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Health Insurance in Kansas: Are Premiums Increasing?

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Recent reports have circulated that the Affordable Care Act (ACA) has not treated Kansas well. Some point to the rise in premiums, or the fixed monthly costs you pay for health insurance, and that in Kansas, the rise in these premiums is more compared to the rest of the country. Perhaps not surprisingly, given the political nature of evaluating the success of the ACA, there is disagreement by analysts over the accuracy and the relevance of the numbers.

According to the Kansas Health Institute (KHI) (<http://www.khi.org/news/2014/nov/15/kansas-marketplace-opens-year-two/>), the average premium for all plans offered in the Kansas Health Insurance Marketplace increased just 0.1 percent from 2014 to 2015, but the KHI acknowledges that individual Kansans could see a wide range of price changes for specific level plans.

As an example, premiums for some silver plans are anywhere from 11.6 percent more to 13 percent less in 2015 compared to 2014. Silver plan premiums would likely be in the middle in terms of cost in the marketplace. Bronze level plans will likely have the least costly premiums, and platinum plans would have the highest premiums.

The national report singling out premium increases in Kansas as being higher than all states but Alaska came from PricewaterhouseCoopers (PwC) (<http://www.pwc.com/us/en/health-industries/health-research-institute/aca-state-exchanges.jhtml>). That report projected Kansas' health insurance premiums overall up more than 15 percent for 2015 compared to about a 5 percent average increase nationwide.

A recent story from the New York Times, however, said these projections could be misleading. National analyses such as the one from PwC tend to muddy the waters by including premiums for all plans offered in each state, as opposed to only using data for those plans in which people are actually enrolling. In reality, most consumers purchased or will purchase one of the lower cost bronze or silver plans.

To correct this bias, the New York Times commissioned an analysis looking at the costs of those bronze and silver plans for all federally facilitated marketplace states, including the one in Kansas. For Kansas, the results are mixed. Costs for some plans went up more than the national average, but some went down.

The cost increase for an average lowest bronze plan for a 50-year-old non-smoker was 8 percent higher in Kansas, compared to 3 percent increase nationally, but the average lowest silver plan for the same person went down 6 percent in Kansas compared to a 4

percent increase nationally. Research has shown those silver plans are the most popular among consumers.

If you do see an increase in your premiums in the marketplace for 2015 compared to 2014, know that could be because for 2014, the Kansas marketplace was ranked as having the fifth lowest premium costs of all states. Even an 8 percent increase of a smaller starting amount will likely yield an affordable premium that is at minimum comparable to other states, and in some cases, better than other states.

It is also surprising and encouraging that even though Kansas has a small number of insurance companies offering plans in the marketplace, those insurers seem to be offering affordable products to Kansans. We might expect prices would be higher with less competition, but that hasn't seemed to be the case.

Still, when some complain that their premiums have gone up because of the ACA, this is may true for several reasons, and some of this is happening outside of the marketplace through other methods of obtaining insurance.

1. If the consumers are in employer-based plans, their employer might be asking them to shoulder a greater percentage of the cost of insurance. Almost 60 percent of Kansans are insured through their workplaces.
2. Some consumers are now buying a more comprehensive, and therefore, expensive policy that truly protects them from financial risk.
3. Younger and likely healthier consumers are now in the same risk pool as the likely sicker and older people. This strategy is called community risk pooling. Rather than rating each individual according to his or her own risks, it is a strategy to make insurance more affordable for all. It acknowledges that all community members, businesses included, benefit from having a healthy population, and that if some pay more for their insurance, others will pay significantly less to be insured.

Community risk pooling says that everyone in the community will eventually pay if an uninsured person gets sick, and it is a community response that not all people are comfortable with. The youngest adults, those under 30, and some lower income families can still opt out of that pool and purchase a minimal policy called a catastrophic policy.

Kansas premiums, especially with tax subsidies, are more affordable for many people than they had been before ACA. Overall, we should remember that health insurance premium costs in the United States have been rising every year since number crunchers have been watching the trends. The ACA is working to keep the rate of those increases to a minimum, or below where they have been in previous years, while expanding the types of health care services insurance is required to cover.

To learn more about health insurance reform, you can visit my blog at <https://blogs.ksre.ksu.edu/issuesinhealthreform/>.

-30-

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