

IMPACT OF ELIMINATING THE EMPLOYER MANDATE IN THE STATE OF OHIO

ACTUARIAL ANALYSIS

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1. Introduction

Ohio's 2018-2019 operating budget (House Bill 49), requires the Director of the Ohio Department of Insurance to submit an application for a State Innovation Waiver under Section 1332 (1332 Waiver) of the Affordable Care Act (ACA), on behalf of the State of Ohio (the State), to the United States Department of Health and Human Services (HHS) related to waiving 26 U.S.C. §4980H(a) and (b), which outline the shared responsibility requirements for employers related to health coverage, more commonly referred to as the employer mandate.

26 U.S.C. §4980H(a) outlines the penalty amount to be paid by large employers who do not offer minimum essential coverage to at least 95% of their full-time employees, and have at least one full-time employee that enrolls in a qualified health plan and receives advance premium tax credits or cost-sharing reductions (CSRs). 26 U.S.C. §4980H(b) outlines the penalty amount to be paid by large employers who offer minimum essential coverage to at least 95% of their full-time employees but for which it is determined to be unaffordable (per federal definition) for at least one full-time employee that enrolls in a qualified health plan and receives advance premium tax credits or CSRs.¹ Employers who fail to comply with 26 U.S.C. §4980H(a) and (b) are required to make an "employer shared responsibility payment" as described under 26 U.S.C. §4980H.

Provision Proposed to be Waived

The State of Ohio is proposing to waive the following provisions of the ACA:

- 26 U.S.C. §4980H(a) – Penalty for large employers not offering health coverage to at least 95% of full-time employees where at least one full-time employee enrolls in a qualified health plan and receives advance premium tax credits or CSRs
- 26 U.S.C. §4980H(b) – Penalty for large employers offering health coverage to at least 95% of full-time employees where such coverage is deemed unaffordable (per federal definition) for at least one full-time employee that enrolls in a qualified health plan and receives advance premium tax credits or CSRs

Waiver Requirements

As directed under 45 CFR 155.1308(f)(4)(i)-(iii), the Centers for Medicare and Medicaid Services (CMS) regulations require that states include as part of a 1332 Waiver application actuarial and economic analyses, along with actuarial certifications, to support the State's estimates that the proposed 1332 Waiver will satisfy the following guardrail requirements:²

- Coverage must be provided to a comparable number of residents as would be provided absent the waiver
- Coverage must be at least as comprehensive as would be provided absent the waiver
- Coverage must be at least as affordable as would be provided absent the waiver
- The waiver must not increase the federal deficit

¹ 79 Fed. Reg. 8544-8601 (February 12, 2014)

² 80 Fed. Reg. 78131-78135 (December 16, 2015)

Oliver Wyman Actuarial Consulting, Inc. (Oliver Wyman) was hired by the State of Ohio to perform actuarial and economic analysis related to the impact that waiving 26 U.S.C. §4980H(a) and (b), effective January 1, 2019, would be expected to have on the Ohio insurance markets. The results of our analysis demonstrate that the elimination of the employer mandate is expected to:

- Reduce the number of Ohio residents covered in the non-government employer-based market by 0.9% and increase the number of Ohio residents covered in the individual market by 4.3%; overall, the number Ohio residents with health insurance coverage, including Medicaid and Medicare, is expected to decrease by approximately 0.3% once employer reaction to the change in requirements is fully phased in
- Have no impact on the comprehensiveness of coverage available to Ohio residents
- Result in premium rates per-member-per-month (PMPM) that are expected to be 0.2% higher for the individual market and 0.3% lower for the non-government employer-based market; overall, premiums rates PMPM are expected to be 0.2% lower for the combined individual and non-government employer-based markets once employer reaction to the change in requirements is fully phased in, and
- Increase the federal deficit each year of the waiver, by \$0.2 million in 2019 growing to \$403.7 million in 2023, absent payments from the State to the federal government.

The purpose of this report is to outline the assumptions and methodology used to generate the actuarial and economic projections that result from our analysis. Any other use of this report may be inappropriate and is prohibited by Oliver Wyman.

2. Analysis

Oliver Wyman examined the impact that elimination of the employer mandate is expected to have on each insurance market in the State of Ohio, and in meeting each of the guardrails outlined in federal statute. Since the federal government offered health insurance to full-time employees prior to the ACA and implementation of an employer mandate, it is expected that the federal government would continue to offer coverage in the absence of an employer mandate. Further, according to the Bureau of Labor Statistics, 99% of full-time employees working for state and local governments had access to healthcare benefits in 2009³, prior to implementation of the ACA, and 99% of full-time employees working for state and local governments had access to healthcare benefits in 2017.⁴ Therefore, it can be argued that the introduction of the employer mandate had no material impact on the availability of coverage among full-time state and local government employees, and likewise, the elimination of the employer mandate will have no material impact on this cohort (i.e. it is assumed that state and local employers offering coverage today will continue to offer coverage in the absence of an employer mandate).

In addition, we acknowledge that the elimination of the employer mandate may have a small residual impact on the Medicaid and Medicare markets as a small portion of individuals who are currently enrolled in non-government employer-based coverage may be eligible for Medicaid or Medicare, and may lose access to that non-government employer-based coverage if the employer mandate is eliminated. For the subset of these individuals that do not have access to and enroll in coverage through the employer of a spouse or domestic partner, rather than becoming uninsured they may choose to subsequently take up coverage through Medicaid or Medicare. Individuals currently covered under Medicare as secondary to their non-government employer-based coverage may become primarily covered under Medicare.

Given the above, the modeling results presented in this report are focused solely on the impact that the elimination of the employer mandate is expected to have on the individual and non-government employer-based markets (hereafter referred to as the “commercial markets”), and the number of uninsured individuals. By not explicitly accounting for the residual impact on the Medicaid and Medicare markets noted above, our analysis may slightly overstate the number of individuals who would no longer have minimum essential coverage if the employer mandate were eliminated, but it may also lead to a de minimis increase in the federal deficit as a result of a small increase in enrollment in these programs.

We utilized Oliver Wyman’s Healthcare Reform Microsimulation Model (HRM Model) to assess the impact that the elimination of 26 U.S.C. §4980H(a) and (b), starting in 2019, is expected to have on the commercial health insurance markets in Ohio. The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact that various reforms are expected to have on the health insurance markets. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation and has been used for many purposes, including the development of actuarial analyses to support 1332 Waiver applications in Ohio and other states. For more information

³ <https://www.bls.gov/ncs/ebs/benefits/2009/ownership/govt/table05a.pdf>

⁴ <https://www.bls.gov/ncs/ebs/benefits/2017/ownership/govt/table09a.pdf>

regarding the specifications and functionality underlying the HRM Model, please refer to the overview in Appendix A.

The projections from the HRM Model were analyzed to assess whether the following guardrail requirements would be expected to be achieved if the employer mandate were eliminated:

- **Scope of coverage:** coverage would be provided to a comparable number of residents as would be provided absent the waiver
- **Affordability of coverage:** coverage would be at least as affordable as would be provided absent the waiver
- **Comprehensiveness of coverage:** coverage would be at least as comprehensive as would be provided absent the waiver
- **Deficit neutrality:** the waiver would not increase the federal deficit

Each of the guardrails above was evaluated in aggregate across all enrollees in each of the commercial markets and for various sub-populations.

Table A1 in Appendix B details the impact that the elimination of the employer mandate is expected to have on various aspects of the commercial markets for each year between 2019 and 2028. The “baseline scenario” assumes the employer mandate is maintained. The “waiver scenario” assumes the federal government approves a 1332 Waiver in which the employer mandate is eliminated in Ohio.

The most significant impacts that the elimination of the employer mandate is expected to have will occur in the large, non-government employer-based market. While a majority of large employer groups offering coverage renew coverage on January 1 of each calendar year, some do not. Employers with coverage that renews in months other than January may not drop coverage immediately on January 1, 2019 and may choose to wait until renewal. Additionally, we believe it may take time for the non-government employer-based markets to adjust to the elimination of the employer mandate as awareness of the elimination of the penalty increases over time, and any collective bargaining contracts are renegotiated.

Our analysis assumes the impact of the elimination of the employer mandate is phased in over a three year period starting in 2019, with the full impact reflected in the analysis for 2021 and beyond. Further, we have assumed that at the end of the three year phase-in period, the rate at which employers of different group sizes offer coverage returns to levels similar to those that were in place prior to 2014.⁵ The phase-in approach produces some variability in the results for 2019, 2020, and 2021.

Scope of Coverage and Affordability of Coverage Requirements

Under the scope of coverage requirement, a comparable number of residents must be forecast to have coverage under a 1332 Waiver as would be expected to have coverage absent a 1332 Waiver. Coverage refers to minimum essential coverage.

To meet the affordability of coverage requirement, health care coverage must be forecast to be as affordable for State residents as coverage absent a 1332 Waiver. Affordability refers to the

⁵ Based on an analysis of employer offer rates by group size using Medical Expenditure Panel Survey data from 2013 through 2016

ability of State residents to pay for health care, and is measured by comparing their net out-of-pocket spending for health coverage and services to their incomes. Out-of-pocket expenses include premium contributions and any cost-sharing that is the responsibility of the individual.

Tables 1, 2, and 3 below summarize the projected average enrollment and premium (as applicable) by year under the baseline and waiver scenarios for the individual market, the non-government employer-based market, and the uninsured population, respectively.

Table 1: Summary of Individual Market Enrollment and Premium
Baseline and Waiver Scenarios

Year	Baseline			Waiver			Change from Baseline	
	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM
2017	342,000	\$392.97	\$1,612.8	342,000	\$392.97	\$1,612.8	0	0.0%
2018	307,000	\$493.55	\$1,818.3	307,000	\$493.55	\$1,818.3	0	0.0%
2019	276,000	\$537.62	\$1,780.6	278,000	\$536.87	\$1,791.0	2,000	-0.1%
2020	256,000	\$577.56	\$1,774.3	263,000	\$582.36	\$1,837.9	7,000	0.8%
2021	256,000	\$580.54	\$1,783.4	266,000	\$582.33	\$1,858.8	10,000	0.3%
2022	256,000	\$594.00	\$1,824.8	267,000	\$595.47	\$1,907.9	11,000	0.2%
2023	256,000	\$623.11	\$1,914.2	267,000	\$624.64	\$2,001.4	11,000	0.2%
2024	257,000	\$653.64	\$2,015.8	268,000	\$655.25	\$2,107.3	11,000	0.2%
2025	257,000	\$685.02	\$2,112.6	268,000	\$686.70	\$2,208.4	11,000	0.2%
2026	257,000	\$717.90	\$2,214.0	268,000	\$719.67	\$2,314.4	11,000	0.2%
2027	257,000	\$752.36	\$2,320.3	268,000	\$754.21	\$2,425.5	11,000	0.2%
2028	258,000	\$788.47	\$2,441.1	269,000	\$790.41	\$2,551.5	11,000	0.2%

Note: Individual market transitional and grandfathered enrollees are included in the table above.

Table 2: Summary of Non-Government Employer-Based Market Enrollment and Premium
Baseline and Waiver Scenarios

Year	Baseline			Waiver			Change from Baseline	
	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM	Total Premiums (millions)	Enrollment	Avg Premium PMPM
2017	4,472,000	\$432.41	\$23,204.7	4,472,000	\$432.41	\$23,204.7	0	0.0%
2018	4,488,000	\$449.63	\$24,215.5	4,488,000	\$449.63	\$24,215.5	0	0.0%
2019	4,395,000	\$472.35	\$24,911.8	4,375,000	\$472.16	\$24,788.3	-20,000	0.0%
2020	4,406,000	\$482.15	\$25,492.3	4,373,000	\$480.26	\$25,202.3	-33,000	-0.4%
2021	4,412,000	\$507.15	\$26,850.5	4,369,000	\$505.21	\$26,486.9	-43,000	-0.4%
2022	4,418,000	\$522.89	\$27,721.7	4,376,000	\$521.28	\$27,373.6	-42,000	-0.3%
2023	4,425,000	\$547.47	\$29,070.6	4,383,000	\$545.78	\$28,706.0	-42,000	-0.3%
2024	4,432,000	\$573.20	\$30,485.1	4,390,000	\$571.43	\$30,103.2	-42,000	-0.3%
2025	4,436,000	\$599.57	\$31,916.2	4,394,000	\$597.72	\$31,516.6	-42,000	-0.3%
2026	4,440,000	\$627.15	\$33,414.4	4,398,000	\$625.22	\$32,996.4	-42,000	-0.3%
2027	4,444,000	\$656.00	\$34,982.9	4,402,000	\$653.98	\$34,545.6	-42,000	-0.3%
2028	4,448,000	\$686.17	\$36,625.1	4,406,000	\$684.06	\$36,167.5	-42,000	-0.3%

Table 3: Summary of the Number of Uninsured Baseline and Waiver Scenarios

Year	Number of Uninsured		
	Baseline	Waiver	Change
2017	745,000	745,000	0
2018	780,000	780,000	0
2019	919,000	937,000	18,000
2020	944,000	970,000	26,000
2021	945,000	978,000	33,000
2022	946,000	977,000	31,000
2023	947,000	978,000	31,000
2024	948,000	979,000	31,000
2025	949,000	980,000	31,000
2026	951,000	982,000	31,000
2027	952,000	983,000	31,000
2028	954,000	985,000	31,000

Note: The change in the number of uninsured may not match the change in enrollment in the individual and employer markets due to rounding.

Enrollment in the individual market is projected to increase by 11,000 individuals, or 4.3% higher, under the waiver scenario in 2022 and beyond, once the impact of the waiver is fully phased in. Enrollment in the non-government employer-based markets is projected to decrease by 42,000 individuals, or 0.9% lower, for the same time period. The number of uninsured individuals is expected to increase 31,000 under the waiver scenario in 2022 and beyond, which equates to an increase in the uninsured rate of approximately 0.3% for the entire Ohio population. As previously noted, the expected increase in the number of uninsured may be slightly less than the expected decrease in enrollment in these commercial markets as some individuals may be eligible for and enroll in Medicaid or Medicare.

Tables A2 and A3 in Appendix B show the elimination of the employer mandate is expected to impact all income ranges in a similar manner, although the greatest impacts are expected to be experienced by individuals with higher incomes since a significant portion of non-government employer-based enrollees have incomes above 400% FPL.

Since the elimination of the employer mandate does not directly impact member cost-sharing (e.g., members expected to lose non-government employer-based coverage would be able to purchase coverage with comparable cost sharing in the individual market), the focus of the affordability requirement is centered on changes in average premiums PMPM and does not include changes in member cost-sharing. Changes in the projected average premiums PMPM shown in Tables 1 and 2 include the impact of changes in demographics, benefits, and geographic mix. Average premiums PMPM in the individual market are expected to be 0.2% to 0.3% higher under the waiver scenario in 2021 and beyond. However, when removing the impact of changes in demographics, average premiums in the ACA individual market are expected to increase 0.9% in 2021 and beyond, as shown in Table A4 in Appendix B for a 21 year old. Given the standard age curve that is required to be used by all carriers, the expected increase for all other ages is also 0.9%.

Average premiums PMPM in the non-government employer-based market are expected to be largely unchanged in 2019 as a result of the elimination of the employer mandate, but in 2021 and beyond, average premiums PMPM are expected to be approximately 0.3% to 0.4% lower as employer groups with less healthy, older populations are modeled to be more likely to drop coverage relative to employer groups with healthier, younger populations.

Comprehensiveness of Coverage Requirement

To meet the comprehensiveness of coverage requirement, health care coverage under a 1332 Waiver must be forecast to be at least as comprehensive overall for Ohio residents as coverage absent a 1332 Waiver. Comprehensiveness refers to coverage requirements for ACA essential health benefits (EHBs) and as appropriate, Medicaid and CHIP standards. The elimination of the employer mandate does not impact the scope of services covered by insurers in the commercial markets or the scope of services covered by Medicaid or CHIP programs. Therefore, the elimination of the employer mandate is not expected to impact the comprehensiveness of coverage available to Ohio residents.

Deficit Neutrality

Under the deficit neutrality requirement, the projected federal spending net of federal revenues under a 1332 Waiver must be equal to or lower than projected federal spending net of federal revenues in the absence of the waiver. The elimination of the employer mandate was analyzed to determine the impact it is expected to have on changes in APTCs, a significant federal expenditure related to the individual market. Additionally, the elimination of the employer mandate was analyzed to determine the expected impact it will have on various sources of federal revenue, including Exchange user fees, individual shared responsibility payments (ISRPs), and employer shared responsibility payments (ESRPs). Given CSRs are not currently being funded by the federal government and have been assumed to remain unfunded in the future, there is no expected change to CSR payments assuming the employer mandate is eliminated.

Table 4 summarizes the expected impact the elimination of the employer mandate is expected to have on federal revenue and spending for each year through 2028. A discussion of each of the items impacting the federal deficit, including items not shown in the table below, follows.

Table 4: Impact of the Elimination of the Employer Mandate on the Federal Deficit

(Amounts shown in millions)

Year	Change in APTCs	Change in ISRP and ESRP	Change in Exchange User Fees	Change in Federal Deficit
2017	\$0.0	\$0.0	\$0.0	\$0.0
2018	\$0.0	\$0.0	\$0.0	\$0.0
2019	\$0.3	\$0.0	\$0.1	-\$0.2
2020	\$34.7	\$0.0	\$1.6	-\$33.1
2021	\$35.9	-\$305.6	\$1.7	-\$339.8
2022	\$46.7	-\$338.0	\$2.0	-\$382.7
2023	\$49.3	-\$356.5	\$2.1	-\$403.7
2024	\$51.9	-\$379.6	\$2.2	-\$429.3
2025	\$54.6	-\$412.0	\$2.3	-\$464.3
2026	\$57.4	-\$431.4	\$2.5	-\$486.4
2027	\$60.5	-\$451.7	\$2.6	-\$509.7
2028	\$63.6	-\$473.0	\$2.7	-\$533.9
Total	\$454.9	-\$3,147.8	\$19.8	-\$3,583.0

Note: APTCs are considered expenditures for the federal government whereas ISRPs, ESRPs, and exchange user fees are considered revenue sources for the federal government. Therefore, in the table above a change in APTCs that is greater than \$0 will have the opposite impact on the federal deficit that a change in ISRPs, ESRPs, or exchange user fees that is greater than \$0 will have on the federal deficit.

Advance Premium Tax Credits

Changes in premium for the second lowest cost silver plan and changes in subsidized enrollment have a direct impact on APTCs paid by the federal government. As shown below in Table 5, the elimination of the employer mandate is expected to increase APTCs paid by the federal government each year beginning in 2020.

Table 5 - Summary of APTC Enrollment and APTC Payments
Baseline and Waiver Scenarios

Year	Baseline			Waiver			Baseline to Waiver Change
	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	APTC Enrollment	Avg APTC PMPM	Total APTCs (millions)	Total APTCs (millions)
2017	174,000	\$265.36	\$554.1	174,000	\$265.36	\$554.1	\$0.0
2018	176,000	\$432.45	\$913.3	176,000	\$432.45	\$913.3	\$0.0
2019	159,000	\$478.76	\$913.5	159,000	\$478.91	\$913.8	\$0.3
2020	158,000	\$515.05	\$976.5	162,000	\$520.18	\$1,011.2	\$34.7
2021	158,000	\$513.13	\$972.9	163,000	\$515.75	\$1,008.8	\$35.9
2022	158,000	\$520.99	\$987.8	165,000	\$522.48	\$1,034.5	\$46.7
2023	158,000	\$549.12	\$1,041.1	165,000	\$550.69	\$1,090.4	\$49.3
2024	158,000	\$578.39	\$1,096.6	165,000	\$580.05	\$1,148.5	\$51.9
2025	159,000	\$608.28	\$1,160.6	166,000	\$610.03	\$1,215.2	\$54.6
2026	159,000	\$640.02	\$1,221.2	166,000	\$641.87	\$1,278.6	\$57.4
2027	159,000	\$673.23	\$1,284.5	166,000	\$675.18	\$1,345.0	\$60.5
2028	159,000	\$707.96	\$1,350.8	166,000	\$710.02	\$1,414.4	\$63.6

The overall impact that the elimination of the employer mandate is expected to have on the subsidized market is projected to be negligible in 2019 but grows over time. The increase in APTCs paid by the federal government is primarily driven by an overall increase in the number of individuals eligible for APTCs. However, as shown in Table 4A of Appendix B, the projected average second lowest cost silver plan premiums by rating region for a 21 year old non-tobacco user is also projected to be slightly higher under the waiver scenario relative to the baseline scenario beginning in 2020, further increasing APTCs paid by the federal government.

Exchange User Fees

Ohio utilizes the Federal Facilitated Marketplace (FFM) as a portal for selling health insurance plans to individuals and families. In order to fund FFM operations, the federal government will collect 3.5% of premium revenue associated with health plan premiums sold through the FFM (i.e., the Exchange user fee) in 2018. We have assumed the 3.5% rate will continue into the future and project Exchange user fee collections will increase if the employer mandate is eliminated as individual ACA-compliant enrollment increases.

Individual and Employer Shared Responsibility Payments

Under the ACA, most individuals are required to maintain a minimum level of health insurance coverage. Similarly, employers meeting the federal definition of a large employer group are required to offer affordable, comprehensive health insurance to their employees. Individuals and employers who fail to comply with these mandates may be subject to pay a financial penalty. By eliminating the employer mandate, Ohio employers would be exempt from the shared responsibility requirements under 26 U.S.C. §4980H(a) and (b), which would reduce federal

revenue. Under the Tax Cut and Jobs Act of 2017, the ISRP will be reduced to \$0 starting in 2019. Since this equally impacts both the baseline and waiver scenarios, the elimination of the employer mandate will not impact federal ISRP collections.

ISRP estimates were developed by income range and estimated using 2015 tax return data published by the IRS for individuals residing in Ohio. These estimates were trended forward to 2016 through 2018 based on projected changes in personal income per capita by year using the most recent National Health Expenditure Data (NHED) projections. An additional adjustment was made to account for an overall increase in the penalty amounts in 2016 relative to 2015, absent changes in income. No ISRPs were assumed to be collected in 2019 and beyond.

ESRPs were estimated using recent projections from the Congressional Budget Office (CBO) and data from the Medical Expenditure Panel Survey (MEPS). The aggregate ESRPs estimated by the CBO were allocated to Ohio based on the proportion of the number of employees located in Ohio that work for employers that do not offer coverage relative to all employees nationwide that work for employers that do not offer coverage, as reported by MEPS for 2016. We have assumed the employer offer rates of coverage in Ohio for employers of various sizes are similar to the employer offer rate of coverage nationwide among groups of the same size. Additionally, the CBO's projections were adjusted from a fiscal year basis to a calendar year basis by prorating the fiscal year amounts on a monthly basis. For years where CBO projections were not available (e.g., 2028), ESRPs were estimated by applying a trend factor to the most recently known calendar year of data. The annualized trend estimates were based on changes in per enrollee spending on healthcare for individuals enrolled in employer-based private health insurance using the most recent projections published by NHED.

In developing our estimates of ESRP penalties, we have assumed projections released by the CBO reflect a two year lag in when ESRP payments are made by employers relative to the calendar year for which the penalties are being assessed (e.g., ESRP payments received by the federal government in 2019 and 2020 would be for assessments associated with calendar years 2017 and 2018, respectively).⁶ As a result, while the employer mandate would be eliminated in 2019, the federal government would not be expected to experience lost revenue associated with ESRP payments until 2021. Therefore, the change in ESRP payments in Table 5 above reflects no change for 2019 and 2020.

Other Items Potentially Affecting Deficit Neutrality

We recognize other federal revenue and spending categories could potentially be impacted by the elimination of the employer mandate. These categories include, but are not limited to the following: federal income tax collections, small business health care tax credits, the Cadillac tax, and the ACA Health Insurer Tax (ACA Provision 9010). Quantifying the potential impact of these items was beyond the scope of our analysis.

⁶ The IRS sent Letter 226J to applicable large employers in December 2017 notifying them of their potential liability related to 2015, and will collect shared responsibility payments at some point in 2018. In future years, large employers will be required to file form 1094-C and 1095-C by March 31 of the year following the calendar year to which the return relates. It is assumed that the IRS will issue Letter 226J to applicable large employers during the late summer or early fall of the year following the calendar year to which the return relates, with payments due in the early part of the second year following the calendar year to which the return relates.

Program Funding

The State will not appropriate funds to offset the projected increase in the federal deficit, nor will the state appropriate funds to offset premium increases that are projected to occur in the individual market.

3. Data Sources and Modeling Methodology

As noted earlier, the projections underlying our analysis are based on results from Oliver Wyman's HRM Model. The HRM Model assesses the impact that various reforms are expected to have on the health insurance markets. For our analysis, since it is expected that anyone currently enrolled in government sponsored health insurance (i.e., Medicaid, Medicare, or coverage through a government employer) is essentially unaffected by the elimination of the employer mandate and will therefore continue to enroll in that type of coverage, we did not present detailed modeling results for these markets. As noted earlier, we acknowledge there may be a slight increase in enrollment in Medicaid and Medicare if large employers were to drop coverage assuming the employer mandate was eliminated and some employees were unable to enroll in coverage through the employer of a spouse or domestic partner. However, we do not believe this will have a significant impact on our results, and therefore, only the impact on the commercial and uninsured populations has been analyzed.

The primary basis for the population underlying the HRM Model is data from the 2015 American Community Survey (ACS).⁷ The ACS data provide detailed information for each individual in a surveyed household unit, including demographic, socioeconomic, geographic, and employment information. The data also provides information regarding health insurance coverage type. The ACS data was supplemented and synthesized with several other data sources, including information from a carrier data call, in order to replicate the Ohio populations enrolled under each health insurance coverage type in 2015, including the uninsured population.

Pursuant to Ohio Revised Code 3901.011, the Ohio Department of Insurance's Market Conduct Division issued a data call to a majority of Ohio health insurers to collect detailed information for the individual and fully-insured employer-based markets to calibrate our model for these markets. This data included premium, claims, and enrollment information from January 2015 through June 2017.

The insurer data was augmented with information from the Supplemental Health Care Exhibits (SHCEs) and CMS' Medical Loss Ratio (MLR) data, where available, to determine average annual enrollment in each market and to validate the insurer data, where appropriate (e.g., average premiums PMPM). Data from CMS' open enrollment reports was also used to validate the insurer data and to supplement the insurer data for information not captured by insurers, such as the distribution of Exchange enrollees by income range.

Health status was assigned to various sub-populations based on a statistical analysis of self-reported health status data obtained from the Current Population Survey (CPS). The CPS data provides the starting assumptions for the population morbidity, because the data includes a self-reported health status indicator as well as fields classifying income, age, gender, geography, coverage type, and other categories. Respondents to the survey classify their health into one of five categories: excellent, very good, good, fair and poor. The model reflects these classifications numerically by assigning a morbidity load to each category.

Information from the Agency for Health Care Research and Quality's 2015 MEPS data was used to simulate the 2015 Ohio employer-based market. MEPS identifies key statistics for the

⁷ 2016 ACS data was not available at the time the microsimulation modeling was completed.

employer-based market for every state by group size, including employer offer rates, employee take-up rates, and self-funding rates among employers. Individuals in the ACS data identified as working for private employers were categorized into employer group size segments (e.g., small employer groups) based on the distribution of employees by group size according to MEPS. Additionally the 2015 MEPS data was used to determine the number of individuals enrolled in self-funded plans to estimate the total size of the 2015 employer-based market. MEPS data from 2014 to 2016 was used to inform our estimates of employer offer rates and self-funding rates for 2016 and 2017.

The utility functions underlying the HRM Model were calibrated to replicate the number of individuals in each of the individual, employer-based, and uninsured markets in Ohio for 2015, 2016, and 2017. The purpose of the calibration process is to solve for the model parameters such that the model replicates the known characteristics (e.g., overall size, average premiums PMPM, average claims PMPM, etc.) of each Ohio modeled market. The various parameters of the utility function were adjusted until the model projected enrollment in each of 2015, 2016, and 2017 that was consistent with actual enrollment each year for several sub-populations (e.g., by age range, income range, etc.).

The HRM Model assumes a “steady state” population beyond 2017. This means the overall distribution by income, health status, employer size, and family composition of the population being modeled is not expected to change significantly. Changes in enrollment in the individual, employer-based, and uninsured markets are based on the results of the HRM Model. The model assumes some population growth for the commercial and uninsured segments based on expected changes in nationwide enrollment for the commercial health insurance and uninsured populations combined using NHED projections. Some adjustments were made to the population growth estimates derived from NHED data to ensure the total population growth was reasonable.

Average allowed claim costs for each market for 2015 and 2016 were based on information provided in the insurer data call. Average allowed claim costs PMPM in 2016 for the individual and employer-based markets were projected forward to 2017 assuming a 6% increase in claim costs due to trends. The trended allowed claim amounts were adjusted to reflect changes in demographic mix, based on data from the insurer data call, and expected changes in morbidity. The impact of expected changes in morbidity was estimated using output from the HRM Model and actuarial judgment. An additional adjustment was made to individual ACA claim costs in 2017 to reflect the increased presence of narrow network products, and a more adverse demographic and morbidity mix relative to 2016 due to a decline in enrollment. The narrow network adjustment was supported by changes in product offerings made available through the Exchange in 2017 relative to 2016.

Beyond 2017, allowed claims for the individual, employer-based, and uninsured markets were trended each year based on the NHED forecast of spending per enrollee for individual and employer-based health insurance. Member cost-sharing and incurred claims were calculated by the HRM Model, with the assumed annual limitation on cost-sharing indexed for inflation each year according to federal regulations using the most recent projections published by NHED.

Premium rate changes for the ACA individual and small employer-based markets in 2018 were estimated using information from rate filings submitted by insurers to the Ohio Department of Insurance. Final approved 2018 premium rates were not available at the time the HRM Model was initially calibrated. An additional adjustment was made to individual market silver Exchange premiums to reflect the premium impact associated with CSRs no longer being funded. A

separate off-Exchange silver plan was included in the HRM Model to more accurately replicate off-Exchange premium rates in the individual market (with no load for the lack of CSR funding). Premiums for the individual non-ACA, small employer-based non-ACA, and large employer-based markets in 2018 were estimated based on historical premium rate changes PMPM observed between 2015 and 2017.

Premium rates beyond 2018 were calculated by the HRM Model using a traditional loss ratio approach (i.e., incurred claims PMPM divided by earned premiums PMPM). The target loss ratio for each year beyond 2018 for each market was assumed to be equal to the loss ratio projected by the HRM Model in 2018. This approach assumes insurers adequately priced their products in each market in 2018.

Federal premium tax credits for eligible individual market enrollees were assumed to change each year based on premium changes associated with the second lowest cost silver plan available in each rating region and changes in the Applicable Percentage Tables. The Applicable Percentage Tables, while known for 2015 through 2018, were adjusted each year beyond 2018 according to the methodology outlined by the Internal Revenue Service (IRS).⁸ Premium and income growth rates utilized in developing the Adjustment Ratio that was applied to the projected Applicable Percentage Tables were based on the most recent projections published by NHED. Employee contributions as a percentage of premiums PMPM were projected to remain steady relative to current levels.

The HRM Model assumes transitional plans in the individual and small employer-based markets will no longer be in-force effective January 1, 2020. The HRM Model also assumes CSRs will continue to not be funded in 2019 and beyond. The HRM Model does not account for any employer behavior changes that may occur as a result of the Cadillac tax that is scheduled to be implemented in the employer-based market in 2022, given the lack of final regulations regarding the implementation of the tax. Further, we believe the Cadillac tax will not have any material impact on enrollment in the individual market, given the richness of coverage currently offered in the employer-based market. Over the period covered by the projections, we anticipate employers would most likely offer leaner benefit plan options to employees thereby reducing the cost of coverage rather than electing to drop coverage altogether.

⁸ <https://www.irs.gov/pub/irs-drop/rp-14-37.pdf>

4. Distribution and Use

This report was prepared for the sole use of the State of Ohio. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State of Ohio. This report is not intended for general circulation or publication, nor is it to be used or distributed to others for any purpose other than those that may be set forth herein or in the definitive documentation pursuant to which this report was issued. All decisions in connection with the implementation or use of advice or recommendations contained in this report are the sole responsibility of the State.

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Neither all nor any part of the contents of this report, any opinions expressed herein, shall be disseminated to the public through advertising media, public relations, news media, sales media, mail, direct transmittal, or any other public means of communications, without the prior written consent of Oliver Wyman.

5. Disclosures and Limitations

The State of Ohio engaged Oliver Wyman Actuarial Consulting, Inc. to assist in performing actuarial analyses as part of their State Innovation Waiver application under Section 1332 of the Patient Protection and Affordable Care Act. The actuarial services provided consisted of analyses and forecasting to determine whether the elimination of the employer mandate will satisfy the 1332 Waiver guardrail requirements.

Tammy Tomczyk, Ryan Mueller and Josh Sober are responsible for this actuarial communication. They are Fellows of the Society of Actuaries and Members of the American Academy of Actuaries, and meet the requirements to issue this report.

The estimates included within are based on federal law, regulations issued by the United States Department of Health and Human Services and the Internal Revenue Service, and applicable laws and regulations of the State of Ohio. Further, our estimates assume that current law as it relates to the Affordable Care Act, and other statutes and regulations that impact the health insurance markets, will continue in the future years without material change that would impact the results included in this report.

For our analysis, we relied on a wide range of data and information as described throughout this report. This includes information received from insurers currently offering coverage in the individual and/or employer-based markets in Ohio. Though we have reviewed the data for reasonableness and consistency, we have not independently audited or otherwise verified this data. Our review of the data may not reveal errors or imperfections. We have assumed the data provided is both accurate and complete. The results of our analysis are dependent on this assumption. If this data or information are inaccurate or incomplete, our findings and conclusions may need to be revised. All projections are based on data and information available as of April 23, 2018, and the projections are not a guarantee of results which might be achieved.

In addition, the projections we show in this report are dependent upon a number of assumptions regarding the future economic environment, medical trend rates, insurer behavior, the behavior of individuals and employers in light of incentives and penalties, and a number of other factors. These assumptions are disclosed within the report and have been discussed with the State of Ohio representatives.

While this analysis complies with the applicable Actuarial Standards of Practice, in particular ASOP No. 23, Data Quality and ASOP No 41, Actuarial Communication, users of this analysis should recognize that our projections involve estimates of future events, and are subject to economic, statistical and other unforeseen variations from projected values. We have not anticipated any extraordinary changes to the legal, social, or economic environment that might affect our projections. For these reasons, no assurance can be given that the emerging experience will correspond to the projections in this analysis. To the extent future conditions are at variance with the assumptions we have made in developing these projections, actual results will vary from our projections, and the variance may be substantial.

Oliver Wyman is not engaged in the practice of law and this report, which may include commentary on legal issues and regulations, does not constitute, nor is it a substitute for, legal advice. Accordingly, Oliver Wyman recommends that the State secure the advice of competent legal counsel with respect to any legal matters related to this report or otherwise.

This report is intended to be read and used as a whole and not in parts. Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

6. Actuarial Opinion

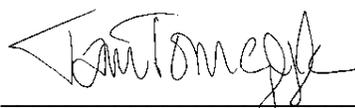
This report was prepared for the State of Ohio to support an application for a State Innovation Waiver under Section 1332 (1332 Waiver) of the Patient Protection and Affordable Care Act. The State is seeking to waive 26 U.S.C. §4980H(a) and (b) which outline penalties that must be paid by large employers who either do not offer minimum essential coverage or offer coverage that is unaffordable to 95% of their full-time employees, and have at least one full-time employee that is enrolled in a qualified health plan and receives advance premium tax credits or cost-sharing reductions (the employer mandate). In my opinion, the results of our analysis demonstrate that the elimination of the employer mandate in the State of Ohio is expected to:

- Reduce the number of Ohio residents covered in the non-government employer-based market by 0.9% and increase the number of Ohio residents covered in the individual market by 4.3%; overall, the number Ohio residents with health insurance coverage, including Medicaid and Medicare, is expected to decrease by approximately 0.3% once employer reaction to the change in requirements is fully phased in
- Have no impact on the comprehensiveness of coverage available to Ohio residents
- Result in premium rates per-member-per-month (PMPM) that are expected to be 0.2% higher for the individual market and 0.3% lower for the non-government employer-based market; overall, premiums rates PMPM are expected to be 0.2% lower for the combined individual and non-government employer-based markets once employer reaction to the change in requirements is fully phased in, and
- Increase the federal deficit each year of the waiver, by \$0.2 million in 2019 growing to \$403.7 million in 2023, absent payments from the State to the federal government.

In performing the analyses outlined in this report and arriving at my opinion, I used and relied on information provided by the State of Ohio, information obtained from insurers currently offering coverage in the individual and employer-based markets in Ohio, financial statement information, and additional information published by various agencies of the federal government.

I used and relied on this information without independent investigation or audit. If this information is inaccurate, incomplete, or out of date, my findings and conclusions may need to be revised. While I have relied on the data provided without independent investigation or audit, I have reviewed the data for consistency and reasonableness. Where I found the data inconsistent or unreasonable, I requested clarification.

I, Tammy Tomczyk, am a Partner with Oliver Wyman Actuarial Consulting, Inc. I am a Fellow in the Society of Actuaries, and a member of the American Academy of Actuaries, and am qualified to render this opinion.



Tammy Tomczyk, FSA, FCA, MAAA

April 26, 2018

Date

Appendix A. Overview of Oliver Wyman's Healthcare Reform Microsimulation Model

We utilized Oliver Wyman's HRM Model to assess the impact that the elimination of 26 U.S.C. §4980H(a) and (b) of the IRC is expected to have on the individual health insurance market, the employer-based health insurance markets, and the uninsured population in Ohio. The HRM Model is an economic utility model that captures the flow of individuals across various markets based on their economic purchasing decisions and is integrated with actuarial modeling designed to assess the impact various reforms are expected to have on the health insurance markets. This model is a leading edge tool for analyzing the impact of various healthcare reforms or proposed legislation.

The HRM Model projects the number of individuals expected to seek coverage under each health insurance coverage type through the use of economic utility functions. The decision-making process for determining which health insurance coverage type is selected is made at the health insurance unit (HIU) level. An HIU is defined as any grouping of family members where each person within the HIU might be eligible for coverage under the same policy.

HIUs are assumed to make economically rational decisions in selecting the health insurance option that maximizes the economic utility for the HIU. The economic utilities for all members of the HIU are aggregated to develop the corresponding utility for the HIU under each health insurance option. The HRM Model assumes the decision to take up coverage is based on the utility of the HIU and does not allow individual members within an HIU to enroll in different markets, with one exception. Individuals who are identified as being eligible for Medicare, Medicaid, CHIP, and other government sponsored coverage (e.g., government workers) are assumed to retain their government sponsored coverage, and the economic utility associated with employer-based coverage, individual market coverage or being uninsured is only evaluated by the HRM Model for the remaining individuals within an HIU. Individuals who are eligible for government sponsored coverage are removed from the HRM Modeling process.

Generally, Medicaid eligible enrollees are identified based on the HIU's income, and Medicare eligible enrollees are identified as individuals age 65 and older. A small portion of individuals under the age of 65 whose ACS record indicates they have health insurance coverage through Medicare are also categorized as Medicare enrollees. If the primary adult or spouse is identified as being employed by the government, either as military or non-military personnel, and the HIU is identified as having employer-based coverage or military coverage, the HRM Model assumes health insurance coverage for the HIU is provided through a government employer for individuals who do not qualify for any other government sponsored program.

Individuals identified as working for private employers are randomly categorized into synthetic employer groups of varying group sizes based on the distribution of group size from MEPS. An employer-based economic utility function determines whether or not a given employer will offer health insurance coverage to its employees and their dependents. The employer-based economic utility function compares the additional costs that would be incurred by the employer

as a result of not offering coverage (e.g., the penalty for not offering coverage, if applicable) to the benefits that would be received by its employees if purchasing insurance in the individual market (e.g., APTCs). If an employer offers coverage, all eligible employees and their dependents within each HIU (i.e., individuals who are not eligible for health insurance coverage through a government sponsored program) are assumed to evaluate the health insurance coverage options offered by the employer, unless the employer-based coverage is deemed unaffordable or more affordable coverage with similar benefit levels is available in the individual market. If the employer does not offer coverage, the employer-based coverage is deemed unaffordable, or more affordable coverage is available in the individual market, employees and their dependents are assumed to only evaluate health insurance coverage options in the individual market.

The decision as to whether an HIU will take up coverage in either the employer-based market, the individual market, or choose to be uninsured is based on the results from applying two economic utility functions. The first economic utility function calculates the utility associated with taking up coverage in either the employer-based market or the individual market, depending on whether the employer of the primary or spouse within an HIU is modeled to offer coverage, and is a function of the premium the HIU would be expected to pay (net of employer subsidies or federal premium subsidies, respectively), any cost-sharing the HIU would be expected to pay out-of-pocket (net of any CSRs for applicable individual market coverage), and the risk aversion of the HIU. If multiple coverage options are modeled within a given market (e.g., bronze-level coverage or silver-level coverage), the utility of each coverage option is evaluated. The second economic utility function calculates the utility associated with not taking up coverage and is a function of the tax penalty the HIU would be assessed, total allowed claim costs for the HIU (assuming a reduced level of utilization due to the lack of insurance coverage), and the risk aversion of the HIU. If the utility of being uninsured is greater than the utility associated with taking up health insurance coverage, the HIU is assumed to be uninsured. Otherwise, the HIU is assumed to take up coverage in either the employer-based market or the individual market for the coverage option that provides the maximum utility for the HIU.

Appendix B. Supporting Exhibits

Table A1: Summary of Impact to Commercial Market - Baseline and Waiver Scenarios

Baseline Scenario												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Insured Enrollment	4,814,000	4,795,000	4,671,000	4,662,000	4,668,000	4,674,000	4,681,000	4,689,000	4,693,000	4,697,000	4,701,000	4,706,000
Individual Market - APTC Enrollment	174,000	176,000	159,000	158,000	158,000	158,000	158,000	158,000	159,000	159,000	159,000	159,000
Individual Market - Non-APTC Enrollment	168,000	131,000	117,000	98,000	98,000	98,000	98,000	99,000	98,000	98,000	98,000	99,000
Non-Government Employer-Based Market	4,472,000	4,488,000	4,395,000	4,406,000	4,412,000	4,418,000	4,425,000	4,432,000	4,436,000	4,440,000	4,444,000	4,448,000
Number of Uninsured	745,000	780,000	919,000	900,000	919,000	899,000	900,000	901,000	902,000	903,000	904,000	905,000
Total Premiums (millions)	\$24,817.5	\$26,033.8	\$26,692.4	\$27,266.6	\$28,633.9	\$29,546.5	\$30,984.8	\$32,500.9	\$34,028.8	\$35,628.4	\$37,303.2	\$39,066.2
Average Premiums PMPM	\$429.61	\$452.45	\$476.20	\$487.35	\$511.09	\$526.68	\$551.50	\$577.48	\$604.12	\$631.98	\$661.13	\$691.62
Total APTCs (millions)	\$554.1	\$913.3	\$913.5	\$976.5	\$972.9	\$987.8	\$1,041.1	\$1,096.6	\$1,160.6	\$1,221.2	\$1,284.5	\$1,350.8
Average APTCs PMPM	\$265.36	\$432.45	\$478.76	\$515.05	\$513.13	\$520.99	\$549.12	\$578.39	\$608.28	\$640.02	\$673.23	\$707.96
ISRP and ESRP (millions)	\$299.5	\$424.1	\$347.2	\$282.4	\$305.6	\$338.0	\$356.5	\$379.6	\$412.0	\$431.4	\$451.7	\$473.0
Annual Exchange User Fees (millions)	\$33.4	\$43.3	\$43.2	\$45.6	\$45.9	\$46.8	\$49.1	\$51.5	\$54.4	\$57.0	\$59.7	\$62.6
Waiver Scenario												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Enrollment	4,814,000	4,795,000	4,653,000	4,636,000	4,635,000	4,643,000	4,650,000	4,658,000	4,662,000	4,666,000	4,670,000	4,675,000
Individual Market - APTC Enrollment	174,000	176,000	159,000	162,000	163,000	165,000	165,000	165,000	166,000	166,000	166,000	166,000
Individual Market - Non-APTC Enrollment	168,000	131,000	119,000	101,000	103,000	102,000	102,000	103,000	102,000	102,000	102,000	103,000
Non-Government Employer-Based Market	4,472,000	4,488,000	4,375,000	4,373,000	4,369,000	4,376,000	4,383,000	4,390,000	4,394,000	4,398,000	4,402,000	4,406,000
Number of Uninsured	745,000	780,000	936,000	926,000	953,000	930,000	931,000	933,000	934,000	935,000	936,000	937,000
Total Premiums (millions)	\$24,817.5	\$26,033.8	\$26,579.3	\$27,040.2	\$28,345.7	\$29,281.5	\$30,707.4	\$32,210.5	\$33,725.0	\$35,310.8	\$36,971.1	\$38,719.0
Average Premiums PMPM	\$429.61	\$452.45	\$476.02	\$486.02	\$509.53	\$525.43	\$550.20	\$576.13	\$602.70	\$630.50	\$659.59	\$690.01
Total APTCs (millions)	\$554.1	\$913.3	\$913.8	\$1,011.2	\$1,008.8	\$1,034.5	\$1,090.4	\$1,148.5	\$1,215.2	\$1,278.6	\$1,345.0	\$1,414.4
Average APTCs PMPM	\$265.36	\$432.45	\$478.91	\$520.18	\$515.75	\$522.48	\$550.69	\$580.05	\$610.03	\$641.87	\$675.18	\$710.02
ISRP and ESRP (millions)	\$299.5	\$424.1	\$347.2	\$282.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Annual Exchange User Fees (millions)	\$33.4	\$43.3	\$43.3	\$47.2	\$47.6	\$48.8	\$51.2	\$53.8	\$56.7	\$59.4	\$62.3	\$65.3
Change - Baseline Scenario to Waiver Scenario												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Change in the Number of Uninsured	0	0	17,000	26,000	34,000	31,000	31,000	32,000	32,000	32,000	32,000	32,000
Change in Average Premiums PMPM (%)	0.0%	0.0%	0.0%	-0.3%	-0.3%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Change in Average APTCs PMPM (%)	0.0%	0.0%	0.0%	1.0%	0.5%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Demonstration of Deficit Neutrality Requirement (amounts shown in millions)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Change in Total APTCs	\$0.0	\$0.0	\$0.3	\$34.7	\$35.9	\$46.7	\$49.3	\$51.9	\$54.6	\$57.4	\$60.5	\$63.6
Change in ISRP and ESRP	\$0.0	\$0.0	\$0.0	\$0.0	-\$305.6	-\$338.0	-\$356.5	-\$379.6	-\$412.0	-\$431.4	-\$451.7	-\$473.0
Change in Exchange User Fees	\$0.0	\$0.0	\$0.1	\$1.6	\$1.7	\$2.0	\$2.1	\$2.2	\$2.3	\$2.5	\$2.6	\$2.7
Net Savings to Federal Government	\$0.0	\$0.0	-\$0.2	-\$33.1	-\$339.8	-\$382.7	-\$403.7	-\$429.3	-\$464.3	-\$486.4	-\$509.7	-\$533.9

Note: ISRP amounts shown are allocated back to the plan year in which the penalty was incurred and not assigned to the year in which they are collected by the federal government. Individual market transitional and grandfathered enrollees are included as Individual Market – Non-APTC Enrollment.

Table A2: Projected Individual Market Membership by Income Range (% of FPL) - Baseline and Waiver Scenarios

Baseline Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	28,000	28,000	27,000	26,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
151%-200%	52,000	52,000	46,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
201%-250%	41,000	41,000	37,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
251%-300%	26,000	25,000	24,000	24,000	23,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
301%-400%	35,000	30,000	27,000	27,000	28,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
401%+	160,000	130,000	116,000	99,000	98,000	96,000	96,000	97,000	97,000	97,000	97,000	97,000
Total	342,000	307,000	276,000	256,000	256,000	256,000	256,000	257,000	257,000	257,000	257,000	258,000

Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	28,000	28,000	27,000	27,000	27,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
151%-200%	52,000	52,000	46,000	45,000	45,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
201%-250%	41,000	41,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	38,000
251%-300%	26,000	25,000	24,000	24,000	24,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
301%-400%	35,000	30,000	27,000	29,000	29,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
401%+	160,000	130,000	118,000	101,000	103,000	101,000	101,000	101,000	101,000	101,000	101,000	102,000
Total	342,000	307,000	278,000	263,000	266,000	267,000	267,000	268,000	268,000	268,000	268,000	269,000

Change in Number of Enrollees - Baseline Scenario to Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	0	0	0	1,000	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000
151%-200%	0	0	0	1,000	1,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
201%-250%	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	2,000
251%-300%	0	0	0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
301%-400%	0	0	0	2,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
401%+	0	0	2,000	2,000	5,000	5,000	5,000	4,000	4,000	4,000	4,000	5,000
Total	0	0	2,000	7,000	10,000	11,000						

Note: Individual market transitional and grandfathered enrollees are included in the table above. The totals may not equal the sum across all income ranges due to rounding.

Table A3: Projected Non-Government Employer-Based Market Membership by Income Range (% of FPL) - Baseline and Waiver Scenarios

Baseline Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	371,000	377,000	344,000	366,000	368,000	372,000	373,000	373,000	374,000	374,000	374,000	375,000
151%-200%	262,000	259,000	251,000	245,000	241,000	247,000	247,000	248,000	248,000	248,000	248,000	249,000
201%-250%	396,000	396,000	383,000	383,000	381,000	382,000	383,000	384,000	384,000	384,000	385,000	385,000
251%-300%	396,000	399,000	387,000	385,000	387,000	388,000	388,000	389,000	389,000	390,000	390,000	390,000
301%-400%	810,000	812,000	798,000	798,000	800,000	798,000	800,000	801,000	802,000	802,000	803,000	804,000
401%+	2,237,000	2,245,000	2,232,000	2,230,000	2,236,000	2,230,000	2,234,000	2,237,000	2,239,000	2,241,000	2,243,000	2,245,000
Total	4,472,000	4,488,000	4,395,000	4,406,000	4,412,000	4,418,000	4,425,000	4,432,000	4,436,000	4,440,000	4,444,000	4,448,000

Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	371,000	377,000	341,000	361,000	361,000	366,000	367,000	367,000	368,000	368,000	368,000	369,000
151%-200%	262,000	259,000	249,000	241,000	237,000	243,000	244,000	244,000	244,000	245,000	245,000	245,000
201%-250%	396,000	396,000	380,000	378,000	375,000	378,000	378,000	379,000	379,000	379,000	380,000	380,000
251%-300%	396,000	399,000	385,000	383,000	383,000	384,000	384,000	385,000	385,000	386,000	386,000	386,000
301%-400%	810,000	812,000	796,000	793,000	794,000	793,000	794,000	795,000	796,000	797,000	797,000	798,000
401%+	2,237,000	2,245,000	2,224,000	2,216,000	2,218,000	2,213,000	2,216,000	2,220,000	2,222,000	2,224,000	2,226,000	2,228,000
Total	4,472,000	4,488,000	4,375,000	4,373,000	4,369,000	4,376,000	4,383,000	4,390,000	4,394,000	4,398,000	4,402,000	4,406,000

Change in Number of Enrollees - Baseline Scenario to Waiver Scenario												
Income Range	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
< 100%	0	0	0	0	0	0	0	0	0	0	0	0
100%-150%	0	0	-3,000	-5,000	-7,000	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000	-6,000
151%-200%	0	0	-2,000	-4,000	-4,000	-4,000	-3,000	-4,000	-4,000	-3,000	-3,000	-4,000
201%-250%	0	0	-3,000	-5,000	-6,000	-4,000	-5,000	-5,000	-5,000	-5,000	-5,000	-5,000
251%-300%	0	0	-2,000	-2,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000
301%-400%	0	0	-2,000	-5,000	-6,000	-5,000	-6,000	-6,000	-6,000	-5,000	-6,000	-6,000
401%+	0	0	-8,000	-14,000	-18,000	-17,000	-18,000	-17,000	-17,000	-17,000	-17,000	-17,000
Total	0	0	-20,000	-33,000	-43,000	-42,000						

Note: The totals may not equal the sum across all income ranges due to rounding.

Table A4: Projected Individual Market Second Lowest Cost Silver Plan Premiums by Rating Area for a 21 year old non-tobacco user – Baseline and Waiver Scenarios

Baseline - Average Second Lowest Cost Silver Plan Premium Rate by Rating Area (21 year old)												
Rating Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$218.57	\$314.54	\$345.41	\$356.74	\$360.42	\$370.77	\$388.94	\$408.00	\$427.58	\$448.10	\$469.61	\$492.15
2	\$242.09	\$348.39	\$382.59	\$395.14	\$399.21	\$410.67	\$430.80	\$451.91	\$473.60	\$496.33	\$520.15	\$545.12
3	\$239.75	\$345.02	\$378.88	\$391.31	\$395.34	\$406.69	\$426.62	\$447.53	\$469.01	\$491.52	\$515.11	\$539.84
4	\$211.60	\$304.51	\$334.40	\$345.37	\$348.93	\$358.95	\$376.54	\$394.99	\$413.95	\$433.82	\$454.64	\$476.46
5	\$249.74	\$359.40	\$394.68	\$407.62	\$411.82	\$423.65	\$444.41	\$466.19	\$488.56	\$512.01	\$536.59	\$562.35
6	\$251.50	\$361.93	\$397.45	\$410.49	\$414.72	\$426.63	\$447.53	\$469.46	\$492.00	\$515.61	\$540.36	\$566.30
7	\$274.84	\$395.52	\$434.34	\$448.59	\$453.21	\$466.23	\$489.07	\$513.04	\$537.66	\$563.47	\$590.52	\$618.86
8	\$252.76	\$363.75	\$399.45	\$412.55	\$416.80	\$428.77	\$449.78	\$471.82	\$494.47	\$518.20	\$543.08	\$569.14
9	\$251.39	\$361.78	\$397.28	\$410.32	\$414.54	\$426.45	\$447.34	\$469.26	\$491.79	\$515.39	\$540.13	\$566.06
10	\$311.68	\$448.53	\$492.55	\$508.71	\$513.95	\$528.71	\$554.62	\$581.80	\$609.72	\$638.99	\$669.66	\$701.80
11	\$225.99	\$325.22	\$357.14	\$368.85	\$372.65	\$383.35	\$402.14	\$421.84	\$442.09	\$463.31	\$485.55	\$508.86
12	\$233.27	\$335.70	\$368.64	\$380.74	\$384.66	\$395.71	\$415.10	\$435.44	\$456.34	\$478.24	\$501.20	\$525.25
13	\$262.33	\$377.52	\$414.57	\$428.17	\$432.57	\$445.00	\$466.81	\$489.68	\$513.18	\$537.82	\$563.63	\$590.69
14	\$265.77	\$382.47	\$420.00	\$433.78	\$438.25	\$450.84	\$472.93	\$496.10	\$519.91	\$544.87	\$571.02	\$598.43
15	\$233.78	\$336.43	\$369.45	\$381.57	\$385.50	\$396.57	\$416.00	\$436.39	\$457.34	\$479.29	\$502.29	\$526.40
16	\$278.37	\$400.60	\$439.92	\$454.35	\$459.03	\$472.22	\$495.35	\$519.63	\$544.57	\$570.71	\$598.10	\$626.81
17	\$316.81	\$455.92	\$500.67	\$517.09	\$522.41	\$537.42	\$563.75	\$591.38	\$619.76	\$649.51	\$680.69	\$713.36

Waiver - Average Second Lowest Cost Silver Plan Premium Rate by Rating Area (21 year old)												
Rating Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	\$218.57	\$314.54	\$345.41	\$361.38	\$363.64	\$374.09	\$392.42	\$411.65	\$431.41	\$452.11	\$473.82	\$496.56
2	\$242.09	\$348.39	\$382.59	\$400.28	\$402.78	\$414.35	\$434.65	\$455.95	\$477.84	\$500.77	\$524.81	\$550.00
3	\$239.75	\$345.02	\$378.88	\$396.40	\$398.87	\$410.33	\$430.44	\$451.53	\$473.20	\$495.92	\$519.72	\$544.67
4	\$211.60	\$304.51	\$334.40	\$349.86	\$352.05	\$362.16	\$379.91	\$398.52	\$417.65	\$437.70	\$458.71	\$480.73
5	\$249.74	\$359.40	\$394.68	\$412.92	\$415.51	\$427.44	\$448.39	\$470.36	\$492.93	\$516.60	\$541.39	\$567.38
6	\$251.50	\$361.93	\$397.45	\$415.83	\$418.43	\$430.45	\$451.54	\$473.66	\$496.40	\$520.23	\$545.20	\$571.37
7	\$274.84	\$395.52	\$434.34	\$454.42	\$457.27	\$470.40	\$493.45	\$517.63	\$542.48	\$568.51	\$595.80	\$624.40
8	\$252.76	\$363.75	\$399.45	\$417.92	\$420.53	\$432.61	\$453.81	\$476.04	\$498.89	\$522.84	\$547.94	\$574.24
9	\$251.39	\$361.78	\$397.28	\$415.65	\$418.25	\$430.26	\$451.35	\$473.46	\$496.19	\$520.00	\$544.96	\$571.12
10	\$311.68	\$448.53	\$492.55	\$515.33	\$518.55	\$533.44	\$559.58	\$587.00	\$615.18	\$644.71	\$675.65	\$708.08
11	\$225.99	\$325.22	\$357.14	\$373.65	\$375.98	\$386.78	\$405.74	\$425.62	\$446.05	\$467.46	\$489.89	\$513.41
12	\$233.27	\$335.70	\$368.64	\$385.69	\$388.10	\$399.25	\$418.81	\$439.33	\$460.42	\$482.52	\$505.68	\$529.95
13	\$262.33	\$377.52	\$414.57	\$433.73	\$436.45	\$448.98	\$470.98	\$494.06	\$517.78	\$542.63	\$568.68	\$595.97
14	\$265.77	\$382.47	\$420.00	\$439.42	\$442.17	\$454.87	\$477.16	\$500.54	\$524.57	\$549.74	\$576.13	\$603.79
15	\$233.78	\$336.43	\$369.45	\$386.53	\$388.95	\$400.12	\$419.73	\$440.29	\$461.43	\$483.58	\$506.79	\$531.11
16	\$278.37	\$400.60	\$439.92	\$460.26	\$463.14	\$476.44	\$499.79	\$524.28	\$549.44	\$575.81	\$603.45	\$632.42
17	\$316.81	\$455.92	\$500.67	\$523.81	\$527.09	\$542.23	\$568.80	\$596.67	\$625.31	\$655.32	\$686.78	\$719.74

Note: The totals may not equal the sum across all income ranges due to rounding.

Change in Average Second Lowest Cost Silver Plan Premium Rate by Rating Area (21 year old) - Baseline Scenario to Waiver Scenario												
Rating Area	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
1	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
2	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
3	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
4	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
5	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
6	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
7	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
8	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
9	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
10	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
11	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
12	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
13	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
14	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
15	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
16	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
17	0.0%	0.0%	0.0%	1.3%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%



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