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NEWS RELEASE

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Actuaries Detail the Drivers of Health Insurance Premium Changes for 2016

WASHINGTON – Growing health care costs, the phaseout of the Affordable Care Act’s (ACA) transitional reinsurance program, and assumptions regarding the composition of the 2016 risk pool are among the major factors driving changes in health insurance premium rates for 2016, according to a new issue brief released today by the American Academy of Actuaries’ Health Practice Council, “[Drivers of 2016 Health Insurance Premium Changes](#).” The paper focuses primarily on the individual market, but some factors that will particularly affect the small group market are highlighted as well.

“As states begin releasing information on 2016 premium rates and comparisons are made to 2015 rates, it’s important to understand the factors underlying the changes,” said Academy Senior Health Fellow Cori Uccello. “The Academy’s new issue brief provides insights into the important trends and changes that will be incorporated into 2016 premiums and whether these contribute to upward or downward pressure on rates.”

The drivers of health insurance premium changes for 2016 include:

- Underlying growth in health care costs, including increased spending for medical services and prescription drugs, especially as more high-cost specialty prescription drugs come to market.
- The scheduled reduction in the ACA’s temporary reinsurance program, which means less of an offset to insurers’ costs of higher-cost enrollees.
- The incorporation of insurer experience regarding their 2014 and 2015 enrollee risk profiles into 2016 assumptions.
- The ACA provision expanding the small group market to include employers with 51-100 employees.

(MORE)

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The issue brief details these and other drivers of premium changes, and can be viewed at www.actuary.org.

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Media Only: To set up an interview with Uccello, contact Academy Assistant Director of Communications, Public Affairs, David Mendes at mendes@actuary.org or (202) 384-2075.