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# Electoral Consequences: Impact on the ACA Marketplace

NOVEMBER 2024

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# AGENDA

- **Welcome and Discussion Overview**
- **Recent Marketplace Trends**
- **Outlook for the Enhanced Premium Subsidies and Pending Regulation**
- **Possible Trump Administration Priorities**
- **Question and Answer Session**



# TODAY'S PRESENTERS



**Michael Cohen, PhD**

Director, Wakely

- *Former Senior Advisor to the CCIIO Marketplace CEO*



**Michelle Anderson, FSA, MAAA**

Director, Wakely

- *Actuarial strategy and pricing consultant*



**Zach Sherman**

Managing Director, HMA

- *Former Rhode Island and Pennsylvania state-based marketplace director*



# RECENT MARKETPLACE DATA AND TRENDS



# INDIVIDUAL MARKET EVOLUTION

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All time high of market membership and issuers

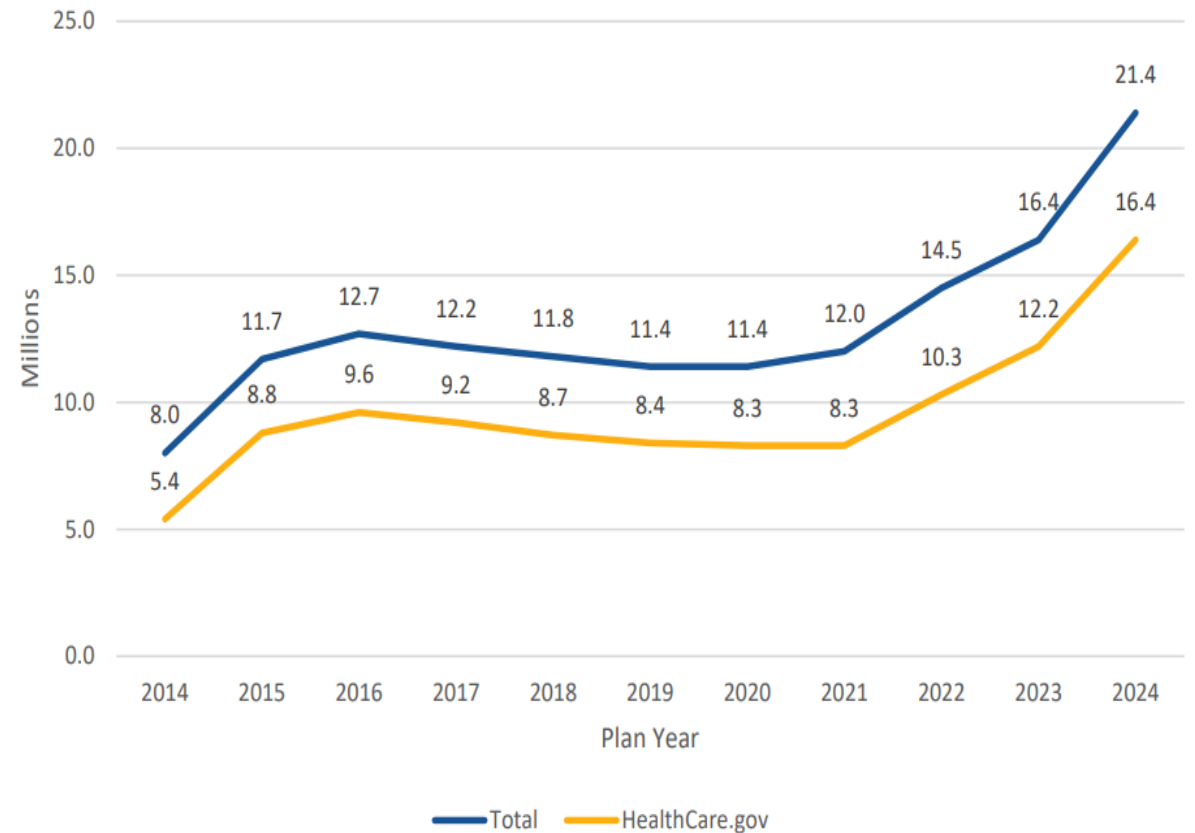
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Increased attention to consumer affordability and choice

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Continued uncertainty into 2026 and beyond

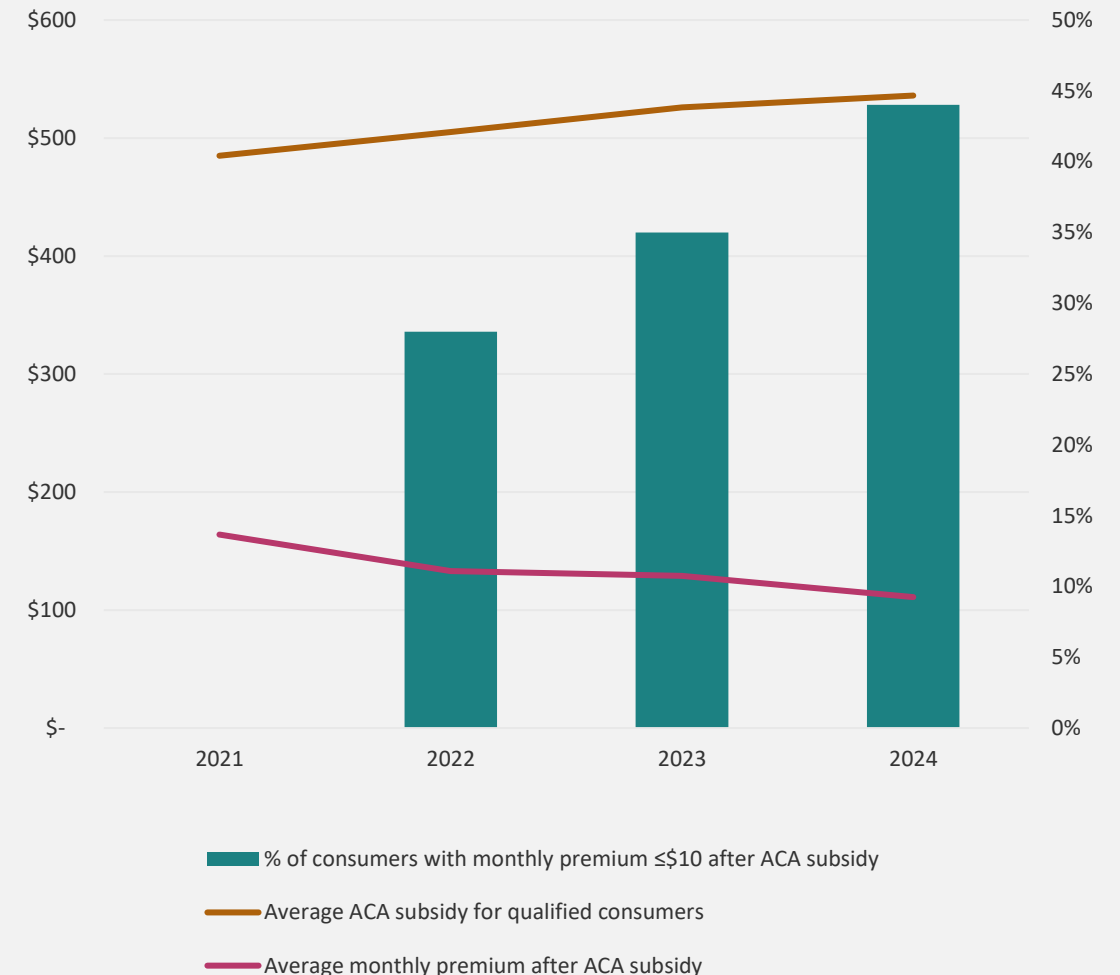
## Membership (millions)



# INDIVIDUAL MARKET EVOLUTION: AFFORDABILITY IMPROVEMENTS

Historically high enrollment has been driven by the enhanced ACA premium subsidies created by the American Rescue Plan Act in spring of 2021

Resulting affordability gains have been significant, particularly for lower-income consumers

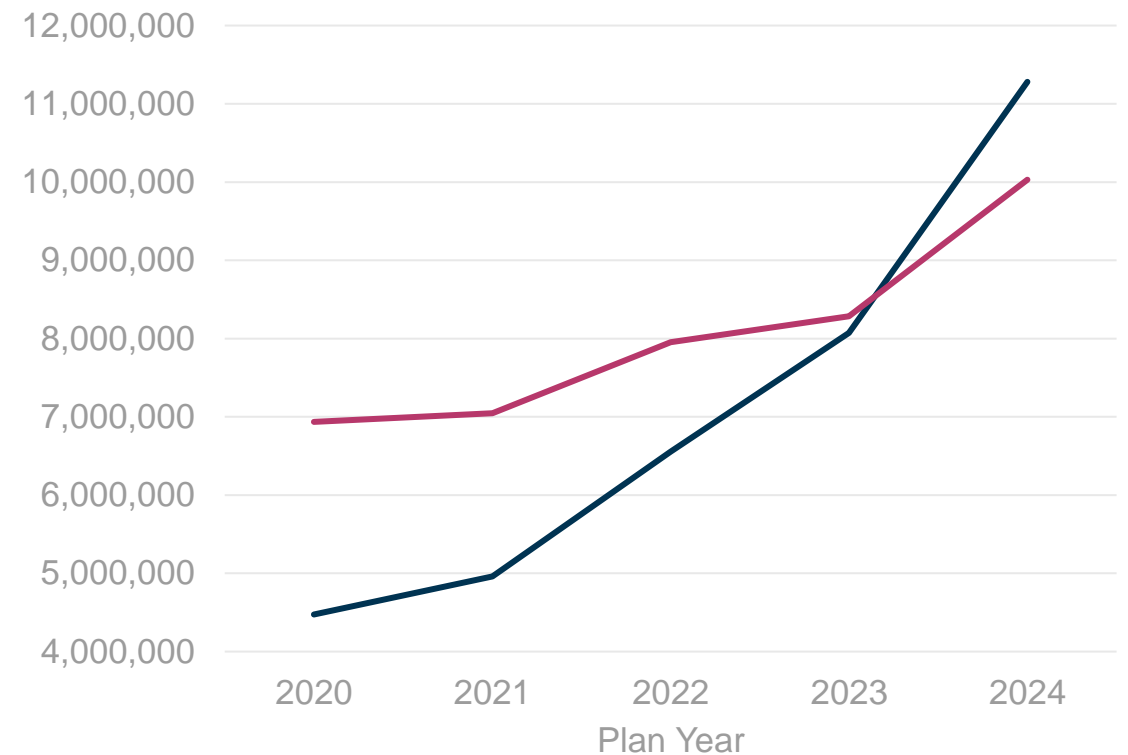


# INDIVIDUAL MARKET EVOLUTION: NON-EXPANSION STATE GROWTH

Non-Medicaid expansion  
Marketplace state enrollment  
has grown by ~2.5x since 2020

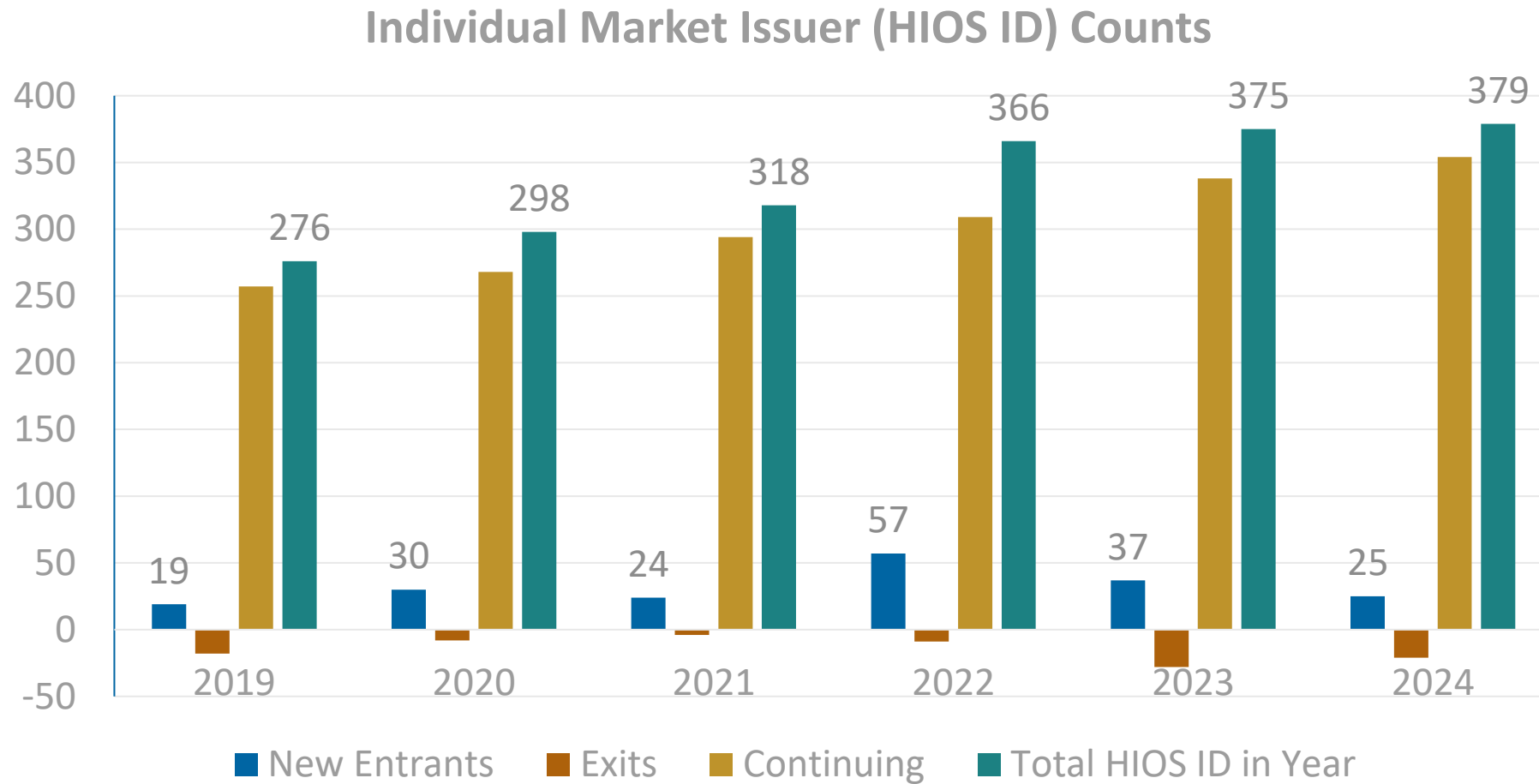
Florida, Texas, and Georgia are  
projected to receive nearly \$4.6  
billion in **enhanced** subsidies in  
2024

## Membership (millions)



— Non-Expansion States — Expansion States

# INDIVIDUAL MARKET EVOLUTION: ISSUER COMPETITION





**OUTLOOK FOR  
PENDING REGULATIONS  
AND THE ENHANCED  
ACA SUBSIDIES**



# 2026 MARKETPLACE CHANGES: NBPP AND PLAN DESIGNS

**Increased User Fees** – increase to 2.5% from 1.5% for issuers in the Federally-facilitated Marketplace and to 2.0% from 1.2% for issuers in state-based Marketplaces operated by HHS

**Silver Loading** – proposed to codify into regulation to prevent broad loading

**Standard Plans** continue to be required with **Meaningful Difference Rules** being reintroduced for non-standard plans

**Preventing Unauthorized Marketplace Activity Among Agents and Brokers** - several policies proposed to reduce the amount of noncompliance and unauthorized agent/broker activity

**Risk Adjustment** – new model and coefficients and introduction of Affiliated Cost Factor (ACF) to reflect costs that are not related to active medical conditions i.e., the use of ACF for enrollees that use PrEP or gene therapies

**RADV Audit Updates** – exclude members without HCCs and increase sample to 200

**Medical Loss Ratio Calculation Changes** – proposed shifting risk adjustment to denominator for issuers with large receivers

**Benefit Parameters** - maximum out of pocket increased 10.3% to \$10,150 for an individual or \$20,300 for a family

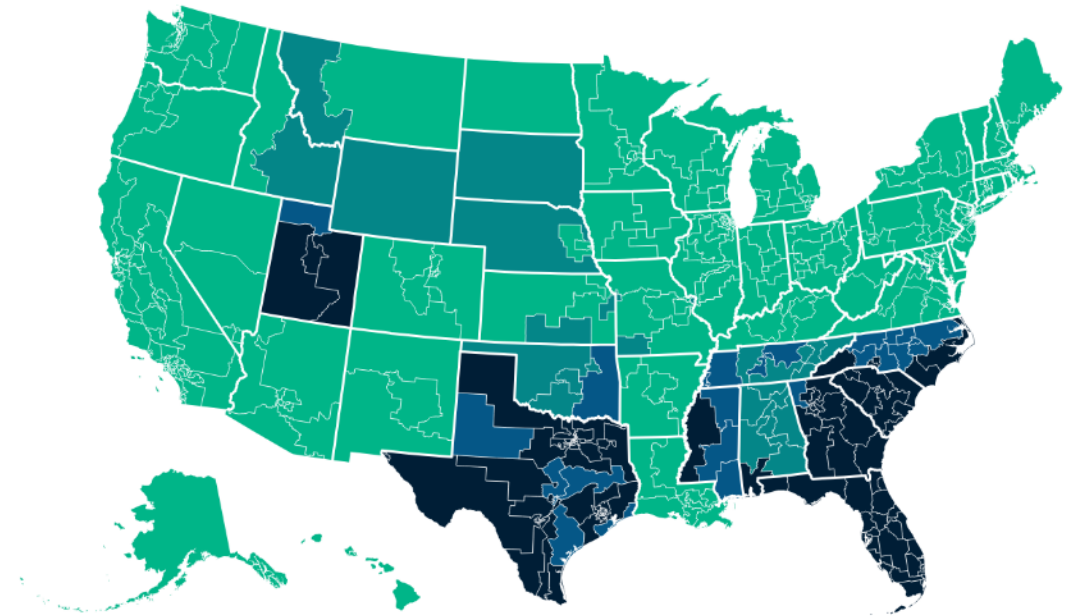
**Final AV Calculator** – already released, no draft version, upward impact to AVs / pressure to reduce benefits

# 2026 MARKETPLACE CHANGES: ENHANCED PREMIUM SUBSIDIES

- » Enhanced ACA premium subsidies are expected to expire in 2026 absent Congressional action
- » Estimated average annual savings due to the enhanced subsidies is \$705 for enrollees receiving premium tax credits (reduction of 44%)
- » Monthly premiums paid by most marketplace consumers will universally increase

Share of Population That Is Enrolled in the Affordable Care Act Marketplace in 2024 by Congressional District, 118th Congress

■ < 6% ■ 6%–8% ■ 8%–10% ■ ≥ 10%



Note: This congressional district map does not account for corrections submitted by Arkansas and published by the Census Bureau on December 16, 2022. The vast majority of states will use the same Congressional District lines in the 2024 election for the 119th

Source: [KFF](#)

# 2026 MARKETPLACE CHANGES: ENHANCED PREMIUM SUBSIDIES

## Implications for the ending of enhanced premium subsidies in CY2026 include:

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Market fluctuation & raw enrollment shifts

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Open enrollment and post grace period drop-off, accounting consequences

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Morbidity shifts, impact to claims and risk adjustment

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Pricing impacts to membership mix (silver loading) and issuer strategies

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Timing uncertainty – no date for which we would know whether extended

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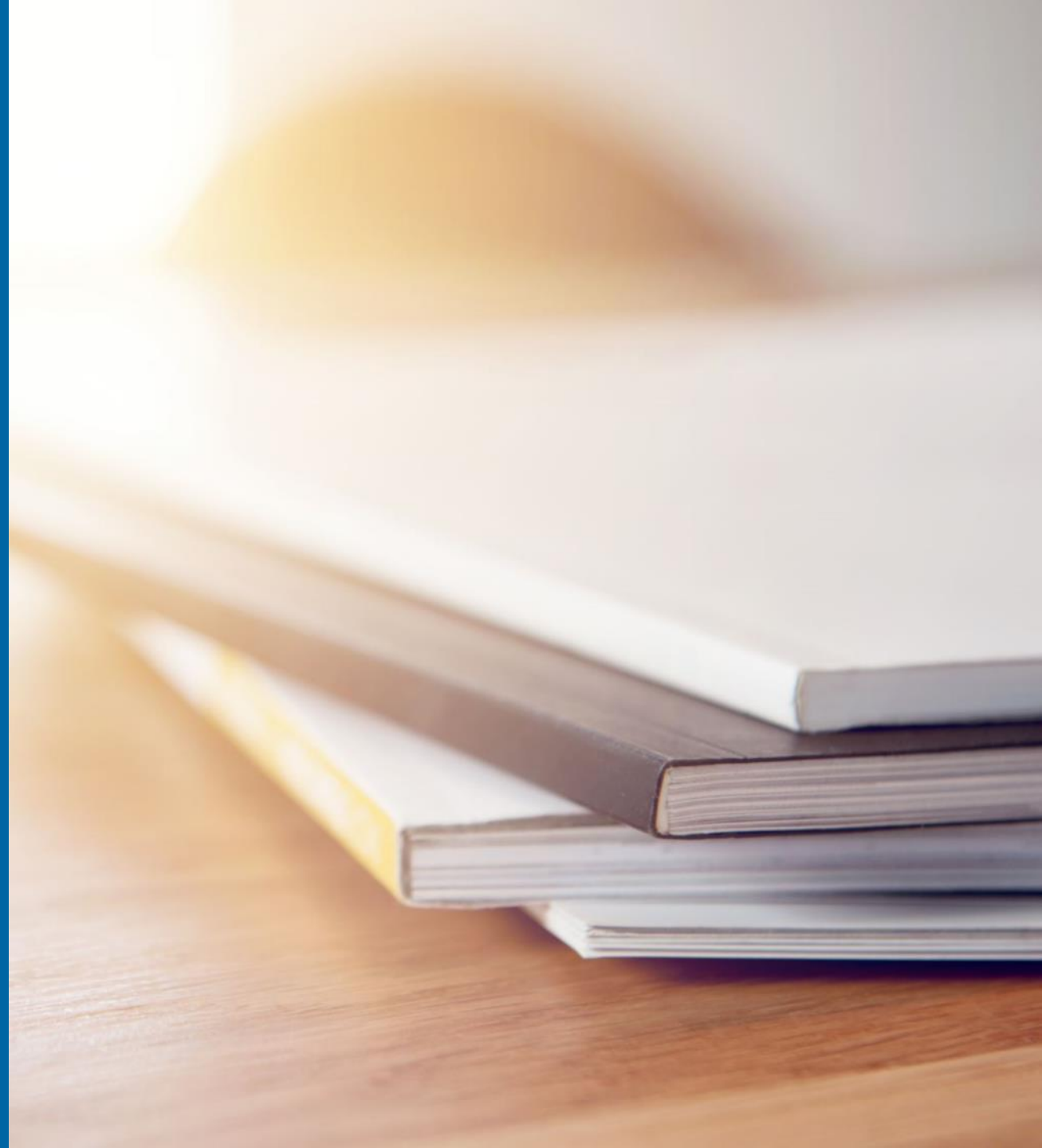
How will states react?

\*Multiple filings? Increase state subsidies? 1332 state-reinsurance impacts? Change in rating factors?

## Premium Tax Credit Percentage of Income Limits for Benchmark Coverage Before and After ARPA Implementation

Income (Percentage of FPL)	Pre-ARPA Subsidy Schedule	ARPA Subsidy Schedule
<138	2.07	0.0
138-150	3.10-4.14	0.0
150-200	4.14-6.52	0.0-2.0
200-250	6.52-8.33	2.0-4.0
250-300	8.33-9.83	4.0-6.0
300-400	9.83	6.0-8.5
400-500	N/A	8.5-8.5
500-600	N/A	8.5-8.5
>600	N/A	8.5-8.5

# LIKELY RETURN OF TRUMP-ERA POLICIES







# NEW HEALTH AND HUMAN SERVICES LEADERSHIP

## HHS Secretary Nomination:

➤ Robert F. Kennedy, Jr

## CMS Administrator Nomination:

➤ Dr. Mehmet Oz

## CCIIO Director Appointment:

➤ TBD

# OPEN ENROLLMENT PERIOD LENGTH

## Open Enrollment was extended by a month under the Biden administration

- Open Enrollment ran from November 1 to December 15 during the first Trump administration
- Today it runs from November 1 to January 15

## A return to a shorter enrollment period

- Would ensure the deadline is before the start of the coverage year, and
- Result in less time for consumers to sign-up, and for brokers and navigators to provide enrollment assistance

# HEALTHCARE.GOV OUTREACH AND MARKETING FUNDING

Healthcare.gov advertising funding decreased from \$100 million during Obama's last year in office to \$10 million in Trump's first year

Outreach and marketing spending increased to (and exceeded) Obama era levels under Biden

A return to Trump-era funding levels could lower awareness, and decrease in-person assistance during what is expected to be a period of considerable change for marketplace consumers



# ENDING OF THE PRACTICE OF “SILVER-LOADING”

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“Silver-loading” increases silver-level plan prices and premium subsidies to pay for the ACA’s cost-sharing reductions (CSRs). The practice was created in 2017 as a nationwide response to the defunding of CSRs.

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The Trump administration could disband silver-loading to reduce federal spending on premium subsidies.

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Absent a corresponding federal appropriation funding CSRs, the end of silver-loading will likely increase premiums and decrease coverage levels.

## EXPANDED AVAILABILITY OF NON-ACA COVERAGE TYPES

**The Biden administration significantly curtailed the Trump era policies expanding the availability of alternative coverage types, including**

- » Short-term limited duration insurance (STLDI) plans, and
- » Association health plans (AHP)

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Biden reduced the availability of STLDI to 4 months or less (down from 36 months), and rescinded the Trump administration's AHP regulation

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A resurgence of these policies will expand the availability of plans not subject to the ACA's consumer protections or required to cover the law's essential health benefits



# OTHER POTENTIAL REGULATORY OR SUB-REGULATORY CHANGES

## Additional Biden-era policies that may be revisited under Trump

- » **Marketplace Verifications:** Eligibility documentation policies, including the processes for verifying immigration and citizenship status, income, and qualifying life events
- » **DACA Coverage:** Ability for qualified Deferred Action for Childhood Arrivals (DACA) recipients to enroll in marketplace coverage and access premium subsidies and cost-sharing reductions
- » **Mental Health Parity:** Regulatory requirement that reimbursement levels for mental health and substance use disorder services are in parity with medical/surgical services

# FUNCTIONS IMPACTED BY POTENTIAL POLICY CHANGES

Potential Change	Pricing	Operations	Enforcement
Open Enrollment length	✓	✓	
Healthcare.gov outreach and marketing funding	✓	✓	
CSR “silver-loading”	✓	✓	✓
Non-ACA coverage types	✓		✓
Marketplace verification policies	✓	✓	✓
DACA Coverage		✓	✓
Mental health reimbursement parity			✓

\*\*Columns represent material affects as a result of the particular policy

**LARGER  
POTENTIAL TRUMP  
ADMINISTRATION  
PRIORITIES**



# PRIOR TRUMP ADMINISTRATION: 1332 STATE INNOVATION WAIVERS

## Extensive Changes to 1332 State Innovation Waivers

1332 waiver allow states to make changes to their individual market

Previously the Trump Administration provided guidance which expanded the types of changes that could be made

The new administration may also be less favorable to other types of waivers approved under the Biden Administration

Changes could either come via Administrative/regulatory changes or legislation



# POTENTIAL LARGE DISRUPTIONS

Use of health reimbursement arrangements/health savings accounts

Preventive service requirements

- Braidwood v. HHS
- Potential for some or all preventative requirements ending

Regulatory Uncertainty

- End of Chevron



# POTENTIAL LARGE LEGISLATIVE DISRUPTIONS

## Potential for reduction to subsidies beyond ending enhanced subsidies

- Increased “tax clawbacks”
- Reduction of subsidies/replacing subsidies with HSAs/block grants

## Potential for changes in eligibility pool

- Reduction in Medicaid eligibility (e.g., increased enrollment verification, ending of Medicaid Expansion)
- Increased employer drop
  - Capping employer tax exclusion
  - ICHRA expansion

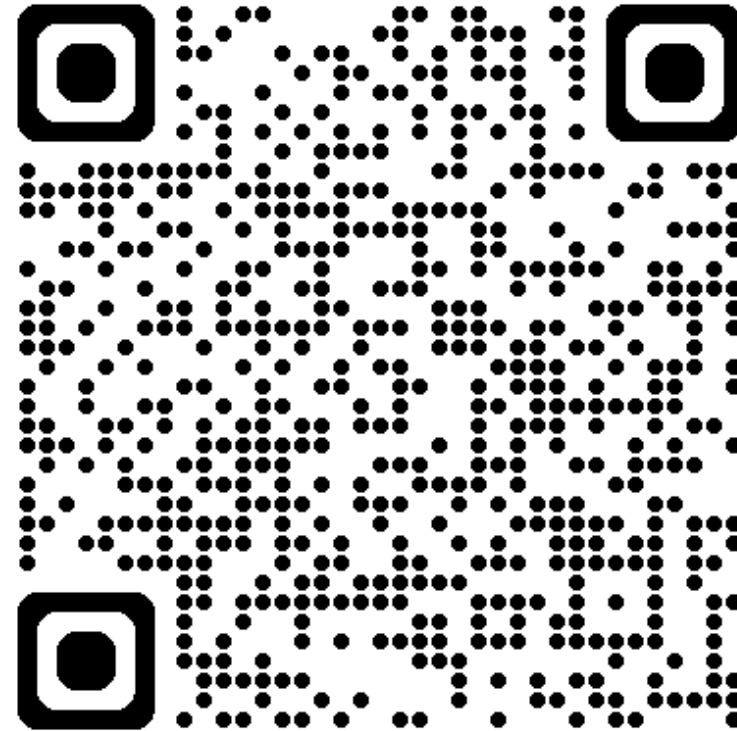


# FUNCTIONS IMPACTED BY POTENTIAL POLICY CHANGES

Potential Change	Pricing	Operations	Enforcement
Large 1332 Changes	✓	✓	✓
Changes to Preventative Services Requirements	✓		✓
Increasing tax claw back (liabilities)	✓	✓	✓
Ending Medicaid Expansion	✓	✓	
Changes to Employer tax exclusion	✓		
HRA/HSA Changes	?	?	✓

\*\*Columns represent material affects as a result of the particular policy

**QUESTIONS?**



***On-Demand:  
Post-Election Related  
Webinars***

**THANK YOU**

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