Insights and actions for successful results

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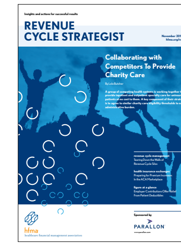

• health insurance exchanges •

Preparing for Premium Increases in the ACA Marketplace

By Tom Yoesle

Hospitals and health systems can examine how exchange plan choices and premium trends will impact uncompensated care costs.

When Affordable Care Act (ACA) marketplace insurers increase premium rates and out-of-pocket expenses for bronze, silver, and other plans in 2017, patients and hospitals will take a financial hit. Enrollees, who are likely to shift to cheaper plans to lower their monthly premiums, will accept the trade-off of shouldering a higher portion of healthcare costs. When this happens, providers will see changes in their balance after insurance (BAI) accounts receivables. Here's what revenue cycle leaders need to do to prepare for these market shifts.

Understand the Key Market Changes

Hospitals are doing a great job of helping more patients obtain insurance through the ACA exchanges. Now that we have three years of marketplace data, it's time to examine how plan choices and premium trends will impact uncompensated care costs. As insurers gain more experience in the marketplaces, rates are going up. According to the Kaiser Family Foundation, silver plans, which are the most common choice among exchange plan enrollees,

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How Health Insurance Exchange Plans Split Costs

Below are estimated cost percentages that patients will pay depending on the types of exchange plans they choose.

Plan Category	The Insurance Company Pays	Patient Pays
Bronze	60%	40%
Silver	70%	30%
Gold	80%	20%
Platinum	90%	10%

Source: "The 'metal' categories: Bronze, Silver, Gold & Platinum," Healthcare.gov

experienced an average premium increase of 2 percent in 2016. Premiums are expected to jump 9 percent in 2017.

Monthly premiums are a chief driver of plan selection among consumers as they build healthcare coverage into their monthly budgets. Consumers may accept small premium increases, but they will change plans over double digit hikes. Moving from a silver plan to a bronze plan can save consumers an average of $83 each month ("2016 Affordable Care Act Market Brings Higher Average Premiums for Unsubsidized," HealthPocket, Nov. 2, 2015). But this also will dramatically increase their out-of-pocket expense as insurers' coverage drops from 70 percent to 60 percent.

Enrollees will pay a national average of $2,701 more a year for out-of-pocket expenses when they move from a silver to bronze plan (Rae, M., Levitt, L., Claxton, G., et al., "Patient Cost-Sharing in Marketplace Plans, 2016," Kaiser Family Foundation, Nov. 13, 2015). This is a significant amount to pay for patients who have moved quickly from being uninsured to having insurance. The additional financial responsibility will add up fast, impacting hospitals' BAI accounts receivable with the real potential to significantly increase uncompensated care expenses.

Collect and Respond to Critical Enrollment Data

Hospitals must follow these health plan market shifts and plan for increased out-of-pocket expenses. The following steps will help hospitals forecast how increasing ACA premiums may affect their revenue integrity and bottom lines.

> Determine if there has been a migration of people moving from silver to bronze and if that trend will continue.

> Forecast the changes in dollars moving into BAI and the collectability of these accounts.

> Understand the average out-of-pocket difference between silver and bronze plans for the local market in 2017.

> Know the "metal type" of insurance plans that patients have (e.g., bronze, silver).

> Start classifying insurance codes in this manner to build historic information.

> Link historic data with market out-of-pocket differences to understand the potential revenue cycle impact.

> Take advantage of regional market data available through government sites such as https://aspe.hhs.gov, which provides enrollment reports.

Blending historical hospital metal-type plan data with regional market trends will enable hospitals and health systems to accurately forecast how BAI receivables are changing within their organizations and to explore new methods for setting BAI receivables financial accruals. •

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