

PLANS WITH MORE RESTRICTIVE NETWORKS COMPRISE 73% OF EXCHANGE MARKET

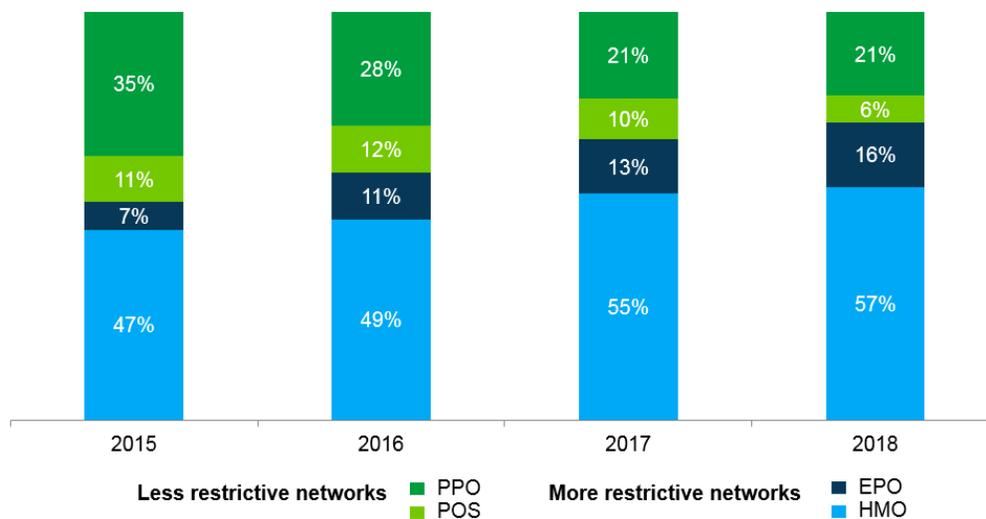
Deductibles Remain High, Nearing \$4,000 on Average for Silver Plans

New analysis from Avalere finds that plans with more restrictive networks, including health maintenance organizations (HMOs) and exclusive provider organizations (EPOs), continue to dominate the exchange market, with 73% of the 2018 market comprised of restrictive network plans, up from 68% in 2017 and 54% in 2015. Only 27% of plans are Preferred Provider Organizations (PPO) or Point of Service (POS) plans, which typically cover care with a broader network.

HMOs and EPOs are considered more restrictive—or narrow—plans, as they often have comparatively fewer providers in their network and across specialties compared to Preferred Provider Organizations (PPO) and Point of Service (POS) plans. Under HMO and EPO plans, coverage is usually exclusive to in-network providers, while PPO and POS plans offer broader coverage.

“We continue to see insurers focusing on narrow network exchange products that enable them to offer competitive premiums and manage medical costs,” said Caroline Pearson, senior vice president at Avalere. “These narrow network plans may come at a lower price tag for consumers, but they may also limit consumer choice and access to specialist care.”

Figure 1: Percent of Plan Offerings by Plan Type, Federally-Facilitated Exchange States

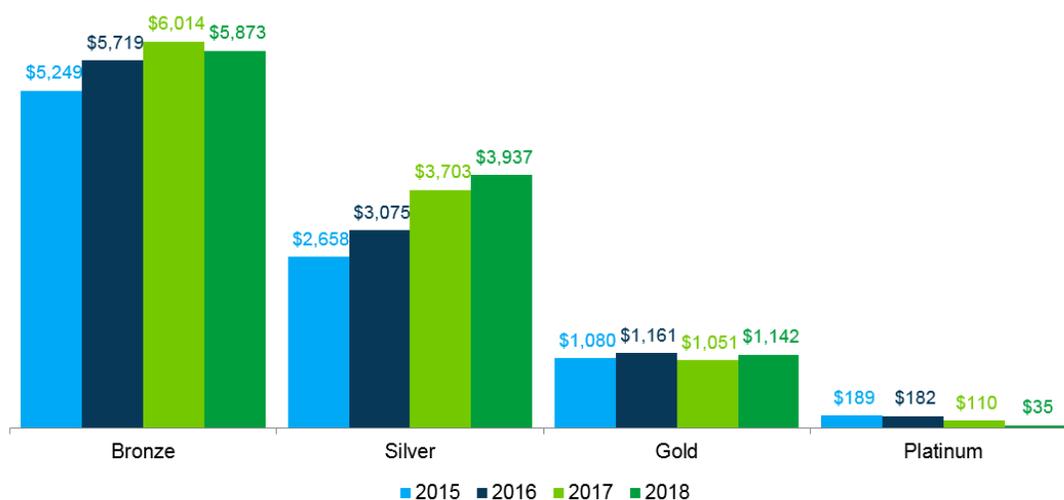


Out-of-Pocket Costs Remain High in Exchange Products with the Average Deductible for a Silver Plan Near \$4,000

Avalere analysis also found that deductibles for the most popular type of plan on the exchange--silver plans--will climb in 2018, to an average of \$3,937, up from \$3,703 in 2015, and each following year they will increase. The average gold plan deductible will rise from 2017, while the average bronze and platinum deductibles will drop from 2017 averages. Importantly, consumers earning less than 250% of poverty receive cost-sharing reductions that typically result in lower deductibles.

“For the most popular exchange plans, we see an increase in deductibles for 2018,” said Elizabeth Carpenter, senior vice president at Avalere. “This trend helps reduce premium costs, but may increase what consumers must pay out-of-pocket for their care.”

Figure 2: Average Combined Deductibles by Metal Level, CA, NY, AND FFE States, 2015-2018



METHODOLOGY

Avalere analyzed plan information for states participating in the Federally-facilitated exchanges (FFE) and California and New York, the states with the largest exchange enrollment to capture a large sample of plan designs utilized throughout the country in the 2015, 2016, 2017, and 2018 plan years. Information on plan type (PPO, HMO, etc.) includes only Federally-facilitated exchanges. Analysis is based on information from the FFE landscape file and collected from the Covered California and New York State of Health websites for 2015, 2016, 2017, and 2018. Avalere analyzed the FFE landscape file for 2015 (extracted November 14, 2014), 2016



(extracted November 2, 2015), 2017 (extracted October 24, 2016), and 2018 (extracted October 25, 2017).

###

Avalere Health, an Inovalon Company, is a strategic advisory company whose core purpose is to create innovative solutions to complex healthcare problems. Based in Washington, D.C., the firm delivers actionable insights, product solution and custom analytics for leaders in healthcare business and policy. Avalere's experts span 230 staff drawn from Fortune 500 healthcare companies, the federal government (e.g., CMS, OMB, CBO and the Congress), top consultancies and nonprofits. The firm offers deep substance on the full range of healthcare business issues affecting the Fortune 500 healthcare companies. Avalere's focus on strategy is supported by a rigorous, in-house analytic research group that uses public and private data to generate quantitative insight. Through events, publications and interactive programs, Avalere insights are accessible to a broad range of customers. For more information, visit avalere.com, or follow us on Twitter [@avalerehealth](https://twitter.com/avalerehealth).

