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Rural Policy Brief

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Health Insurance Marketplaces: Issuer Participation Trends in Non-Metropolitan Places, 2014-22

Eliot Jost, MBA, MPH; Abigail Barker, PhD; Leah Kemper, MPH; Fred Ullrich; Keith Mueller, PhD; Timothy McBride, PhD

Purpose

Since the 2014 implementation of Health Insurance Marketplaces (HIMs), authorized by the Patient Protection and Affordable Care Act (ACA) of 2010, considerable changes have been observed in the number of insurance companies offering plans across the 50 states and the District of Columbia. This policy brief describes the changes in HIM plan issuers (that is, the parent company owning the plan; each plan issuer can offer multiple plans in each area) over the 2014-2022 period with an emphasis on the variation across metropolitan and non-metropolitan places.

Key Findings

- Non-metropolitan counties (counties classified as either micropolitan or noncore using urban influence codes) have had less marketplace participation than metropolitan counties since their implementation in 2014. However, issuer participation in metropolitan and non-metropolitan counties fluctuates in a similar manner over time.
- Since 2018, metropolitan, micropolitan, and noncore counties have experienced steady growth in the number of competing issuers in the marketplaces. In 2018, metropolitan, micropolitan, and noncore counties had on average 2.2, 1.8, and 1.7 unique issuers participating in the marketplaces, respectively. In 2022, metropolitan, micropolitan, and noncore counties had on average 4.2, 3.3, and 3.0 unique issuers participating in the marketplaces, respectively.
- A larger percentage of non-metropolitan counties (micropolitan: 37.9 percent; noncore: 42.3 percent) had fewer than three issuers participating in the marketplaces, compared to metropolitan counties (20.8 percent). This difference is exacerbated when considering county-level population (population weighted percentages: metropolitan: 7.8; micropolitan: 33.3; noncore: 38.4).
- Marketplace participation trends differ by Census region and rural classification. While marketplace participation by issuers initially lagged in the South and Midwest, by 2022 differences in marketplace participation across Census regions by rurality were narrower.
- Non-metropolitan counties in states that have expanded Medicaid have had greater marketplace participation on average than their counterparts in states that have not expanded Medicaid. However, this difference appears to be closing as of 2022.

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RUPRI Center for Rural Health Policy Analysis, University of Iowa College of Public Health, Department of Health Management and Policy, 145 Riverside Dr., Iowa City, IA 52242-2007, (319) 384-3831
http://www.public-health.uiowa.edu/rupri
E-mail: cph-rupri-inquiries@uiowa.edu

Introduction

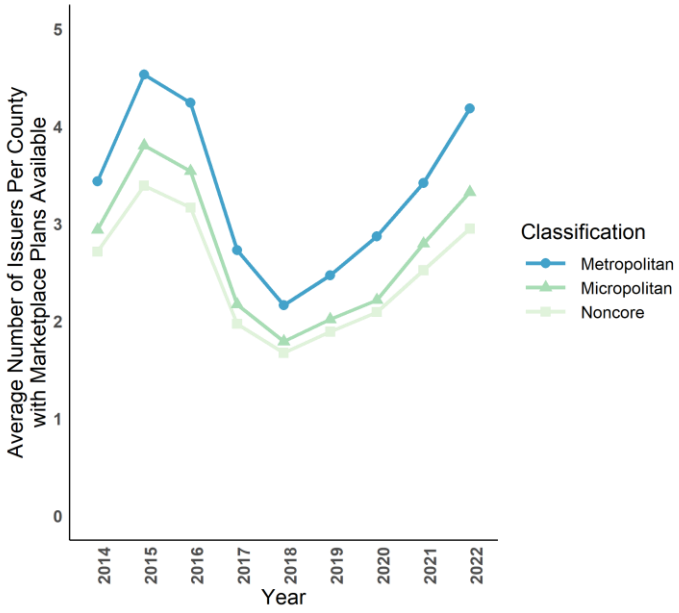
This analysis builds on previous work by the RUPRI Center. It presents an analysis of data describing issuer participation at the county level across the United States from 2014-22, with emphasis on the variations in experiences in non-metropolitan places. Previous Center work focused on the higher participation in the marketplaces in metropolitan areas, and changes in the 2014-18 period.[1-4] It first showed the initiation of plans in the 2014-16 period, and entry of issuers as the initial uncertainties and structural issues were resolved. The second period (from 2016 to 2018) was characterized by volatility in the marketplaces as the number of plan issuers dropped significantly across the U.S., including in rural areas. This brief builds on the previous analysis by adding the 2018-22 period, which has seen increases in the number of plan issuers. Additionally, this brief outlines changes in economic and policy conditions that may have had an influence on issuer participation over time.

Methods

County level participation dynamics in the individual marketplaces for 2014 through 2022 was analyzed using publicly available insurance plan data from the Robert Wood Johnson Foundation Health Insurance Exchange (HIX) Compare data sets. The HIX Compare data sets include whether marketplace plans are available in each county, and health plan characteristics, such as health plan issuer and exchange availability at the county (or county equivalent) level for nearly all states and years. Missing data for Hawaii in 2014 and Massachusetts in 2018 had been collected in previous work conducted by RUPRI via manual extraction through the state-based exchange platforms; these data were included to supplement the present analysis.[5] In this analysis, greater than 99 percent of all county/years were included.

Standard univariate statistical methods were employed to summarize issuer participation at the county level. In computing population-weighted means, county-level population estimates of adults aged 20 to 64 generated by the U.S. Census Bureau were used. At this time, the U.S. Census Bureau has not published county-level population estimates for years 2020 through 2022. Therefore, population weights for years 2020 through 2022 used 2019 estimates. In this analysis, population weights were used to account for the non-trivial differences in the adult population at the county level when calculating statistics at the metropolitan, micropolitan, and noncore classification or census region levels.

Figure 1. Average Number of Issuers Per County by Classification
2014 - 2022

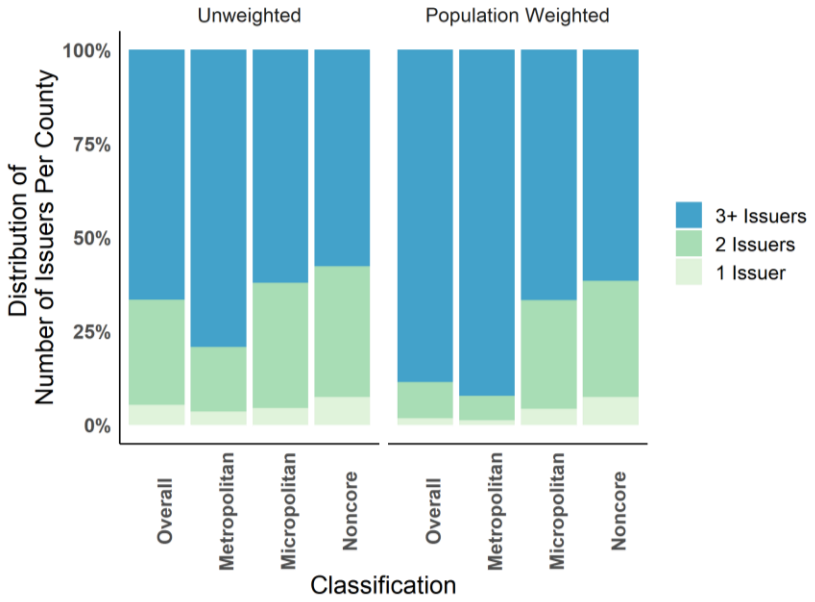


Additional secondary data were included to examine issuer participation dynamics with greater specificity. At the county level, Urban Influence Codes were included to examine dynamics by metropolitan, micropolitan, and noncore status. At the state level, geographic Census region and a Medicaid expansion indicator were included. Standard bivariate and multivariate statistical methods were employed to summarize issuer participation across select characteristics.

Results

Figure 1 shows the average number of issuers per county by metropolitan, micropolitan, and noncore classification from 2014 through 2022. At the onset of HIM implementation in 2014, metropolitan, micropolitan, and noncore counties had on average 3.4, 2.9, and 2.7 unique issuers participating in the individual marketplace, respectively. Shortly thereafter, the average number of competing issuers peaked in 2015 at 4.5, 3.8, and 3.4 in metropolitan, micropolitan, and noncore counties, respectively. Over the next three years, the number of issuers in the individual marketplace in all counties declined,

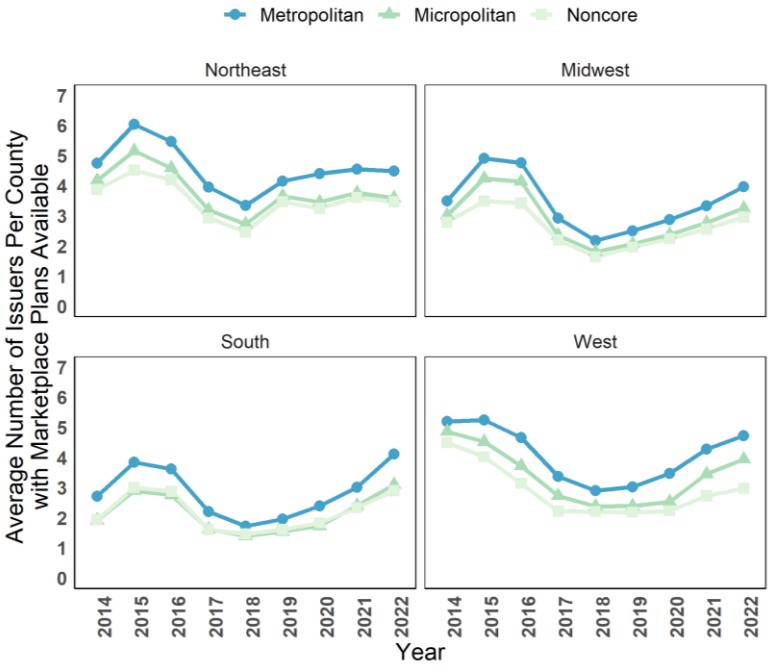
Figure 2. Issuer Count Categories (%) by Classification
2022



reaching its lowest point in 2018; at that time, metropolitan, micropolitan, and noncore counties had on average 2.2, 1.8, and 1.7 unique issuers participating in the individual marketplace, respectively. From 2018 to present, the individual marketplaces have experienced steady growth in the number of competing issuers: in 2022, metropolitan, micropolitan, and noncore counties had on average 4.2, 3.3, and 3.0 unique issuers participating in the individual marketplace, respectively. Note that, although issuer participation is heterogeneous among metropolitan, micropolitan, and noncore counties, issuer participation dynamics are fairly homogenous, i.e., they follow the same trends over time.

Figure 2 shows the issuer count composition of the 2022 cross section by metropolitan, micropolitan, and noncore classification in both unweighted and population-weighted formats. Note that the population weighted percentages account for the non-trivial differences in the adult population at the county level. Overall, 5.4 percent of counties had only one issuer participating in the individual marketplace, 28.0 percent had two issuers, and 66.6 percent had three or more issuers. In non-metropolitan counties, a larger percentage of counties had fewer than three issuers participating in the marketplaces (micropolitan: 37.9 percent; noncore: 42.3 percent) than in metropolitan counties (20.8 percent). When taking into consideration the number of adults living in these counties, this difference is increased between metropolitan and non-metropolitan counties. In metropolitan counties, 7.8 percent of the population is residing in a marketplace with fewer than three issuers participating, while in non-metropolitan counties, this percent is 33.3 and 38.4 for micropolitan and noncore counties, respectively.

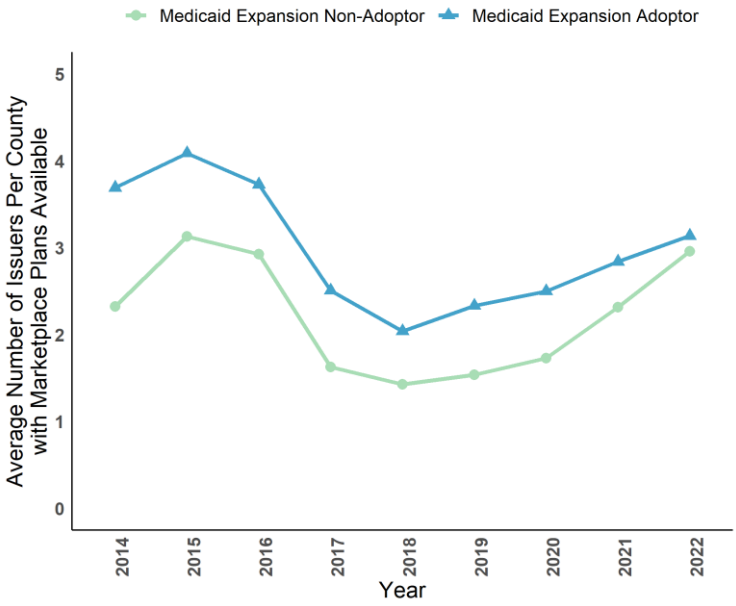
Figure 3. Average Number of Issuers Per County by Classification and Region
2014 - 2022



The pattern of change in marketplaces over the periods 2014-2015, 2015-2018, and 2018-22 are observed generally across the regions of the U.S. (**Figure 3**). However, some differences exist, especially in comparing the Northeast to the other regions. For example, average numbers of marketplace issuers were highest in the Northeast and West in the early period (2014-15). In contrast, average growth in plan issuers in the Northeast in 2018-22 grew from 3.0 to 4.1, while in the South, West and Midwest, the average number of issuers grew from 1.8 to about 3.4.

Figure 4 shows that on average, in non-metropolitan counties in Medicaid expansion states, the numbers of marketplace plan issuers are higher than in states that have not expanded Medicaid in all years. However, the gap appears to be closing as of 2022.

Figure 4. Average Number of Issuers Per County by Medicaid Expansion Adoption Status in Non-Metropolitan Places
2014 - 2022



Discussion

The analysis shows three distinct periods in marketplace issuer participation under the ACA. The first three years (2014-16) were characterized by initiation of plans, and entry of issuers as the initial uncertainties of the marketplaces and structural issues (such as problems with websites) were resolved.[6] The second period (from 2016 to 2018) was characterized by volatility in the marketplaces as issuers responded to significant policy changes such as elimination of the risk corridor funding, which made it more difficult to remain in the market, and scaled back participation in places where their initial entry into the marketplaces had resulted in excess supply.[7] The policy changes included the elimination of reimbursements to issuers for cost sharing reduction (CSR) plans, raising issuer costs of participating in the marketplace. However, since ACA legislation included a provision for premium tax credits, the third period (from 2018 to 2022) saw marketplace issuers adjust strategies. This period saw the development of the "silver loading" strategy (loading most of the CSR-related costs into premiums for silver plans, which are used to set premiums to cover subsidies for plans at other levels) after funding for CSRs was eliminated. Additionally, in 2021 the new administration expanded outreach for marketplace plans, and reinstated funding for CSRs improving the affordability of marketplace plans and encouraging entry of issuers. In the 2021 to 2022 period, the passage of the American Rescue Plan Act of 2021 (H.R. 1319) in the 117th Congress jointly expanded tax credits for individuals and families and increased ACA healthcare subsidies, which may have made certain marketplaces more attractive to issuers. Extension of the 2021 open enrollment period may have had a similar effect. Lastly, the continued renewal of the federal emergency declarations beginning in 2020 in response to COVID-19 allowed states to enact temporary Medicaid flexibilities to facilitate access to coverage, which bolstered Medicaid enrollment irrespective of state expansion status.

This brief show that similar patterns of behavior by the marketplace issuers have been seen in both metropolitan areas and nonmetropolitan areas. But during the entire period, metropolitan areas averaged about one more issuer per county than did nonmetropolitan areas. To some extent this likely reflects some problems that hamper entry and competition of insurance issuers in rural areas regardless of the policy environment.[8] Also, further analysis at the regional level shows that in the last four years (2018-22), nearly all of the significant growth in marketplace issuers has occurred in the South, Midwest and West, perhaps suggesting there may be some sort of ceiling effect in the Northeast. This likely reflects some historical reluctance to enter these areas in the early periods, but shifts in policies also led insurers to enter in more recent years.

This analysis also shows that the number of marketplace plan issuers is higher, on average, in states that have expanded Medicaid, compared to states that have not expanded Medicaid in all years. However, that gap appears to be narrowing as of 2022. The initial and narrowing gap may be the result of several factors. For instance, the reduced burden of uncompensated care on providers in Medicaid expansion states, in favor of claims-based reimbursement by Medicaid, may have favorably affected profit margins for marketplace issuers in the short term (in which entry and exit decisions are made). It is also possible that issuers who already have many covered lives in Medicaid managed care plans may be more likely to offer marketplace plans. In general, some combination of the socioeconomic, demographic, and/or political characteristics of states that expanded Medicaid initially made them conducive to entry of marketplace plans; as more states have opted into the expansion

category in subsequent years, the differences have become less salient. The descriptive comparisons here do not provide definitive evidence to support any specific hypotheses on the nature of the differences; thus, further research is needed to disentangle these effects.

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4. Abigail Barker, Timothy McBride, Keith Mueller. 2019. "Can the Market Deliver Affordable Health Insurance Options in Rural Areas," Health Affairs, January 2019: 10.1377/hblog20190104.599904
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Appendix

Table 1. Average Number of Issuers Per County by Classification, 2014 - 2022									
	Year								
Classification	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Metropolitan	3.4	4.5	4.2	2.7	2.2	2.5	2.9	3.4	4.2
Micropolitan	2.9	3.8	3.5	2.2	1.8	2.0	2.2	2.8	3.3
Noncore	2.7	3.4	3.2	2.0	1.7	1.9	2.1	2.5	3.0

Table 2. Distribution of Counties and Population by Number of Issuers in County and Classification						
	Percent using county weight			Percent using Population weights		
Classification	**1 Issuer**	**2 issuers**	**3 or more issuers**	**1 Issuer**	**2 issuers**	**3 or more issuers**
Overall	5.4%	28.0%	66.6%	1.8%	9.6%	88.5%
Metropolitan	3.5%	17.2%	79.2%	1.2%	6.5%	92.2%
Micropolitan	4.5%	33.4%	62.1%	4.3%	29.1%	66.7%
Noncore	7.4%	34.9%	57.7%	7.4%	31.0%	61.6%

Table 3. Average Number of Issuers Per County by Classification and Region										
		Year								
Classification	**Region**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Metropolitan	Northeast	4.8	6.0	5.5	4.0	3.4	4.2	4.4	4.6	4.5
	Midwest	3.5	4.9	4.8	2.9	2.2	2.5	2.9	3.3	4.0
	South	2.7	3.8	3.6	2.2	1.7	2.0	2.4	3.0	4.1
	West	5.2	5.3	4.7	3.4	2.9	3.0	3.5	4.3	4.7
Micropolitan	Northeast	4.2	5.2	4.6	3.2	2.7	3.7	3.5	3.8	3.6
	Midwest	3.0	4.2	4.1	2.4	1.8	2.1	2.4	2.8	3.3
	South	1.9	2.9	2.8	1.6	1.4	1.5	1.7	2.4	3.1
	West	4.9	4.5	3.7	2.7	2.4	2.4	2.5	3.5	3.9
Noncore	Northeast	3.9	4.5	4.2	2.9	2.5	3.5	3.2	3.6	3.5
	Midwest	2.8	3.5	3.4	2.2	1.6	2.0	2.2	2.6	3.0
	South	1.9	3.0	2.9	1.6	1.5	1.6	1.8	2.3	2.9
	West	4.5	4.0	3.1	2.2	2.2	2.2	2.2	2.7	3.0

Table 4. Average Number of Issuers Per County by Medicaid Expansion Adoption Status in Non-Metropolitan Places, 2014 - 2022									
	Year								
Classification	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Medicaid Expansion Non-Adopter	2.3	3.1	2.9	1.6	1.4	1.5	1.7	2.3	3.0
Medicaid Expansion Adopter	3.7	4.1	3.7	2.5	2.0	2.3	2.5	2.8	3.1