Considerations for Entry or Reentry Into the Individual Health Insurance Market

Tuesday, June 9, 2020

Many health insurers and HMOs may be considering entering or reentering the individual health insurance market, either on or off a federal or state-based health insurance marketplace. Over the last two years, the individual health insurance market has remained fairly stable and profitable (as evidenced by stable premium rates and rising MLR rebates). Additionally, new individual coverage HRAs that allow employers to set aside HRA funds for employees to shop for Affordable Care Act (ACA)-compliant individual coverage, both inside and outside of the federal or state-based health insurance marketplaces, could bring an influx of enrollees, making it more enticing for carriers to enter or reenter this market. It is also expected that as unemployment rates rise due to the COVID-19 virus, more people will lose their employer-based health insurance and will turn to the individual health insurance market to purchase coverage. Here are some items carriers should consider before taking the dive:

- State and federal deadlines for 2021 individual qualified health plans are fast approaching.
• State and federal deadlines for entrants into the 2022 market (i.e. timeline for securing a certificate of authority, lead time for establishing an adequate provider network, etc.).

• States may have mandated benefits that carriers are required to offer in addition to the state benchmark plans; and some states permit stand-alone pediatric dental plans.

• The 2021 maximum annual limits on cost-sharing set by HHS ($8550 for self-only coverage and $17100 for all other coverage).

• Premium grace period requirements for consumers receiving advanced premium tax credits.

• Provider network development, including satisfaction of state network adequacy and essential community provider access requirements.

• NCQA and/or URAC accreditation requirements.

• Availability of direct access enrollment for QHP applicants and issuer requirements related to same.

• Filing and compliance requirements specific to state-based marketplaces.

• Risk adjustment program implications and ongoing reporting requirements.

• Whether or not the state has adopted Medicaid expansion and potential impacts on marketplace participation.

• Established or pending state-level reforms, such as Sec. 1332 state innovation waivers, surprise billing, drug price transparency, all-payer claims database, and public or Medicaid ‘buy-in’ options.

In addition, carriers should be mindful of state-by-state requirements related to obligations for offering the same products both on and off the federal or state health insurance marketplaces. Carriers considering offering a QHP on a federal or state health insurance marketplace should be aware that the same product must be offered outside of the health insurance marketplace.

Carriers may also consider developing products that can be offered on an individual basis but are not subject to the ACA reforms, which include the following:

• Specified disease policies.

• Short-term, limited-duration policies.

• Fixed indemnity products.

• Catastrophic plans.

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