

Insurance Options Dwindle in Some Rural Regions

Some health insurers quit unprofitable markets; ACA exchanges in some areas will have one insurer

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Health-insurance customers in a growing number of mostly rural regions will have just one insurer's plans to choose from on the Affordable Care Act's exchanges next year, as some companies pull out of unprofitable markets.

The entire states of Alaska and Alabama are expected to have only one insurer on the health law's signature online marketplaces next year, according to state regulators. The same is expected to be true in parts of several other states, including Kentucky, Tennessee, Mississippi, Arizona and Oklahoma, state regulators said.

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So far, more than 650 counties appear on track to have just one insurer on the exchanges in 2017, according to the Kaiser Family Foundation, which is tracking withdrawals as they become public. That would be up from 225 in 2016, when the state of Wyoming, among other areas, already had just one ACA marketplace competitor. Of the counties in jeopardy of having only a single exchange insurer next year, 70% have populations that are mostly rural, said Cynthia Cox, a researcher at the foundation.

Disclosures of new market entries or further pullbacks will change the totals in coming months, Ms. Cox said. Filings in many states aren't yet public, and insurers can tweak their approaches until September.

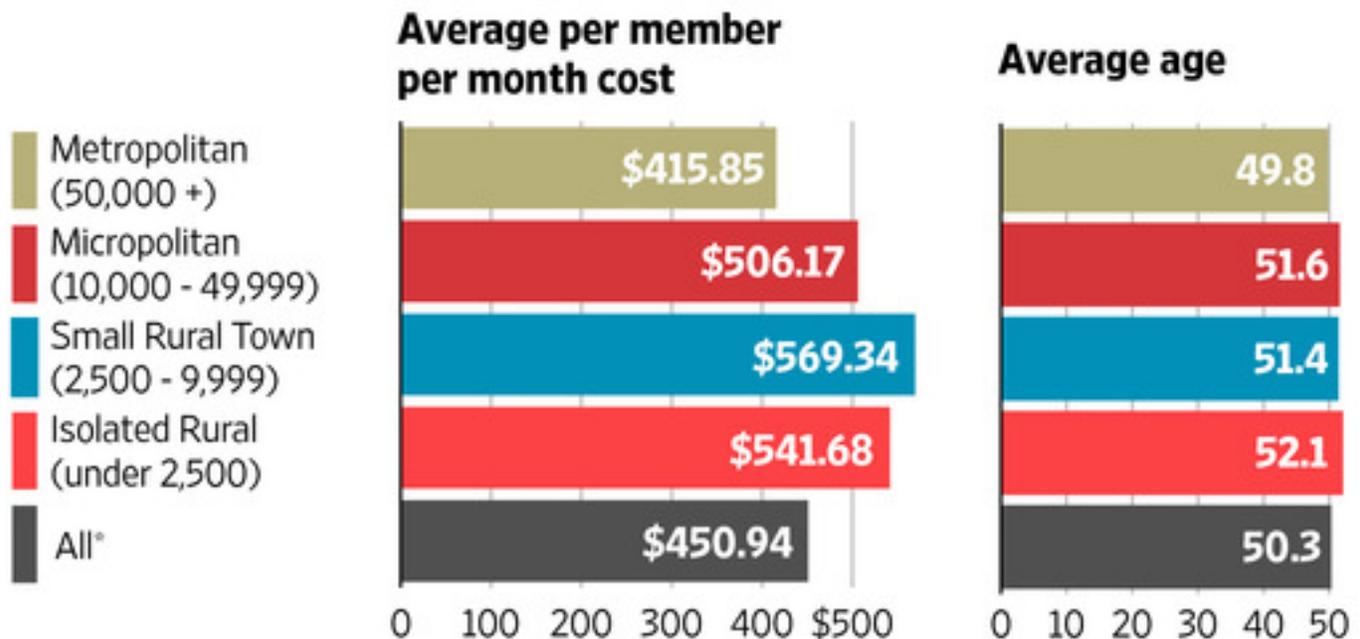
Kori Allen, a bookkeeper in Kodiak, Alaska, this year has an exchange plan from Moda Health Plan Inc., which will pull out of the state's ACA marketplace next year. Ms. Allen, 36 years old, who receives a federal subsidy that helps with her premiums, worries about what will happen when there is only one insurer, Premera Blue Cross, offering exchange products: "It's going to be a monopoly, basically; 'here's the price, take it or leave it.'"

Premera Blue Cross, which had steep losses in Alaska's exchange last year, said it is committed to the market there. "We have been working very closely with regulators and legislators to establish a long-term solution to make the market more sustainable and attract more insurers to the state," said a spokeswoman.

The occurrence of only one insurer in a market poses a challenge for the Obama administration, which has sought to help restrain costs by encouraging competition, and could provide fodder for Republicans intent on dismantling the law. An official with the federal Department of Health and Human Services said that the law has improved the quality of health plans and reduced the number of uninsured in rural and other parts of the U.S. For next year, “we would expect a rise in one-issuer counties,” he said, as insurers adjust their approaches. He said the still-new market is evolving toward “stability and success.”

A Healthy Mix?

In 2015, consumers in rural regions who got plans through the Affordable Care Act incurred higher health-care costs for insurers than enrollees in large urban areas.



*Weighted average of the four geographic categories

Note: Figures represent adults in 'Silver' plans and are drawn from a database that includes about 2 million enrollees.

Source: Inovalon Inc.

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The federal official said he is “pretty confident” there won’t be any areas with no ACA marketplace insurers, but he couldn’t completely rule out the possibility.

Indeed, the patchwork of coverage reflects continued instability in the individual insurance market, as companies shift their geographic footprints to avoid areas that have turned out to [generate steep losses](#), and focus on places where they believe they can get their ACA business into the black.

[UnitedHealth Group Inc.](#) said last month it would leave all but a handful of the 34 states where it sold exchange plans this year amid losses; [Humana Inc.](#) is also pulling out of some areas. Others are sticking around: [Anthem Inc.](#) has said it would continue selling exchange plans in its current 14 states. [Aetna Inc.](#) will remain in its 15 states and has said it may enter more, and [Cigna Corp.](#) plans to extend beyond the seven states where it currently sells exchange plans.

Premera Blue Cross said all of its subsidiaries would stop selling ACA marketplace plans in a dozen largely rural counties in its home state of Washington. It will also pull out of Oregon, where it has used the LifeWise brand.

Among the challenges: Certain rural counties had fewer, less-competitive health-care providers that weren't willing to strike the payment deals the insurer sought. "In some cases, they have said.... we don't have to negotiate with you," said Jim Havens, a Premera vice president.

The move will leave two Washington counties with just one exchange insurer next year, according to Washington Insurance Commissioner Mike Kreidler, though its urban areas boast robust competition.

Moda said the Alaska market "requires significant reform in order to be sustainable." The company said it filed with the Oregon insurance regulator to offer exchange plans next year.

A new analysis by [Inovalon](#) Inc., a health-technology firm, shows why rural areas are often less inviting for insurers. Using a health-insurance claims database that includes about two million exchange enrollees, Inovalon found that rural residents racked up significantly higher medical costs than urban enrollees in 2015.

"Individuals in less populated areas tend to be sicker" according to the data, said April Todd, an executive at a consulting unit of Inovalon. But the cost gap was also driven by higher expenses at rural health-care providers, she said.

Insurance premiums, which must be approved by regulators in many states, are closely tied to health costs. But a study published last year in the American Journal of Health Economics concluded that having more insurance competitors in the ACA exchanges did tend to bring down prices.

Regulators said they were worried. "When there's more competition, consumers typically are better off," said Mark Fowler, chief of staff at the Alabama Department of Insurance. He said Humana and UnitedHealth will no longer sell exchange plans in Alabama next year, leaving the entire state with just one ACA marketplace insurer, Blue Cross and Blue Shield of Alabama.

In Oklahoma, Aetna has signaled it will join the exchange market next year, replacing the lost UnitedHealth—but has told officials it plans to offer policies only around the urban centers of Tulsa and Oklahoma City, leaving a number of rural counties with just one insurer, said Kelly Dexter, a spokeswoman for the Oklahoma Insurance Department. Aetna said it hasn't made final decisions on what new states it will enter.

Regulators in Kentucky, Tennessee and Mississippi said they each expected to have 50 or more counties with just one insurer on the ACA exchange. All three states said most of the counties were rural.