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Health Care Policy and Marketplace Review

A Health Care Reform Blog—Bob Laszewski's review of the latest developments in federal health policy, health care reform, and marketplace activities in the health care financing business.

TUESDAY, SEPTEMBER 6, 2016

Detailed Obamacare Blue Cross Enrollment--About Half the Enrollment Doesn't Get a Subsidy!

I was struck by [this comment](#) coming from one of Obamacare's most vocal supporters, Vox's Sarah Kliff:

Obamacare's insurance expansion is on the path to looking like other safety net programs we know, offering limited services to a predominantly low-income population.

She might be right about Obamacare devolving into a low-income style safety net program. But she couldn't be more wrong about the people who have no choice but to buy Obamacare if they want health insurance.

In the September 2016 issue of the trade publication, *The AIS Report on Blue Cross and Blue Shield Plans*, reporter Steve Davis did something no other reporter I know of has done. He called a number of Blue Cross plans and asked how many of their Obamacare individual health insurance policyholders get a subsidy and how many do not. His report covers 26 state Blues plans.

Why is this important?

First, [the administration keeps telling the press that 85% of exchange participants get a subsidy](#). That is technically correct but awfully misleading. I have been arguing for years that about half of the Obamacare individual market does not get a subsidy when you include all of those customers that purchase their individual health insurance policies off the exchange.

As an [administration spokesperson put it](#) a couple of weeks ago, "Even in a scenario where all plans saw double-digit rate increases, the vast majority of consumers would continue to have affordable plans." If you believed that line, you will be quite surprised by what Davis found.

Then there are all of the Obamacare supporters like Kliff. Apparently, the millions of middle class people who have no choice but to be in the Obamacare health insurance market are invisible to them and it's just fine that they have no choice but to get their health insurance from a safety net program "offering limited services to a predominantly low-income population."

Consumers who do not get a subsidy pay the full premium, absorb all of the big rate increases, as well as the full deductible and co-pay increases.

So, how many individual health insurance policyholders are there that don't get a subsidy?

Davis surveyed a number of Blue Cross plans by calling them and asking that question and here is what he found:

Anthem: 784,550 with a subsidy and 1,015,450 without a subsidy. "The publicly traded company, which operates in 14 states, ended the second quarter of 2016 with 1.8

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million members in the individual market. About 923,000 are covered by policies purchased through an exchange, the company reported July 27. The remaining 877,000 are covered by an individual policy purchased outside of an exchange...Using CMS' estimate that 85% of people who purchased coverage through an exchange qualified for federal subsidies, for Anthem that would translate to about 784,550 people with a subsidy...That leaves a little more than 1 million people—138,450 on the exchange and 877,000 off the exchange—who won't get a subsidy."

Health Care Service Corp: 881,000 members with a subsidy and 818,550 without a subsidy. "HCSC operates Blues plans in Illinois, Oklahoma, Montana, New Mexico, and Texas. As of December 31, 2015, HCSC says 61% of its 1.7 million individual members in five states purchased their coverage through the exchange. That works out to a little more than 1 million lives. But if 15% of those members don't qualify for a subsidy--and the other 663,000 purchased ACA compliant coverage outside the exchange--818,550 individual members won't have a federal subsidy."

Arkansas Blue Cross and Blue Shield: "As of July 1, 215,271 individuals were enrolled in on-exchange metallic plans [presumably 15% or 32,291 did not get a subsidy]...Another 59,915 individuals are enrolled in non-ACA-compliant insurance policies purchased outside the exchange."

BlueCross Blue Shield of Kansas: 46% of non-group members purchased coverage outside the exchange and 54% purchased coverage on the exchange [presumably 15% of those did not get a subsidy]. Of the off exchange plans, 56% are in non-compliant plans.

Blue Cross Blue Shield of Louisiana: Of the 206,793 people covered by an individual health plan, and assuming 85% of those on the exchange get a subsidy, only about 63,000 are subsidized. "Of the Blues plan's 206,793 people covered by an individual product, 21% enrolled outside of HealthCare.gov. Another 36% are covered by a policy purchased on the exchange, and 43% are covered by a non-compliant plan."

Blue Cross Blue Shield of Massachusetts: "Of the Massachusetts Blues plan's 43,000 non-group members, just 3,000 have coverage through the state-run insurance exchange."

Blue Cross Blue Shield of Michigan: Using the 85% assumption, 136,000 get a subsidy and 106,000 do not. "About 160,000 lives are covered by an individual policy sold through HealthCare.gov, while 82,000 enrolled outside the exchange..."

CareFirst Blue Cross Blue Shield: Using the 85% assumption, 99,529 are getting a subsidy and 175,641 not getting a subsidy. "As of July 2016, CareFirst had 275,170 members covered by individual policies in its service area of Maryland, Northern Virginia and Washington, DC. Of those, 117,093 were covered by a policy sold through an exchange. Outside of the exchange, 121,331 were enrolled in an ACA compliant plan and 36,746 had a non-compliant grandfathered policy."

Independence Blue Cross: Using the assumption that 85% of those on the exchange get a subsidy, 107,000 are subsidized, and 73,000 are not. "Of the 180,000 individual members, 70% enrolled through Healthcare.gov. The Blues plan doesn't have enrollment in transitional plans."

For those of you keeping score, that is about 2.3 million with subsidies and 2.4 million without subsidies.

As you can see, there are still a relatively small number of grandfathered plans in a few states. But these plans are only available to those who had them in 2013 and they can only have them as long as their carrier is willing to let them continue. All new people rolling through the individual health market are required to be in ACA-compliant plans.

And, what's the political outlook for Obamacare given that these millions of middle class voters appear "on the path to [being in a health plan] looking like other safety net

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HPSA is not a lobbying firm. Our niche is objective non-partisan information on what is happening in the federal health policy debate and in the market.

ROBERT LASZEWSKI, WASHINGTON, DC

Robert Laszewski is president of Health Policy and Strategy Associates, LLC (HPSA), a policy and marketplace consulting firm specializing in assisting its clients through the significant health policy and market change afoot. Before forming HPSA in 1992, Mr. Laszewski was chief operating officer for a health and group benefits insurer. The majority of Mr. Laszewski's time is spent being directly involved in the marketplace as it comes to grips with the health care cost and quality challenge.

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programs we know, offering limited services to a predominantly low-income population?

Postscript: After reading this post, [Charles Gaba at ACAsignups.net](#) just estimated the on and off exchange enrollment for these Blues plans based upon his data. "Roughly 48% (2.3 million) of all individual policies sold by these carriers are subsidized, while another 48% are ACA-compliant but unsubsidized (8% on exchange and 40% off exchange). The remaining 4% or so are grandfathered/transitional enrollees."

Just another confirmation: About half the individual health insurance market is subsidized and half is not.

Posted by **ROBERT LASZEWSKI** at 9:54 AM



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