ACA Implementation—Monitoring and Tracking

Marketplace Plan Choice: How Important Is Price? An Analysis of Experiences in Five States

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With support from the Robert Wood Johnson Foundation (RWJF), the Urban Institute is undertaking a comprehensive monitoring and tracking project to examine the implementation and effects of the Patient Protection and Affordable Care Act of 2010 (ACA). The project began in May 2011 and will take place over several years. The Urban Institute will document changes to the implementation of national health reform to help states, researchers and policymakers learn from the process as it unfolds. Reports that have been prepared as part of this ongoing project can be found at **www.rwjf.org** and **www.healthpolicycenter.org**. The quantitative component of the project is producing analyses of the effects of the ACA on coverage, health expenditures, affordability, access and premiums in the states and nationally.

EXECUTIVE SUMMARY

In this paper, we provide detailed data on marketplace premiums and enrollment by insurer (and by plan when available) and plan tier (bronze, silver, gold, and platinum) in California, Rhode Island, New York, Maryland, and Connecticut; sufficient data are not yet available for other states. We find that individuals' choices, both in choosing silver or bronze plans and in selecting the lowest-cost plans within those tiers, are heavily determined by price. But considerable evidence suggests that significant numbers of consumers choose plans based on other factors, such as previous coverage with insurers, name recognition, perceptions of customer service, and perceived breadth of provider networks.

In California, the marketplace insurers with the lowest 2015 premiums (for silver plans, Health Net in Los Angeles and the Chinese Community Health Plan in San Francisco) had substantial enrollment, but many consumers also chose higher-cost insurers such as Blue Shield, Kaiser, and Anthem.

In Rhode Island, Neighborhood Health Plan (NHP) had the lowest silver plan premiums and the highest marketplace enrollment in 2015. Having lowered its premiums considerably below Blue Cross Blue Shield's 2015 premiums, NHP experienced a huge increase in market share at the expense of Blue Cross Blue Shield, the largest insurer in the state.

In New York, Medicaid insurers now competing in the marketplace and Health Republic (the state's co-op that stopped operation at the end of 2015) were the lowest-priced insurers in the New York City, Long Island, and Buffalo rating regions in 2015. Those insurers together enrolled the bulk of consumers in these highly competitive markets. But large insurers such as Empire, and to a lesser extent Emblem, also earned significant enrollment despite higher premiums.

In Maryland, CareFirst had the highest 2015 enrollment by far despite increasing premiums substantially and although Kaiser offered a modestly lower average premium statewide. Those enrollments may reflect reluctance to switch insurers and provider networks (CareFirst tends to offer a broader choice of providers than Kaiser) for relatively small differences in premiums.

In Connecticut, HealthyCT decreased its average silver plan premium substantially for 2015 and saw its market share increase from 1.3 percent to 17.9 percent. ConnectiCare and Anthem held premiums fairly steady but saw their market shares decrease. However, their average premiums were only modestly higher than that of HealthyCT and their market shares remained considerably higher than that of their lower-cost competitor.

Our analysis indicates that consumers are generally quite sensitive to premium price and that lower-cost insurers tend to enroll the largest percentage of marketplace participants. However, premiums are not the only driver of consumer decisions. Small differences in premiums do not appear sufficient to alter insurance choices, and smaller but still significant numbers of enrollees choose higher-priced options. We do not have sufficient information to discern whether choosing higher-priced options tends to be motivated by satisfaction with prior experience with those insurers, perceived quality differences, brand name recognition, or other concerns. Additional plan-specific enrollment data from more states, as well as detailed information that allows for the analysis of decisions to switch plans or newly enroll, would be valuable to further understand consumer priorities.

INTRODUCTION

An abundance of evidence now shows that marketplace premiums have been lower than originally expected[1] and have continued their relatively slow growth in 2016 (at least in larger, more competitive markets).[2] Keeping premium increases moderate in many areas seems to be tied to the strong incentives in the managed competition structure in the marketplaces. Advanced premium tax credits, which are premium subsidies, are tied to the second-lowest silver plan premium available to the eligible enrollee; this premium is known as the benchmark premium. Individuals who want more expensive coverage must pay 100 percent of the cost difference between the plan they choose and the benchmark. Those who enroll in a less costly plan can pocket the savings.

Insurers thus have a strong incentive to set premiums at or near those of the lowest cost silver plans because price-sensitive consumers tend to gravitate toward options at that price level to avoid additional costs. This approach is one component of the Affordable Care Act's cost containment strategy, which encourages more cost-conscious private decisions by consumers while encouraging health care industry stakeholders to innovate to improve efficiency. The net result should be to slow the rate of growth in national health expenditures over time. In fact, early aggregate evidence supports the notion that many marketplace consumers have chosen their plans while focusing on price.[3] In many markets across the country this consumer focus seems to have caused many insurers to develop more-limited network products and conduct aggressive negotiations with providers, thereby creating lower-cost insurance products.

For these system incentives to continue to slow the rate of growth in per capita health spending, a significant portion of individuals must continue to shop among insurers and plans offered in their marketplaces and choose plans based on price, even if that means switching to new plans across years. All enrollees need not choose the lower-cost plans, but for the efficiency incentives to remain strong for insurers and providers, substantial segments of marketplace consumers will have to enroll in plans at least close in price to the lower-cost options. If this cost-conscious plan choice behavior is reasonably prevalent, insurers will continue competing to develop and offer products designed to deliver care more efficiently. If, however, consumers are driven more strongly by insurer brand name, breadth of provider network, perceptions of quality differences, or other considerations, the incentive to develop lower-cost products will be much weaker.

In this paper we look at the limited available data on the intersection of insurers, premiums, and enrollment to assess whether marketplace consumers are choosing lower-cost plans and whether they are willing to change plans in successive years when competing plan premiums change. All of the data studied here come from state-based marketplaces.

Ideally, we would like to have premium and enrollment data across insurers by metal tier and rating region and within individual insurers by plan and plan characteristics (such as deductibles, consumer out-of-pocket limits, and provider networks). Further, we would like to have data on how often enrollees in particular plans in one year move to a different plan in the next year, allowing us to see both how much of each plan's enrollment is attributable to consumers new to the marketplace rather than previous enrollees moving to other options and the premium comparisons for those plans. However, states vary significantly in the information they provide publicly on enrollment, and what is available falls considerably short of what is desirable.[4] Consequently, we focus our analysis on five states that provide at least a portion of these data in a form that allows some insights into marketplace plan choice and switching behavior. These states are California, Connecticut, Maryland, New York, and Rhode Island.

We find that individuals are selecting insurers largely based on price, as evidenced by the high proportions choosing silver or bronze plans and the largest shares of consumers selecting plans offered by one of the lowest-cost insurers. But a significant segment of consumers are selecting plans offered by large, well-known insurers, including Kaiser Permanente and those affiliated with Blue Cross Blue Shield, even when those insurers are priced considerably higher.

DATA

No insurer-level enrollment data is currently available for states using Healthcare.gov. Even among states providing data, none provide data at the plan level for 2015 except California and Rhode Island. Rhode Island and California both provide premium and enrollment data by insurer and plan and metal tier for 2015,[5] and Rhode Island provides a chart showing aggregate market share by insurer in 2014 and 2015. California provides premiums and enrollment at the insurer level, by plan tier, and by rating region and plan for 2015.[6] Because plan design is standardized in California, most insurers only offer one plan option in each tier.[7] The data California provides are equivalent to those provided by Rhode Island. Consequently, we can directly associate plan enrollment with the premium for that plan in both of these states. In both of these states, we focus for the sake of simplicity of exposition on the silver tier because it has by far the highest enrollment.[8]

The remaining state marketplaces studied do not provide data on enrollment and premiums by insurer, by plan, and by region simultaneously. As a result, for each state we identify proxy premium values to associate with available enrollment data for each insurer. The approach differs somewhat by state depending on how each provides its enrollment information.

New York provides 2015 enrollment data by county and insurer, and we then aggregate the county-level enrollment into rating regions. The state provides enrollment separately by plan tier but does not provide enrollment by insurer and plan tier simultaneously.[9] We collected data on the lowest-cost silver plan premium offered by each insurer in each rating region in the state (premiums in the nongroup market in New York do not vary by age), and we use those data to proxy the relative price of different insurers in each region. Although 58 percent of marketplace enrollees choose silver plans (making this a reasonable proxy to rely upon), insurers' relative premium rankings do not necessarily stay consistent across tiers. For example, an insurer that offers the lowest-premium silver plan may not offer the lowest-premium bronze or gold plan even in a given rating region.

Maryland provides enrollment data by insurer at the state level but not simultaneously by rating region or county and does not provide insurer level enrollment data by plan tier at all.[10] We compiled data in each rating region for each participating insurer's lowest-cost silver premium. For each insurer we use these premiums to compute a statewide average of the insurer's lowest-premium silver plan (weighted by rating region population) and use this as a proxy premium when comparing statewide enrollment figures across the marketplace's insurers. The limitation of having enrollment data only at the state level necessitates using a statewide average premium, but doing so introduces potential interpretation errors because the premium hierarchy and the concentration of enrollment may vary significantly across the state's rating regions. However, all insurers participating in the Maryland marketplace participated in all of the state's rating regions in 2015; if they had not, we would not be able to draw even suggestive conclusions from the state's data.

Connecticut has two years of data that provide some insight into how plan choices have changed between 2014 and 2015.[11] The state provides enrollment data by insurer and plan tier in both years simultaneously, but the data are statewide and not separated by rating region or plan. We compute a statewide average premium (weighted by rating region population) for each Connecticut marketplace insurer's lowest-cost silver option. As with Maryland, the state's marketplace participating insurers sold coverage in each of the state's rating regions in 2015.

We order the insurers in a given area (state or rating region, depending upon data availability) by the premium measure assigned to it (as described for each state above and shown in tables 1–6). For example, we refer to an insurer as being the second-lowest cost insurer if its premium or proxy premium is the second lowest among the relevant competitors. Insurers that provided coverage through Medicaid but not to private-sector purchasers before 2014 are hereafter referred to as Medicaid insurers. Unless otherwise specified, premiums shown are monthly and represent the cost of single coverage for a 40-year-old nonsmoker. Because all states use fixed age-rating curves, the age chosen to show premiums across insurers does not affect the relative ordering of the insurers by price.

RESULTS

Table 1 shows that in 2015 about 60 percent of marketplace enrollees in each state enrolled in silver plans; the next highest was bronze which averaged about 20 percent. Thus, even for the two states for which enrollment data by insurer and plan tier are available (California and Rhode Island), we focus our discussion on silver plans only. In the other three states, enrollment in silver plan coverage dominates the other tiers and we therefore use silver plan premiums (as described in the previous section) to construct premium proxies for each insurer. The high rate of silver and bronze plan choice in itself speaks to the importance consumers place on price . But as we will show, price is not the only factor in plan choice.

Table 1. Share of State's Marketplace Enrollment by Coverage Tier, Selected States, 2015

	Tiers of Coverage				
State	Catastrophic	Bronze	Silver	Gold	Platinum
California	0.6%	24.9%	64.7%	5.3%	4.5%
Connecticut	2.0%	22.4%	59.5%	15.1%	1.0%
Maryland	2.1%	22.2%	62.1%	8.7%	4.9%
New York	2.0%	18.0%	58.0%	10.0%	12.0%
Rhode Island	1.0%	22.0%	65.0%	13.0%	0.0%

Sources: 2015 Active Member Profiles. Covered California. http://hbex.coveredca.com/data-research/; HealthSource RI. *Open Enrollment II*. Providence, RI: HealthSource RI; 2015. http://healthsourceri.com/wp-content/uploads/2015/09/OpenEnrollment2_report.pdf; New York State of Health. *2015 Open Enrollment Report*. New York State of Health; 2015. http://info.nystateofhealth.ny.gov/2015OpenEnrollmentReport; Maryland Health Benefit Exchange. *600,000 Marylanders Have Enrolled in Health Insurance through MarylandHealthConnection.gov for 2015*. Baltimore: Maryland Health Benefit Exchange; 2015. http://www.marylandhbe.com/wp-content/uploads/2015/08/081815_EnrollmentReport.pdf; Access Health CT. Board of Directors Meeting March 26. Hartford, CT: Access Health CT; 2015. http://www.ct.gov/hix/lib/hix/PRESENTATION03232015VerIII.pdf.

California

Table 2 shows 2015 premiums for each insurers' silver plan as well as silver tier enrollment in three California rating regions: East Los Angeles, West Los Angeles, and San Francisco. These rating regions were selected because they span the largest metropolitan areas in the northern and southern parts of the state.

California marketplace consumers overall show an interesting combination of purchasing priorities. For silver plans, the lowest-priced insurer (Health Net in the two Los Angeles rating regions and the Chinese Community Health Plan in San Francisco) enrolls 30 to 44 percent of enrollment in that tier. The brand name options of Blue Shield in the Los Angeles rating regions and both Kaiser and Blue Shield in San Francisco attract significant enrollment even if they offer significantly more expensive options; this is not the case for lesser-known insurers. Anthem tends not to carry the same attraction for California consumers in these rating regions as do Blue Shield and Kaiser Permanente (though with one exception, Anthem earns market shares of 10 percent or more). LA Care and Molina, both Medicaid insurers, draw extremely little market share among silver-plan purchasers even when their plans are priced significantly below those of Kaiser and Blue Shield. Health Net, which offers coverage in all three rating regions, competes well against Kaiser and Blue Shield for enrollees in the two regions in which it offers the lowest-priced plan (both Los Angeles rating regions). But in San Francisco, Health Net is a high-priced option and gets almost no enrollment.

In East Los Angeles, Health Net had the lowest silver plan premium ($230) followed by Anthem ($257); Blue Shield and Kaiser's silver plan premiums were $270 and $287 respectively. Health Net, having the lowest premium by a significant margin, had the largest share of silver plan enrollment (44.4 percent). But Blue shield, with one of the highest-priced premiums in the region (one that is significantly more expensive than the lowest-cost option), had 35.1 percent of enrollment. Anthem, the second-lowest-cost silver plan insurer in the region, only had 9.8 percent of enrollment (for its standard and multistate plans combined), and Kaiser, with the highest premiums in the region, similarly had 9.2 percent of total silver plan enrollment—their lowest market share across the four rating regions.

In West Los Angeles, Health Net was also the lowest-cost silver insurer ($247 per month premium) and had by far the largest share of silver plan enrollment (43.9 percent). Molina, a Medicaid insurer, was the second-lowest-cost insurer ($259 per month for their lowest-cost option), but had less than 1 percent of regional silver plan enrollment. Blue Shield, in contrast, was the second-highest-cost silver plan insurer in the rating region ($308) but had the second-highest share of silver plan enrollment (21.9 percent). Anthem had another 11.0 percent of silver plan enrollment in its traditional plan and another 9.2 percent in the Anthem multistate plan.[12] Kaiser, also relatively highly priced in this region, attracted 11.9 percent of the market for silver plans. Thus, although individuals showed a strong preference for the lowest-cost premiums (as shown by the large concentration of enrollment in Health Net silver plans), the results show notable attraction to the brand names and other benefits considerations associated with the Blue Shield plan and, to a lesser extent, the Kaiser, Anthem, and Anthem multistate plans.

In San Francisco, the Chinese Community Health Plan offered the lowest-premium option among silver plans, but their silver-plan enrollment was on par with that of Kaiser and Blue Shield, both of which had significantly more expensive premiums ($393 and $401, respectively, compared with $356 for the Chinese Community Health Plan plan). This could reflect the Chinese Community Health Plan's ethnic community focus. Anthem's multistate plan had a significant share of silver plan enrollment as well (11.6 percent) despite being the second-highest cost insurer; Health Net's enrollment barely registered (less than 1 percent) given its much higher premium ($449). A note on Healthcare.gov reveals concern that consumers may mistakenly assume multistate plans have out-of-state provider networks. Some multistate plans do have such networks, but many do not. If that perception is widely held, it may explain the significant enrollment in Anthem's multistate option despite its relatively high cost for the area.

Thus, throughout these large California rating regions, consumers pulled strongly toward the lowest-cost silver plan options offered, but those consumers also had considerable attraction to the brand name options of Blue Shield, Kaiser, and to a lesser extent Anthem. This could reflect inertia from pre-2014 enrollment, name recognition, better product designs, broader networks, or customer service.

Although 2016 enrollment data specific to plan, tier, and rating region are not yet available for California, the marketplace has made available insurer enrollment data by rating region across all tiers.[13] From that data (not shown), we see that Molina decreased both its silver plan premiums significantly in West Lost Angeles, making it the lowest-cost insurer in that market and substantially increasing its enrollment and market share. Enrollment in East Los Angeles increased appreciably this year in Blue Shield plans, corresponding to significant premium decreases in the insurer's silver plans. In San Francisco, Blue Shield gained enrollment and market share by decreasing its silver plan premium; Anthem lost market share and enrollment there with a silver plan premium increase of about 10 percent. These continuing changes indicate that insurers continue to adjust premiums relative to each other amidst reasonably price-sensitive consumers.

Table 2. Monthly Premiums and Enrollment in California, 2015
Silver plans in three rating regions

East Los Angeles (rating area 15)			
Insurer	**Silver premium**	**Silver tier enrollment**	**% of silver tier enrollment**
Health Net	$230	51,520	44.4%
Anthem	$257	6,650	5.7%
Anthem MSP	$296	4,690	4.0%
Molina	$259	180	0.2%
LA Care	$265	1,610	1.4%
Blue Shield	$270	40,780	35.1%
Kaiser	$287	10,730	9.2%
		116,160	100.0%
West Los Angeles (rating area 16)			
Insurer	**Silver premium**	**Silver tier enrollment**	**% of silver tier enrollment**
Health Net	$247	57,920	43.9%
Molina	$259	750	0.6%
Anthem	$270	14,470	11.0%
Anthem MSP	$336	12,210	9.2%
LA Care	$278	2,110	1.6%
Kaiser	$300	15,650	11.9%
Blue Shield	$308	28,910	21.9%
		132,020	100.0%
San Francisco (rating area 4)			
Insurer	**Silver premium**	**Silver tier enrollment**	**% of silver tier enrollment**
Chinese Community	$356	5,990	29.9%
Kaiser	$393	6,130	30.6%
Blue Shield	$401	5,480	27.3%
Anthem MSP	$414	2,330	11.6%
Health Net	$449	130	0.6%
		20,060	100.0%

Source: 2015 Active Member Profiles. Covered California. *http://hbex.coveredca.com/data-research/*.

Notes: Premium information is for a 40-year-old nonsmoking individual. Rounded to the nearest dollar. CoveredCA uses standardized plan designs. Each insurer offers one plan per coverage tier. Premium and enrollment data are plan specific.

Rhode Island

Table 3 provides data made available by HealthSource RI, the Rhode Island health insurance marketplace. The data include each insurer's marketplace enrollment in each offered plan in each tier of coverage; Rhode Island and California are the only states to provide this much enrollment detail. They also provide the premium for a 21-year-old single adult for each plan option offered by each insurer. For consistency with other states' data, we converted these premiums to those for a 40-year-old single

adult using the standardized age rating curve. Rhode Island has one premium rating region encompassing the entire state. We again focus our analysis on silver plans, which account for 65 percent of 2015 Rhode Island marketplace enrollment.

Three plans participated in the state's marketplace in 2015: Neighborhood Health Plan (NHP), Blue Cross Blue Shield of Rhode Island, and United Healthcare (United). NHP and United each offered two silver plans and Blue Cross Blue Shield offered three. NHP offered silver plans with monthly premiums of $244 and $259, the two lowest-priced silver plans in the region, and NHP had 60.2 percent of silver plan enrollment. NHP's $244 premium silver plan enrolled almost five times as many individuals as the $259 premium silver plan. Blue Cross Blue Shield plans had silver plan premiums ranging from $285 to $321 and had 36.7 percent of Rhode Island's silver plan enrollment. Its lower-cost option was significantly more popular than its two higher-priced alternatives. United's silver plans offered premiums of $271 and $289, but they each had very little enrollment. Interestingly, the two highest-cost Blue Cross Blue Shield options enrolled significantly more marketplace consumers than both of United's offerings despite their higher cost. Thus, although the lowest-cost NHP plans attracted the bulk of Rhode Island's silver plan enrollees, differences between United and Blue Cross other than price played a noticeable role in other consumers' choices. United was new to the Rhode Island marketplace in 2015, and reluctance to switch plans likely played at least some role in its low enrollment numbers.

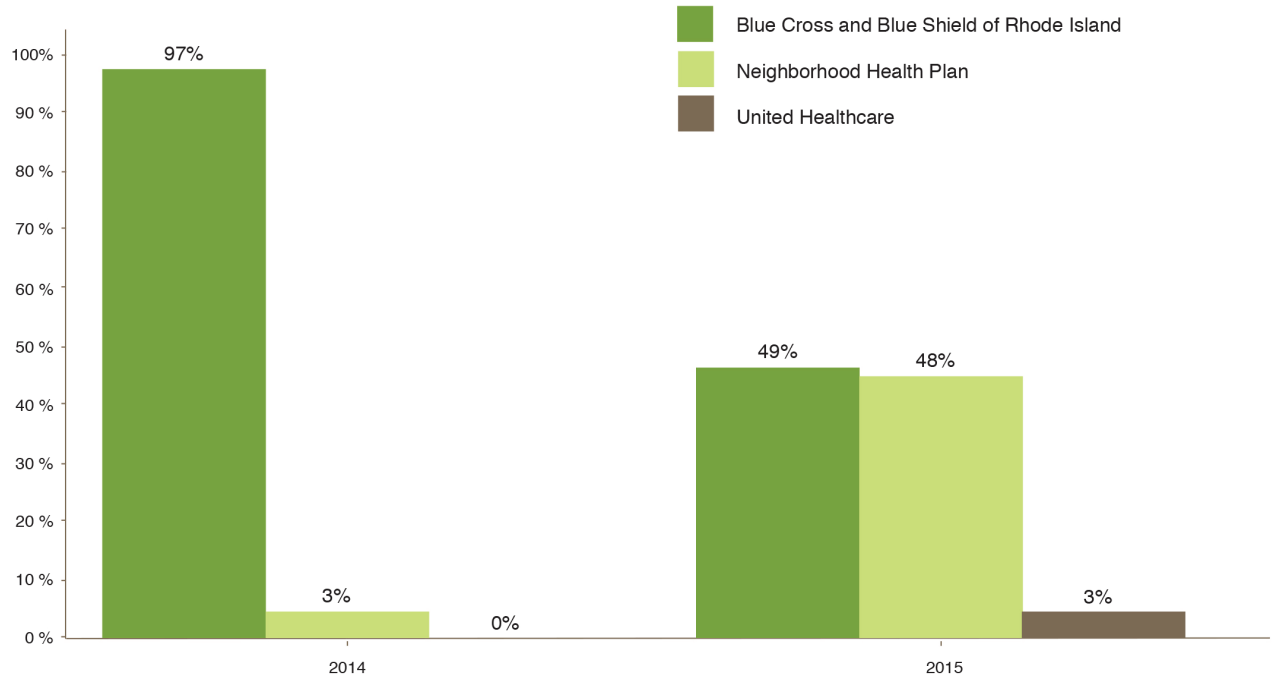
In 2014, NHP offered coverage only to those with incomes below 250 percent of the federal poverty level. NHP's 2014 lowest-cost silver plan premium was 7.5 percent more than that of Blue Cross Blue Shield. The state released data showing that Blue Cross Blue Shield had 97 percent of enrollment in 2014 and NHP had 3 percent. But NHP lowered its lowest-cost silver plan premiums considerably below Blue Cross Blue Shield's in 2015 ($244 compared with $285) and made coverage available to all marketplace consumers. As shown in figure 1, both insurers' market shares shifted considerably between 2014 and 2015: across all plan tiers, Blue Cross Blue Shield had a 49 percent market share and NHP 48 percent in 2015. United Healthcare had the remaining 3 percent. As NHP lowered its premiums relative to Blue Cross Blue Shield, total enrollment in HealthSource RI increased as well. Of the 30,000 enrollees at the end of the 2015 open enrollment period, 9,150 were new customers and 20,851 were renewing customers. Consequently, it is unclear how much of NHP's increase in enrollment in 2015 was attributable to new enrollees and how much was attributable to price-sensitive consumers switching from Blue Cross Blue Shield plans. However, it is clear that NHP now offers serious competition to Blue Cross Blue Shield in the state. United's experience in Rhode Island, enrolling fewer than 1,000 people in 2015, suggests an uphill battle for insurers that enter marketplaces late without offering substantial savings over known options. Blue Cross Blue Shield decreased its lowest-cost silver plan premium in the state substantially in 2016, matching that of NHP,[14] so enrollment may be affected by changes in premiums.

Table 3. Monthly Premiums and Enrollment in HealthSource RI, 2015 Silver Plans

Insurer	Plan name	Premium	Plan enrollment	% of enrollment in the tier
Neighborhood Health Plan	Neighborhood Community	$244	9,678	49.7%
Neighborhood Health Plan	Neighborhood Value	$259	2,040	10.5%
United Healthcare	Silver Compass HSA 2000	$271	537	2.8%
Blue Cross Blue Shield of Rhode Island	BlueSolutions for HSA Direct 2600/5200	$285	4,475	23.0%
United Healthcare	Silver Compass 3500	$289	78	0.4%
Blue Cross Blue Shield of Rhode Island	Vantage Blue Direct Plan 3000/6000	$317	1,569	8.1%
Blue Cross Blue Shield of Rhode Island	Vantage Blue SelectRI 3000/6000	$321	1,097	5.6%
			19,474	100.0%

Source: HealthSource RI. *Open Enrollment II*. Providence, RI: HealthSource RI; 2015. http://healthsourceri.com/wp-content/uploads/2015/09/OpenEnrollment2_report.pdf.
Notes: Premium information is for a 40-year-old nonsmoking individual. Rounded to the nearest dollar. Rhode Island has one statewide rating region, so these premiums apply across the state.

Figure 1. HealthSource RI Enrollment by Health Insurer: 2014 versus 2015



Source: HealthSource RI. *Open Enrollment II*. Providence, RI: HealthSource RI; 2015. http://healthsourceri.com/wp-content/uploads/2015/09/OpenEnrollment2_report.pdf.

New York

New York only provides enrollment data for each insurer by rating region aggregated across all plan tiers (table 4). Because the largest share of New York State of Health enrollees choose silver plans[15] we use the lowest-cost silver plan premium offered by each insurer as a proxy for relative pricing of that insurer's plan offerings in a given rating region. We include the three largest New York state rating regions by population: New York City, Long Island, and Buffalo.

In New York City, 12 insurers offered silver plans in the marketplace in 2015. Affinity, a Medicaid insurer, had the lowest silver plan premium ($372) in 2015 but had only 7.6 percent of the city's marketplace enrollees overall. Three other Medicaid insurers, HealthFirst, MetroPlus, and Fidelis, had 16.6 percent, 14.8 percent, and 17.0 percent of enrollees, respectively; their lowest silver plan premiums were slightly higher than Affinity's (ranging from $383 to $387). Health Republic, a co-op with a silver plan premium of $380, had 11.8 percent of the rating region's marketplace enrollees (Health Republic left the marketplace before the end of the 2015 plan year because of substantial financial losses, and the insurer no longer operates in the state at all). Thus, nearly 68 percent of marketplace enrollees in the New York City rating region chose one of these five low-cost insurers, with 56.0 percent enrolled in the four Medicaid insurers. Large commercial plans, such as Emblem and Empire Blue Cross, had an additional 9.7 percent and 10.0 percent of enrollees, respectively. Emblem's and Empire Blue Cross's lowest-premium silver plans were priced well above those of the Medicaid insurers and Health Republic, as were those of United Healthcare, Wellcare of NY, and MVP. So although 67.8 percent of enrollees chose an insurer priced within $15 of the insurer with the lowest-priced silver plan, more than 20 percent of enrollees chose insurers at the top of the pricing hierarchy.

A similar picture emerges in Long Island, where nine insurers competed in the marketplace in 2015. All those insurers offering coverage in Long Island also offered coverage in New York City, and they charged the same premiums for their lowest-cost silver plans in both rating regions. Of the three insurers that offered coverage in New York City but not in Long Island, only one, MetroPlus, had significant market share. So besides MetroPlus, the marketplace offerings looked essentially identical. Focusing on the nine insurers selling in both rating regions with the same lowest-cost silver plan pricing, it is clear that preferences for the insurers differed quite a bit between the localities. Long Island enrollees clustered heavily among Fidelis, Empire BCBS, and Health Republic, each enrolling 21 to 22 percent of marketplace enrollees or 65.6 percent of total enrollment in the rating region. Both Fidelis and Health Republic were among the lowest-cost silver plans in the Long Island rating region. But Empire was among the highest-priced

insurers and had much higher market share than it did in New York City. Long Island marketplace enrollees were substantially less likely to enroll in HealthFirst and more likely to enroll with North Shore-LIJ, both mid-priced insurers, although neither had high enrollment relative to the most popular three insurers. About 58 percent of Long Island's marketplace enrollees chose an insurer with a premium within $15 of the lowest-priced plan.

The participating insurers and their premiums differed much more in Buffalo, with six insurers selling coverage in the marketplace there. Health Republic, Fidelis, and Blue Cross Blue Shield of Western New York had virtually identical premiums for their lowest-cost plans. Health Republic enrolled 43.4 percent of the marketplace enrollees in that rating region. Fidelis had a slightly lower premium ($337) but was only the third most popular insurer in the rating region, enrolling 17.5 percent of the marketplace's customers. Blue Cross Blue Shield of Western New York matched Health Republic in premium for its lowest-cost silver plan ($342) and enrolled 20.3 percent of the marketplace. Other factors than price appear to be at play for a noticeable segment of the population in these decisions, yet over 80 percent of enrollees chose one of the three closely priced lowest-cost options.

Because the data provided by New York are aggregated across all of an insurer's plans in a rating region, our proxy silver plan premium for each insurer may disguise that different insurers may be offering more price-competitive options in other tiers of coverage, and we cannot take into account that enrollment for some insurers may be high for their plans that are priced significantly higher than their lowest-cost plan. Despite these limitations, however, we believe this analysis indicates a strong preference among consumers for the insurers priced close to the lowest-cost insurer (although not necessarily for the absolute lowest-cost plan) and highlights that the price competitiveness appears to be a more important factor in plan choice in some regions than in others.

Table 4. Monthly Premiums and Enrollment in New York State of Health, 2015
Lowest-cost silver plan premiums and enrollment across all coverage tiers, by insurer, in three rating regions

New York City			
Insurer	**Lowest silver plan premium offered**	**Enrollment across all tiers**	**% of total**
Affinity	$372	15,967	7.6%
Health Republic	$380	24,859	11.8%
MetroPlus	$383	31,138	14.8%
Fidelis	$384	35,874	17.0%
HealthFirst	$387	35,048	16.6%
Oscar	$394	15,308	7.3%
North Shore-LIJ	$394	2,689	1.3%
Emblem	$407	20,487	9.7%
MVP	$417	794	0.4%
Empire BCBS	$448	21,123	10.0%
Wellcare of NY	$472	314	0.1%
United Healthcare	$545	7,465	3.5%
		211,066	100.0%

Table 4 Continued...

Long Island			
Insurer	**Lowest silver plan premium offered**	**Enrollment across all tiers**	**% of total**
Affinity	$372	2,978	3.8%
Health Republic	$380	16,414	21.0%
Fidelis	$384	17,321	22.2%
HealthFirst	$387	8,389	10.8%
North Shore-LIJ	$394	5,368	6.9%
Oscar	$394	5,119	6.6%
Emblem	$407	2,656	3.4%
Empire BCBS	$448	17,486	22.4%
United Healthcare	$545	2,283	2.9%
		78,014	100.0%
Buffalo			
Insurer	**Lowest silver plan premium offered**	**Enrollment across all tiers**	**% of total**
Fidelis	$337	4,706	17.5%
Health Republic	$342	11,651	43.4%
BCBS of Western NY	$342	5,446	20.3%
MVP	$365	834	3.1%
Independent	$428	3,591	13.4%
Univera	$474	636	2.4%
Excellus		1	0.0%
		26,865	100.0%

Source: New York State of Health. 2015 Open Enrollment Report. New York State of Health; 2015. *http://info.nystateofhealth.ny.gov/2015OpenEnrollmentReport*.
Notes: BCBS = Blue Cross Blue Shield. Nongroup premiums in New York are pure community rated and therefore do not very by age or smoking status.

Maryland

Maryland provides enrollment data by insurer for the entire state, but not by region or by plan tier. Similar to other states, about 62 percent of Maryland marketplace enrollees purchased silver plans (table 1), and we therefore use each insurer's lowest-priced silver plan premium as a proxy for insurer pricing in the state. In table 5 we show a weighted average of each insurer's lowest-price silver premium across all four of the state's rating regions along with each insurer's statewide marketplace enrollment. Silver plan premiums for the two insurers with the highest enrollment were within $10 of each other. By far the highest enrollment was with CareFirst, the insurer with the second-lowest-cost silver plan in 2015 by our measure ($236). That average monthly premium was only $10 higher than the lowest–cost silver plan offered in the region, Kaiser ($226), which had 16.4 percent of the state's enrollment. CareFirst had 77.5 percent of marketplace enrollment in the state. The four remaining insurers were substantially less popular with consumers. Evergreen, a co-op, was the third-lowest-cost insurer (with a $246 average low cost silver plan premium) but had only 2.8 percent of enrollees; it is followed by United with 2.5 percent of enrollees (with a $256 average low cost silver plan premium). CareFirst offered the lowest premiums in 2014 (not shown),[16] and their continued high enrollment in 2015 could reflect some unwillingness of consumers to switch insurers, possibly because of brand name or provider network attachment.

Although the data provided by the Maryland Health Connection are aggregated more than desired, applying our proxy premium measure to them does suggest the vast majority of marketplace enrollees (93.9 percent) chose plans offered by the two lowest-priced insurers. Those two insurers had very similar average premiums, but it was the second-lowest cost insurer (CareFirst) who enrolled the lion's share (78 percent) of marketplace business. CareFirst has broader provider networks than Kaiser, and this may have affected consumer preferences between the two. Unfortunately, we are unable to observe whether enrollees tended to choose the lowest-cost options these insurers offered or diversified their plan preferences across prices.

CareFirst increased the premium for its lowest-cost silver plan by over 20 percent in 2016.[17] The large CareFirst price increases could reflect concerns about the health status of their current enrollees, an assumption that individuals would be hesitant to switch plans, or both. Perhaps CareFirst's new price positioning relative to its competitors led to more insurer switching in 2016, but that remains to be seen.

Table 5. Monthly Premiums and Enrollment in Maryland Health Connection, 2015 Statewide average of each insurer's lowest silver premiums and statewide enrollment across all coverage tiers

Insurer	Lowest silver plan premium	Enrollment across all tiers	% of total statewide enrollment across all tiers
Kaiser	$226	20,272	16.4%
Carefirst	$236	95,880	77.5%
Evergreen	$246	3,440	2.8%
United Healthcare	$256	3,036	2.5%
All Savers	$315	347	0.3%
Cigna	$340	698	0.6%
		123,673	100%

Source: Maryland Health Benefit Exchange. *600,000 Marylanders Have Enrolled in Health Insurance through MarylandHealthConnection.gov for 2015*. Baltimore: Maryland Health Benefit Exchange; 2015. *http://www.marylandhbe.com/wp-content/uploads/2015/08/081815_EnrollmentReport.pdf*.

Notes: Premiums are for a 40-year-old nonsmoking individual. Averages are calculated across an insurer's lowest-premium silver plan in each of the state's four rating regions. Averages are weighted by each rating region's population.

Connecticut

Connecticut, a relatively high marketplace premium state, provided insurer-level statewide marketplace enrollment data for both 2014 and 2015 by plan tier but did not provide rating region–specific data.[18] We focus on silver plan enrollment because it accounts for 60 percent of the state's marketplace enrollment (table 1), and we compute an average lowest-cost silver plan premium for each insurer (weighted by rating region population) as an indicator of the insurers' relative pricing.

By this statewide average silver plan premium measure, ConnectiCare had the lowest premiums in 2014 ($350) and had substantial enrollment with 48.2 percent of the state's enrollees (table 6). Anthem Blue Cross and Blue Shield's average low-cost silver plan premium was only $11 higher ($361), and that insurer enrolled about the same share of marketplace business, 50.5 percent that year. HealthyCT priced its silver plans considerably higher than those of the other two insurers and had very little enrollment in 2014.

In 2015, HealthyCT's average lowest-priced silver plan premium was substantially lower than those of the previous year, dropping from $396 per month in 2014 to $355 per month in 2015, and it became the insurer offering the lowest–priced silver plan, and it increased its marketplace enrollment share from 1.3 percent to 17.9 percent. ConnectiCare and Anthem's average silver plan premium increased very little in 2015; both saw their market shares fall, but they remained the largest marketplace insurers. Although marketplace enrollment increased in 2015, Anthem actually saw its enrollment decrease by almost 4,500 individuals.

Although limits on the enrollment data Connecticut made available may disguise important enrollment decision differences across rating regions and across each insurers'

multiple plan offerings, the patterns shown here are suggestive. Anthem's modest loss of enrollment but larger loss of market share may indicate strong price sensitivity for new marketplace enrollees and a reasonably strong reluctance of previous enrollees to change insurers unless the savings from doing so would be substantial. United Healthcare, entering the Connecticut marketplace in 2015 with much higher premiums than the other three close price competitors, had extremely little enrollment.

Table 6. Monthly Premiums and Enrollment in Access Health CT, 2014 and 2015
Statewide average of each insurer's lowest silver premiums and total silver tier enrollment

2014			
Insurer	**Average lowest silver plan premium**	**Silver tier enrollment**	**% of enrollment**
HealthyCT	$396	715	1.3%
ConnectiCare	$350	26,476	48.2%
Anthem BCBS	$361	27,744	50.5%
United Healthcare	NA	NA	NA
		54,935	100.0%

2015			
Insurer	**Average lowest silver plan premium**	**Silver tier enrollment**	**% of enrollment**
HealthyCT	$355	11,718	17.9%
ConnectiCare	$360	29,436	44.9%
Anthem BCBS	$366	23,276	35.5%
United Healthcare	$390	1,087	1.7%
		65,517	100.0%

Source: Access HealthCT Board Presentation *http://www.ct.gov/hix/lib/hix/PRESENTATION03232015VerIII.pdf*.

Note: BCBS = Blue Cross Blue Shield. Premiums are for a 40-year-old nonsmoking individual. Averages are calculated across an insurer's lowest-premium silver plan in each of the state's eight rating regions. Averages are weighted by each rating region's population.

CONCLUSION

Individuals are clearly sensitive to price when choosing marketplace plans. This is evident in the high percentages of total marketplace enrollees choosing silver and bronze plans and in the large numbers selecting the lowest-cost insurers within those tiers. Individuals appear willing to enroll with lesser-known insurers if provided substantial savings, although enrollment is shared more equally across insurers when price differences are small. Significant but smaller shares of enrollees choose Blue Cross affiliates even when premiums are well above the benchmark, indicating a continued market for plans that might provide consumers with advantages beyond price, such as perceptions of broader networks, better customer service, or other benefit structure differences. Enrollees recognizing insurer names or maintaining insurers with whom they had pre-reform coverage may also be playing a significant role, particularly in these early years of reform. The reason behind the apparent "stickiness" in a significant segment of consumers is not discernible from these data,

but the subject is worthy of further investigation. Depending upon the reasons behind it, the stickiness may well lessen over time as new insurers gain name recognition and if they earn positive reputations in the community. Additional information provided on marketplace websites in the future, such as insurer ratings by customer satisfaction, quality of providers, and additional transparency of insurer practices (such as rates of claims denials, speed of provider payment, and administrative costs), may also change choices significantly over time. More-detailed data on consumers' plan choices (as opposed to simply insurer choices) by rating region and plan tier, such as those provided by California and Rhode Island, would allow for clearer identification of preferences. Data that separate new marketplace consumers from those changing decisions from the prior year would be ideal because the factors influencing new enrollees' decisions may differ significantly from the factors influencing those renewing their coverage.

Of course, not all enrollees have to make plan choices based on price for the market to provide incentives for insurers to price aggressively. Strong evidence suggests marketplaces are providing the necessary incentives to provide low-cost insurance options while at the same time providing options to satisfy some of the preferences of those less sensitive to price.

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