

# What's Shaping 2016 Rates for ACA Customers?



During the second Annual Enrollment Period (AEP) under the Affordable Care Act (ACA), more than 560,000 people in North Carolina bought health insurance plans on the Health Insurance Marketplace. That's a good thing. But to fully get the impact of the 2015 AEP sign-up, we have to look past the numbers. **It will take at least another year until we know how the ACA will impact the cost of health insurance over the long run.**

## ACA CUSTOMERS ARE OLDER AND LESS HEALTHY THAN OTHER CUSTOMERS

During the 2014/2015 AEP, more than 397,000 customers in all 100 North Carolina counties signed up for an ACA plan.

For the second year in a row, we didn't sign up enough young customers to balance out the risk of the older and sicker customers.

61% of our ACA customers are older than 35. We know from experience that customers in their 60s can cost nearly 3.5 times more than customers in their 20s.

## WHAT DOES THIS MEAN FOR 2016 ACA CUSTOMER RATES?

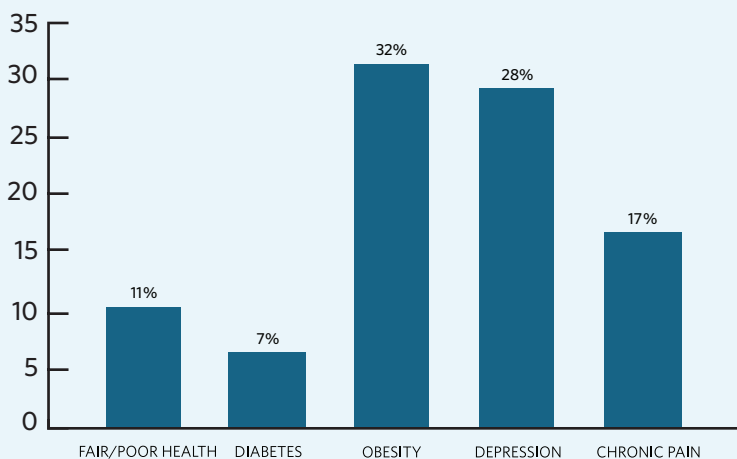
Our ACA customers are sicker and use more health care services than other customers. They had more emergency room visits and have asked for more prior approvals for expensive inpatient care and imaging services than they did last year. These costs mean higher rates for 2016.

We filed an average 2016 rate increase of 25.7% for our ACA customers with the North Carolina Department of Insurance (NCDOI) and the Centers for Medicare and Medicaid Services (CMS) for rate approval.

Since filing, we received claims data and updated enrollment information from April and May. This data indicates that health care costs for the ACA group continue to soar. Based on this information, we may need to revise our May filing to reflect a higher increase.

Individual premiums will vary based on age, geographic location, product and smoking status. For example, a 40-year-old living in Raleigh on a Blue Value<sup>®</sup> Silver plan with a \$2,500 deductible pays a premium of \$315.01 today. With the proposed increase, he will pay a premium of \$391.23 in 2016.

## WHAT DO CUSTOMERS SAY ABOUT THEMSELVES?



Source: Self-reported annual Health Risk Assessments

## GOING BEYOND ACA REQUIREMENTS

Health insurance companies must spend at least 80 cents of every dollar they charge in premiums on customers' health care. This is called the Medical Loss Ratio (MLR).

Blue Cross and Blue Shield of North Carolina (BCBSNC) has spent **more** than 80 cents of every dollar on customers' health care, even before it was required by the ACA. The rates we filed with the NCDOI and CMS should again meet the MLR, just as they have in earlier years.