$248	1.7%
	Kansas	$227	$206	-9.4%
	Michigan	$260	$271	4.3%
	Minnesota	$181	$212	17.2%
	Missouri	$305	$318	4.0%
	Nebraska	$225	$250	10.8%
	North Dakota	$286	$297	4.0%
	Ohio	$271	$280	3.2%
	South Dakota	$285	$258	-9.6%
	Wisconsin	$291	$294	1.2%
South	**Regional average for selected rural areas**	**$254**	**$261**	**2.7%**
	Alabama	$234	$254	8.5%
	Arkansas	$282	$277	-1.5%
	Florida	$288	$318	10.7%
	Georgia	$303	$289	-4.9%
	Kentucky	$196	$235	19.5%
	Louisiana	$313	$322	2.8%
	Mississippi	$325	$270	-16.8%
	North Carolina	$299	$302	1.2%
	Oklahoma	$213	$197	-7.4%
	South Carolina	$268	$268	-0.1%
	Tennessee	$209	$215	2.7%
	Texas	$206	$238	15.7%
	Virginia	$265	$274	3.4%
	West Virginia	$270	$295	9.0%
West	**Regional average for selected rural areas**	**$281**	**$286**	**1.9%**
	California	$313	$337	7.5%
	Idaho	$229	$224	-2.2%
	Montana	$248	$236	-4.8%
	Nevada	$456	$418	-8.4%
	New Mexico	$261	$238	-9.0%
	Oregon	$214	$235	9.8%
	Utah	$235	$245	4.1%
	Wyoming	$405	$440	8.7%

[a] *Premiums shown are for a 40 year old non-tobacco user. Due to fixed age-rated premium curves, relative changes are the same for all ages as those shown here.*

Notes

1 Because all states require insurers to use a fixed age gradient for setting premiums, relative changes in premiums for a 40 year old are identical to those for every age.

2 Holahan J, Blumberg LJ, Wengle E, et al. *Marketplace Insurance Premiums in Early Approval States: Most Markets Will Have Reductions or Small Increases in 2015*. Washington: Urban Institute, 2014, *http://www.urban.org/publications/413287.html*.

3 Pear R, Abelson R and Armendariz A. "Cost of Coverage Under Affordable Care Act to Increase in 2015," *New York Times*, Friday, November 14, 2014, *http://www.nytimes.com/2014/11/15/us/politics/cost-of-coverage-under-affordable-care-act-to-increase-in-2015.html?_r=0* (accessed February 2015).

4 Rau J and Appleby J. "More Competition Helps Restrain Premiums in Federal Health Marketplace," *Kaiser Health News*, Monday, December 1, 2014, *http://kaiserhealthnews.org/news/more-competition-helps-restrain-premiums-in-federal-health-marketplace* (accessed February 2015); Cox C, Levitt L, Claxton G, et al. *Analysis of 2015 Premium Changes in the Affordable Care Act's Health Insurance Marketplaces*. Menlo Park, CA: Kaiser Family Foundation, 2014, *http://files.kff.org/attachment/analysis-of-2015-premium-changes-in-the-affordable-care-acts-health-insurance-marketplaces-issue-brief* (accessed February 2015); McKinsey Center for U.S. Health System Reform. *2015 Individual Exchange Information*. Washington: McKinsey & Company, 2014, *http://healthcare.mckinsey.com/sites/default/files/McKinsey_2015_individual_rate_filings.pdf* (accessed February 2015); McKinsey Center for U.S. Health System Reform. *2015 OEP: Emerging Trends in the Individual Exchanges*. Washington: McKinsey & Company, 2014.

5 Congressional Budget Office. *Updated Budget Projections: 2015 to 2025*. Washinton, DC: CBO, 2015, *http://www.cbo.gov/sites/default/files/cbofiles/attachments/49973-Updated_Budget_Projections.pdf#page=24* (accessed March 2015).

6 "Annual Estimates of the Resident Population for Counties: April 1, 2010 to July 1, 2013," U.S. Census Bureau, *http://www.census.gov/popest/data/counties/totals/2013/CO-EST2013-01.html* (accessed February 2015). Ideally, we would have used nongroup market enrollment by county and then rating region to calculate weights, but such data are unavailable at this time. However, total population should provide a reasonable approximation.

7 Office of the Assistant Secretary for Planning and Evaluation. *Health Insurance Marketplace Summary Enrollment Report for the Initial Annual Open Enrollment Period*. Washington: Office of the Assistant Secretary for Planning and Evaluation, 2014, *http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Apr2014/ib_2014Apr_enrollment.pdf*.

8 Of those choosing silver level coverage through the federally facilitated marketplaces, 65 percent chose the lowest or second lowest cost silver plan in 2014. Office of the Assistant Secretary for Planning and Evaluation. *Premium Affordability, Competition, and Choice in the Health Insurance Marketplace, 2014*. Washington: Office of the Assistant Secretary for Planning and Evaluation, 2014, *http://aspe.hhs.gov/HEALTH/REPORTS/2014/PREMIUMS/2014MKTPLACEPREMBRF.PDF*

9 Holahan J et al., *Marketplace Insurance Premiums in Early Approval States*.

10 For the rural area analysis, we exclude states in which urban and rural areas are combined in the same rating region. We identify the rural counties using state profiles from the University of Iowa's Rural Policy Research Institute, Center for Rural Health Policy Analysis. "Health Insurance Marketplace Rating Areas," University of Iowa RUPRI Center for Rural Health Policy Analysis. *http://cph.uiowa.edu/rupri/publications/policybriefs/2014/premiums* (accessed February 2015).

11 Congressional Budget Office. *Appendix G: CBO's Economic Projections for 2014 to 2024*. Washington: Congressional Budget Office, 2014, *http://www.cbo.gov/sites/default/files/cbofiles/attachments/45010-breakout-AppendixG.pdf* (accessed February 2015); and Centers for Medicare and Medicaid Services. "National Health Expenditure Estimates," Baltimore: Centers for Medicare and Medicaid Services, 2014. *http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/Downloads/Proj2013tables.zip* (accessed February 2015).

12 In 2015, Colorado redefined the state's geographic rating regions, creating 9 regions where previously 11 had been defined. Our analysis includes only the seven regions in the state that remained unchanged in 2015.

13 Table 3 includes 40 cities, but for this purpose we only count 38. Because the District of Columbia and New Jersey only have one rating area, their city average will be the same as their state average.

14 Holahan J, et al. *Marketplace Insurance Premiums in Early Approval States*.

15 There is concern that many co-ops may not be sustainable. Most have priced aggressively and are experiencing operating losses. They have benefited from federal loans as well as temporary risk corridors and reinsurance. Whether they can survive long term will depend on their attractiveness to consumers and their ability to develop provider networks with reasonable payment rates. Holahan J, et al. *Marketplace Insurance Premiums in Early Approval States: Most Markets Will Have Reductions or Small Increases in 2015*. Washington: Urban Institute, 2014; and Banerjee D, Sung J, Weir C. *Other U.S. Health Insurance Co-Ops Could Be Going Down the Same Bumpy Road as Iowa's CoOportunity Health*. New York, New York: Standard & Poor's Rating Services, February 2015. *https://www.statereforum.org/sites/default/files/2-10-15_-_other_us_health_insurance_co-ops_could_be_going_down_the_same_bumpy_road_as_iowas_cooportunity_health.pdf* (Accessed February 2015).