



# Health Care Reform in Indian Country

Self-Governance Communication & Education

Self-Governance Tribes Striving Towards Excellence in Health Care

## Despite Large Increases in Marketplace Premiums in 2017, Net Health Insurance Costs Fall for Low- to Moderate-Income Families in Many States<sup>1</sup>

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**This brief examines the impact of Marketplace premium increases on health insurance costs in 2017 for low- to moderate-income American Indian and Alaska Native (AI/AN) families.<sup>2</sup> Based on an analysis of Marketplace premiums in three states, despite the rise in Marketplace premiums, health insurance costs likely will decline for many AI/AN families enrolled in bronze plans because the federal government will cover a greater share of their costs through premium tax credits (PTCs).**

### Background

Individuals and families enrolled through a Marketplace with incomes between 100% and 400% of the federal poverty level (FPL) qualify for PTCs to help cover their health insurance costs. The amount of the PTC generally equals the premium for the second-lowest-cost silver plan, minus a specified percentage of household (HH) income (in 2017, 2.04% to 9.69%, depending on HH income level), with the amount of the PTC not to exceed the full cost of the premium for the Marketplace enrollees.

- The percentage of HH income contributed stays relatively constant from year-to-year (*e.g.*, maximum of 9.69% in 2017 and maximum of 9.66% in 2016). As such, even if premiums increase sharply, the PTC—not the HH contribution—increases to cover the increased costs.
- Second, if an AI/AN individual or family enrolls in a lower-cost bronze plan (to maximize cost-sharing protections), the individual or family realizes the savings as the total premium costs fall. And, in fact, the bigger the differential between the second-lowest-cost silver plan and the bronze plan premiums, the larger the savings for the individual / family enrolling in bronze coverage.

### Analysis

The table below shows the premiums for the lowest-cost bronze preferred provider organization (PPO) plan (the Marketplace plan with the broadest access to providers) and the second-lowest-cost silver plan, the percentage change from 2016 to 2017, as well as the differential between these premiums, in three states for 2016 and 2017. From 2016 to 2017, the premium for the lowest-cost bronze PPO increased significantly in each state—by 21% in Alaska, by 30% in Connecticut, and by 73% in Oklahoma. However, because the HH contribution percentage remained roughly constant from 2016 to 2017, the

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<sup>1</sup> This brief is for informational purposes only and is not intended as legal advice. For questions on this brief, please contact Doneg McDonough, TSGAC Technical Advisor, at [DonegMcD@Outlook.com](mailto:DonegMcD@Outlook.com).

<sup>2</sup> For 2017, in 18 states premium increases were less than 10% for the second lowest-cost silver plan; in 33 states, premium increases were 10% or greater. <http://kff.org/health-reform/issue-brief/2017-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/>

PTC increased to fund the entire increase in premiums.<sup>3</sup> And because the differential between the premiums for the lowest-cost bronze PPO and the second-lowest-cost silver plan increased in 2017, for example, in Oklahoma, enrollees in the State who qualify for PTCs actually would have up to \$976 lower per enrollee health insurance premium costs in 2017 than in 2016.

Differential Between Lowest-Cost Bronze and Second-Lowest-Cost Silver Plans: Individual Alaska, Connecticut, and Oklahoma Marketplace (2016 vs. 2017)							
Coverage Year	Status	Annual Premium <sup>1</sup>	Difference: Reference Plan vs. Lowest Cost Bronze PPO	Annual Premium <sup>2</sup>	Difference: Reference Plan vs. Lowest Cost Bronze PPO	Annual Premium <sup>3</sup>	Difference: Reference Plan vs. Lowest Cost Bronze PPO
		Alaska Marketplace		Connecticut Marketplace (Access Health CT)		Oklahoma Marketplace	
2016	Lowest cost bronze	\$6,948	\$1,260	\$2,798	\$1,329	\$3,056	\$1,117
	2nd lowest cost silver (Reference Plan)	\$8,208		\$4,126		\$4,173	
2017	Lowest cost bronze	\$8,436	\$2,412	\$3,624	\$1,302	\$5,280	\$2,092
	2nd lowest cost silver (Reference Plan)	\$10,848		\$4,926		\$7,372	
Change in Differential (silver vs. bronze)	Bronze	+21%	+\$1,152	+30%	-\$27	+73%	+\$976
	Silver	+32%		+19%		+77%	

<sup>1</sup> Premiums are for a 40-year-old enrollee in the lowest-cost bronze PPO and second-lowest cost silver plan offered on the Marketplace in Anchorage, AK.

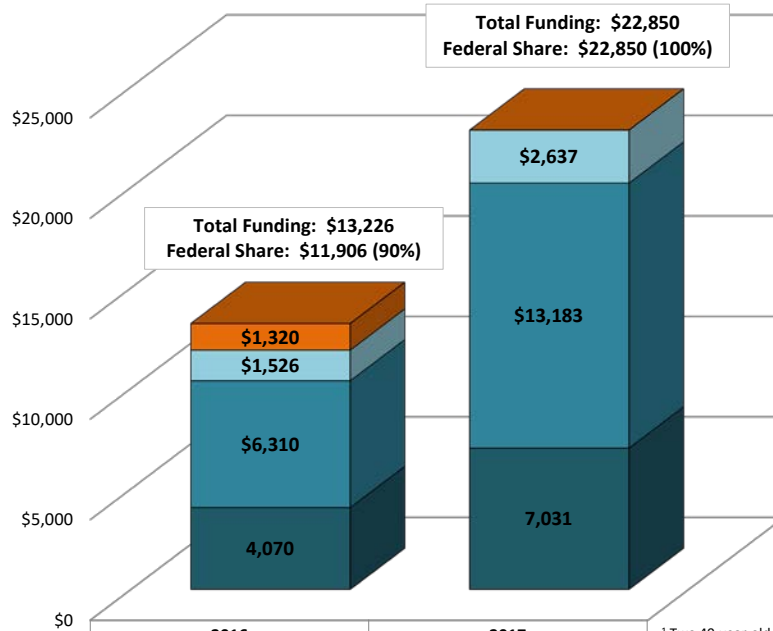
<sup>2</sup> Premiums are for a 40-year-old enrollee in the lowest-cost bronze PPO and second-lowest cost silver plan offered on the Marketplace in New London County, CT.

<sup>3</sup> Premiums are for a 40-year-old enrollee in the lowest-cost bronze PPO and second-lowest cost silver plan offered on the Marketplace in Kay County, OK.

The following table shows the sources and amounts of funding in 2016 and 2017 for an AI/AN family of three in Kay County, Oklahoma with HH income of \$50,400. As discussed above, although the premium for the lowest-cost bronze PPO jumped by 73% from 2016 to 2017, the annual net health insurance costs for the family would decrease. In fact, the family's net premium costs fell from \$1,320 to \$0.

<sup>3</sup> In the linked document, net premium costs are shown for an individual enrolled in silver-level coverage, comparing 2016 to 2017, by state. <http://kff.org/health-reform/issue-brief/2017-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/>

**Source and Distribution of Funding for Marketplace Coverage, 2016 vs. 2017**  
**- American Indian or Alaska Native Family -**  
**Three-person household; annual income 250% FPL: \$50,400**  
 (3 enrollees;<sup>1</sup> Kay County, OK; bronze-level coverage)



	2016	2017
Enrollee - Premium Share	\$1,320	\$0
Enrollee - Cost-Sharing	\$0	\$0
Federal - IU Payment	\$1,526	\$2,637
Federal - Premium Share	\$6,310	\$13,183
Federal - Cost-Sharing	\$4,070	\$7,031

<sup>1</sup> Two 40-year-old adults and one minor child enroll in the Marketplace.