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July 12, 2017

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## **New Academy Issue Brief Details Drivers of 2018 Individual Market Premium Changes**

***Drivers Include Health Care Costs, ACA Market Rule Uncertainty, Other Factors***

WASHINGTON—Increasing health care costs and uncertainties about the continued enforcement of Affordable Care Act (ACA) components that support individual market plan enrollment and marketplace stability are among the key factors behind premium rate change requests that could affect many individual market policyholders next year, according to a new [issue brief](#) from the American Academy of Actuaries.

“During the early transition years to the ACA marketplaces, the uncertainties that drove premium changes in the individual market were inherent to insuring unknown populations under untested market rules,” said Academy Senior Health Fellow Cori Uccello. “While more has become known about the ACA market, the continued rise in health care costs and increased uncertainty surrounding the market rules are some of the major factors driving premium changes for 2018.”

The issue brief, *Drivers of 2018 Health Insurance Premium Changes*, authored by the Academy’s Individual and Small Group Markets Committee, identifies the major drivers as:

- **Underlying growth in health care costs.** Estimates regarding medical trend (i.e., costs of medical services and prescription drugs) for 2018 are in the range of a 5 to 8 percent increase.
- **Legislative/regulatory uncertainty.** Insurer decisions about rates and market participation are factoring in uncertainties regarding the payment of ACA cost-sharing reduction (CSR) reimbursements, the enforcement of the ACA’s individual mandate, the effects of changes to enrollment periods, and the prospects of other major policy changes affecting the ACA marketplaces.

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- **Risk-sharing programs for high-cost enrollees.** Risk-sharing programs like reinsurance or invisible risk pools are being considered by states and in federal legislation; they could mitigate premium increases, as long as they are not funded within the individual market.
- **Changes in the risk pool composition and issuer assumptions.** Changes in premiums between 2017 and 2018 will vary by state, reflecting expected changes in the risk profiles of the enrollee population, as well as any changes in issuer assumptions based on experience.
- **The expected resumption of the health insurance provider fee.** Unless the current legislative moratorium on the health insurance provider fee is extended, the resumption of the fee in 2018 will increase premiums by about 1 to 3 percent.

“In the last several years, insurers have gained much more information about ACA plan enrollees, costs, and the operation of the current market rules, while uncertainties surrounding the future of those rules have become more pronounced,” Uccello said.

Read the issue brief and learn more about the Academy’s health policy work at [actuary.org](http://actuary.org).

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