

The Improving Health Insurance Affordability Act Puts Affordable Health Care within Reach for Millions of Struggling Families

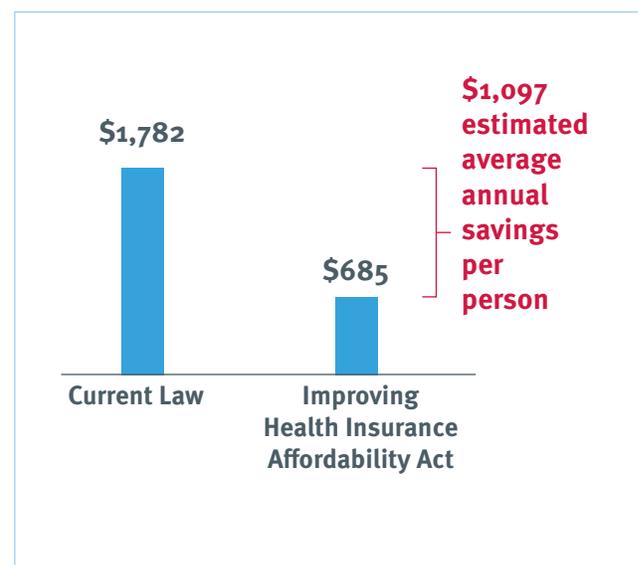
On March 1, 2021, Sen. Jeanne Shaheen, D-N.H., introduced S. 499, the Improving Health Insurance Affordability Act (IHIAA) of 2021, legislation that takes two significant steps to lower American health care costs:

1. **It ensures families can count on the premium relief furnished by the American Rescue Plan (ARP) well into the future** by making permanent the ARP provisions that provided a two-year reduction in premiums for people who buy their own insurance in the individual market.
2. **It finally tackles the problem of unaffordable deductibles and other out-of-pocket costs.** S. 499 carries out President Joe Biden’s campaign promise to tie (or “rebase”) federal financial assistance from silver-tier health insurance plans to gold-tier plans with lower deductibles, substantially lowering the amount that people who have insurance must pay when they seek care.

If enacted, S. 499 would significantly reduce the costs families pay to obtain health care after they purchase marketplace insurance. Due to lower deductibles, copayments, and coinsurance, S. 499 would save the average person enrolled in a marketplace plan an estimated \$1,097 a year. The states in which consumers stand to realize the greatest such savings per person are: West Virginia, \$2,281; Maine, \$1,646; South Dakota, \$1,640; Nebraska, \$1,638; and Montana, \$1,625.

On April 15, the Pew Research Center released a poll finding that affordability of health care was the single issue most frequently cited by voters as “a very big problem.” Health care affordability was prioritized by 56% of voters from both political parties combined, and it was the only issue prioritized by a majority of the voters Pew surveyed in April.¹ Swift action by Congress to pass the Improving Health Insurance Affordability Act would go a long way to address Americans’ health care affordability problem.

Fig. 1. Average Annual Out-of-Pocket Health Care Costs Estimated Per Consumer Enrolled in Healthcare.gov Plans: Current Law vs. Improving Health Insurance Affordability Act of 2021



Sources and notes: See Table 2, below.

How the Legislation Works

If S. 499 were signed into law, out-of-pocket costs associated with marketplace coverage would fall for people at all income levels as they receive coverage with higher “actuarial value” (AV), which is a numerical measure of coverage generosity. For each combination of deductibles, coinsurance, and other cost-sharing requirements imposed by a health insurance plan, AV is the percentage of covered health care costs that actuaries expect the insurer would pay if the general population was enrolled in such a plan. For example, insurance with 90% AV pays 90% of covered claims, leaving the average consumer responsible for paying the other 10%. In a plan with 70% AV, the average consumer pays 30% of covered costs. In today’s federal healthcare.gov marketplace, the average 90%

AV plan has no deductible, and the average 70% AV plan has a \$4,816 deductible.² Put simply, higher AV means lower deductibles, more health care claims paid by the insurance company, and fewer out-of-pocket costs for consumers when they fill a prescription or go to the doctor.

Under the Affordable Care Act, low- and moderate-income people qualify for cost-sharing reductions (CSRs) that raise AV, thereby lowering deductibles and other cost-sharing barriers to care. S. 499 would expand CSRs for people with incomes up to 400% of the federal poverty level (FPL) — roughly \$50,000 for an individual and roughly \$100,000 for a family of four — while giving people above that income level affordable access to gold-level coverage. As shown in Table 1, S. 499 would

Table 1. Actuarial Value and Average Deductibles, by Income as a Percentage of the Federal Poverty Level (FPL): Current Law vs. the Improving Health Insurance Affordability Act of 2021

FPL	Current law		The Improving Health Insurance Affordability Act	
	Actuarial value (AV)	Average deductibles	AV	Average deductibles
100-150%	94%	\$177	95%	\$177*
151-200%	87%	\$800	95%	\$177*
201-250%	73%	\$3,385	90%	\$0
250-300%	70%	\$4,816	90%	\$0
301-400%	70%	\$4,816	85%	\$800*
>400%	70%	\$4,816	80%	\$1,641

Source: Kaiser Family Foundation (KFF), January 15, 2021.

Notes: The AVs shown in the table are for benchmark coverage. Benchmark coverage is the second-lowest-cost qualified health plan offered to an individual at the silver-tier level under current law and the gold-tier level under the Improving Health Insurance Affordability Act (IHIAA). Average deductibles are for 2021 healthcare.gov plans that combine medical and prescription drug deductibles. Actuarial value represents, for a given configuration of deductibles, copayments, coinsurance, and out-of-pocket limits, the percentage of covered claims estimated to be paid by an insurer if a representative population was enrolled in a plan with that configuration.

*These deductibles are for the closest AV reported by KFF under current law that are comparable to those instituted by IHIAA. To approximate average deductibles for 95% AV and 85% AV coverage under the IHIAA, the table lists current law averages for 94% AV and 87% AV coverage, respectively.

dramatically improve coverage affordability across all income levels. For example:

- » People with income between 201% and 250% of FPL could use federal financial assistance to buy benchmark plans with 73% AV. On average, healthcare.gov plans at this AV level have \$3,385 deductibles. Under the IHIAA, someone at that income level would instead qualify for a plan with 90% AV. Average plans at 90% AV do not have deductibles.
- » For those earning between 301% and 400% of FPL, S. 499 would increase AV from 70% to 85%, which means that average deductibles would fall from \$4,816 to approximately \$800.
- » People with incomes above 400% of FPL would have their AV rise from 70% to 80%, with average deductibles dropping from \$4,816 to \$1,641.

S. 499 Would Dramatically Lower Health Care Costs for People Who Buy Their Own Insurance

As explained in the methodological appendix (page 13), the amount that insurance companies pay for covered health care and the amount that consumers pay can be approximated based on AV and average premiums for each tier of coverage. The federal data needed to develop those estimates are available for all states that use the healthcare.gov enrollment platform. In analyzing these data for 2021 and 2020, Families USA found the following:

- » In 2021, the average person in healthcare.gov plans is estimated to spend \$1,782 on health care due to deductibles and other out-of-pocket costs. By making coverage more generous,

S. 499 would cut that cost to \$685, saving the average consumer an estimated \$1,097 a year. Altogether, consumers in healthcare.gov plans would save \$9.0 billion (Table 2, page 5).

- » In 2020, 8.2 million people receiving private health coverage through healthcare.gov were estimated to have paid an average of \$1,748 a year for covered health care costs. S. 499 would cut that average cost to \$698, yielding a \$1,050 average estimated savings for each person in the marketplace, and \$8.6 billion in savings for families in all 38 states with healthcare.gov plans combined (Table 3, page 8).

The States Whose Residents Pay the Highest Costs Today Would Receive the Most Help From S. 499

States vary considerably in both the amount residents currently spend for health care and the amount S. 499 would save them (Table 4, page 11). When combining marketplace data from the last two years, these are the 15 states with the highest annual health care costs paid by the average state resident for deductibles, copayments, and other cost sharing:

- | | |
|----------------------------|-------------------------|
| 1. West Virginia, \$3,663. | 9. Iowa, \$2,258. |
| 2. Alaska, \$2,646. | 10. Kentucky, \$2,247. |
| 3. Nebraska, \$2,631. | 11. Louisiana, \$2,242. |
| 4. Maine, \$2,579. | 12. Arizona, \$2,235. |
| 5. Montana, 2,575. | 13. Ohio, \$2,225. |
| 6. South Dakota, \$2,534. | 14. Oregon, \$2,181. |
| 7. Wyoming, \$2,425. | 15. Hawaii, \$2,145. |
| 8. Wisconsin, \$2,384. | |

S. 499 would finish the job by making the ARP's premium protections permanent, finally tackling the problem of unaffordable deductibles and other out-of-pocket costs.

Under S. 499, residents in most of the states listed above would realize the greatest average estimated savings. These are the 15 states with the highest average annual estimated savings on each person's deductibles and other out-of-pocket costs if the legislation is signed into law:

- | | |
|----------------------------|---------------------------------|
| 1. West Virginia, \$2,281. | 9. Louisiana, \$1,367. |
| 2. Maine, \$1,646. | 10. Ohio, \$1,363. |
| 3. South Dakota, \$1,640. | 11. Arizona, \$1,327. |
| 4. Nebraska, \$1,638. | 12. Tennessee, \$1,300. |
| 5. Montana, \$1,625. | 13. South Carolina,
\$1,297. |
| 6. Alaska, \$1,542. | 14. Wyoming, \$1,281. |
| 7. Wisconsin, \$1,437. | 15. Iowa, \$1,262. |
| 8. Kentucky, \$1,379. | |

Conclusion

According to a recent Families USA and Hart Research Associates poll, 3 in 4 voters say health care should be a high priority for the Biden administration and Congress this year, including a strong majority of Democrats (91%), independents (75%), and Republicans (58%). These findings hold true across racial, geographic, and gender differences.³

Families who buy their own insurance face two main affordability challenges: The premiums they must pay to obtain insurance are too expensive, and after they are insured, they must make additional payments to receive health care to cover deductibles and other cost sharing. The ARP temporarily addressed the premium challenge by reducing premiums for two years. S. 499 would finish the job by making the ARP's premium protections permanent, finally tackling the problem of unaffordable deductibles and other out-of-pocket costs. Families USA urges Congress to take swift action to pass S. 499. America's struggling families desperately need and deserve the help and cost relief this legislation provides.

Table 2. Impact of Shaheen Bill's Rebasing of Advance Premium Tax Credits to Gold and Related Cost-Sharing Improvements: Annual Out-of-Pocket Costs for People with Private Health Insurance in ACA Marketplaces, by State: 2021

State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Alabama	167,045	\$256,720,970	\$1,537	\$113,848,304	\$682	\$142,872,666	\$855
Alaska	18,250	\$46,225,651	\$2,533	\$19,647,166	\$1,077	\$26,578,485	\$1,456
Arizona	152,722	\$341,180,348	\$2,234	\$139,070,437	\$911	\$202,109,912	\$1,323
Arkansas	66,158	\$117,131,728	\$1,770	\$44,691,153	\$676	\$72,440,575	\$1,095
California	N/A						
Colorado	N/A						
Connecticut	N/A						
Delaware	24,308	\$52,488,273	\$2,159	\$23,877,971	\$982	\$28,610,302	\$1,177
DC	N/A						
Florida	2,111,808	\$3,210,695,563	\$1,520	\$1,142,593,777	\$541	\$2,068,101,787	\$979
Georgia	512,326	\$687,393,746	\$1,342	\$298,630,087	\$583	\$388,763,659	\$759
Hawaii	20,723	\$43,643,750	\$2,106	\$21,746,410	\$1,049	\$21,897,340	\$1,057
Idaho	N/A						
Illinois	289,954	\$678,925,664	\$2,341	\$267,226,932	\$922	\$411,698,732	\$1,420
Indiana	135,268	\$296,717,416	\$2,194	\$131,446,990	\$972	\$165,270,426	\$1,222
Iowa	59,060	\$130,180,872	\$2,204	\$54,965,675	\$931	\$75,215,196	\$1,274
Kansas	87,703	\$169,118,528	\$1,928	\$68,088,887	\$776	\$101,029,641	\$1,152
Kentucky	77,663	\$180,987,911	\$2,330	\$69,223,620	\$891	\$111,764,291	\$1,439
Louisiana	82,885	\$194,478,422	\$2,346	\$75,908,827	\$916	\$118,569,595	\$1,431
Maine	57,784	\$140,587,507	\$2,433	\$51,619,826	\$893	\$88,967,681	\$1,540
Maryland	N/A						
Massachusetts	N/A						
Michigan	263,839	\$502,749,769	\$1,906	\$187,122,736	\$709	\$315,627,033	\$1,196

Table 2. Impact of Shaheen Bill's Rebasings of Advance Premium Tax Credits to Gold and Related Cost-Sharing Improvements: Annual Out-of-Pocket Costs for People with Private Health Insurance in ACA Marketplaces, by State: 2021

State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Minnesota	N/A						
Missouri	110,966	\$140,451,727	\$1,266	\$54,164,361	\$488	\$86,287,366	\$778
Mississippi	214,376	\$412,261,768	\$1,923	\$164,988,815	\$770	\$247,272,953	\$1,153
Montana	44,706	\$115,328,034	\$2,580	\$42,928,300	\$960	\$72,399,734	\$1,619
Nebraska	88,001	\$237,857,047	\$2,703	\$87,359,754	\$993	\$150,497,293	\$1,710
Nevada	N/A						
New Hampshire	45,575	\$81,185,172	\$1,781	\$36,886,766	\$809	\$44,298,406	\$972
New Jersey	N/A						
New Mexico	43,015	\$68,224,591	\$1,586	\$30,221,897	\$703	\$38,002,693	\$883
New York	N/A						
North Carolina	530,940	\$975,182,797	\$1,837	\$380,608,310	\$717	\$594,574,487	\$1,120
North Dakota	22,490	\$37,302,032	\$1,659	\$15,340,982	\$682	\$21,961,050	\$976
Ohio	198,581	\$451,081,134	\$2,272	\$173,717,763	\$875	\$277,363,371	\$1,397
Oklahoma	170,729	\$330,020,017	\$1,933	\$116,863,098	\$684	\$213,156,919	\$1,249
Oregon	140,774	\$312,457,511	\$2,220	\$136,634,638	\$971	\$175,822,873	\$1,249
Pennsylvania	N/A						
Rhode Island	N/A						
South Carolina	227,546	\$460,938,055	\$2,026	\$158,136,513	\$695	\$302,801,542	\$1,331
South Dakota	31,002	\$80,302,502	\$2,590	\$28,443,935	\$917	\$51,858,567	\$1,673
Tennessee	211,450	\$448,601,127	\$2,122	\$163,455,910	\$773	\$285,145,217	\$1,349
Texas	1,291,215	\$1,985,376,625	\$1,538	\$751,555,402	\$582	\$1,233,821,223	\$956

Table 2. Impact of Shaheen Bill's Rebasement of Advance Premium Tax Credits to Gold and Related Cost-Sharing Improvements: Annual Out-of-Pocket Costs for People with Private Health Insurance in ACA Marketplaces, by State: 2021

State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Utah	206,172	\$298,029,457	\$1,446	\$109,346,514	\$530	\$188,682,943	\$915
Vermont	N/A						
Virginia	259,864	\$532,533,843	\$2,049	\$210,207,369	\$809	\$322,326,474	\$1,240
Washington	N/A						
West Virginia	19,010	\$72,059,279	\$3,791	\$26,747,835	\$1,407	\$45,311,444	\$2,384
Wisconsin	190,297	\$461,093,558	\$2,423	\$182,005,572	\$956	\$279,087,986	\$1,467
Wyoming	26,461	\$60,373,180	\$2,282	\$28,872,902	\$1,091	\$31,500,278	\$1,190
All healthcare.gov States	8,184,167	\$14,581,942,858	\$1,782	\$5,606,241,343	\$685	\$8,975,701,515	\$1,097

Source: Analysis of 2021 open enrollment period public use files, Center for Consumer Information and Insurance Oversight (CCIIO), April 2021.

Notes: Out-of-pocket costs are expenses consumers incur when seeking care, subject to deductibles, coinsurance, and copayments. Files contained sufficient information to estimate costs and savings only for healthcare.gov states. Others are flagged as "N/A." Out-of-pocket costs were estimated based on medical loss ratio requirements, actuarial values calculated on metal-tier plan and (for silver-tier plans) income, and estimates for induced demand and induced utilization CCIIO published in the final Notice of Benefit and Payment Parameters for 2014. Totals do not sum because of rounding and because some state-specific metal-level totals were not reported, due to small numbers that may have allowed individual identification.

Table 3. Impact of Shaheen Bill's Rebasings of Advance Premium Tax Credits to Gold and Related Cost-Sharing Improvements: Annual Out-Of-Pocket Costs for People With Private Health Insurance In ACA Marketplaces, By State: 2020

State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Alabama	158,781	\$230,080,296	\$1,449	\$102,186,568	\$644	\$127,893,728	\$805
Alaska	17,588	\$48,514,049	\$2,758	\$19,875,526	\$1,130	\$28,638,523	\$1,628
Arizona	152,258	\$340,363,204	\$2,235	\$137,729,395	\$905	\$202,633,809	\$1,331
Arkansas	64,379	\$104,584,075	\$1,625	\$40,999,624	\$637	\$63,584,451	\$988
California	N/A	-	-			-	-
Colorado	N/A	-	-			-	-
Connecticut	N/A	-	-			-	-
Delaware	23,297	\$48,897,194	\$2,099	\$21,817,376	\$936	\$27,079,818	\$1,162
DC	N/A	-	-			-	-
Florida	1,900,385	\$2,760,270,294	\$1,452	\$1,026,095,178	\$540	\$1,734,175,116	\$913
Georgia	459,163	\$606,096,388	\$1,320	\$264,309,494	\$576	\$341,786,894	\$744
Hawaii	18,540	\$40,491,851	\$2,184	\$19,999,675	\$1,079	\$20,492,176	\$1,105
Idaho	N/A	-	-			-	-
Illinois	173,754	\$250,357,277	\$1,441	\$126,886,727	\$730	\$123,470,550	\$711
Indiana	139,522	\$272,868,221	\$1,956	\$125,394,178	\$899	\$147,474,043	\$1,057
Iowa	53,865	\$124,498,026	\$2,311	\$57,095,747	\$1,060	\$67,402,279	\$1,251
Kansas	85,282	\$159,588,002	\$1,871	\$66,288,500	\$777	\$93,299,502	\$1,094
Kentucky	82,056	\$177,518,426	\$2,163	\$69,256,004	\$844	\$108,262,422	\$1,319
Louisiana	87,685	\$187,468,961	\$2,138	\$73,256,606	\$835	\$114,212,355	\$1,303
Maine*	60,277	\$164,221,052	\$2,724	\$58,555,551	\$971	\$105,665,501	\$1,753
Maryland	N/A	-	-			-	-
Massachusetts	N/A	-	-			-	-
Michigan	262,684	\$489,893,483	\$1,865	\$182,880,383	\$696	\$307,013,099	\$1,169

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State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Minnesota	N/A	-	-			-	-
Missouri	98,068	\$98,222,347	\$1,002	\$43,393,797	\$442	\$54,828,550	\$559
Mississippi	200,412	\$367,263,777	\$1,833	\$151,014,532	\$754	\$216,249,245	\$1,079
Montana	43,743	\$112,464,951	\$2,571	\$41,114,438	\$940	\$71,350,513	\$1,631
Nebraska	90,348	\$231,187,739	\$2,559	\$89,707,214	\$993	\$141,480,525	\$1,566
Nevada	N/A	-	-			-	-
New Hampshire	43,768	\$91,422,134	\$2,089	\$40,474,311	\$925	\$50,947,824	\$1,164
New Jersey	242,689	\$455,843,978	\$1,878	\$206,338,019	\$850	\$249,505,958	\$1,028
New Mexico	42,698	\$67,150,522	\$1,573	\$30,092,455	\$705	\$37,058,067	\$868
New York	N/A	-	-			-	-
North Carolina	501,139	\$886,680,624	\$1,769	\$359,463,616	\$717	\$527,217,008	\$1,052
North Dakota	21,300	\$35,120,451	\$1,649	\$13,653,784	\$641	\$21,466,667	\$1,008
Ohio	194,740	\$424,340,478	\$2,179	\$165,411,616	\$849	\$258,928,861	\$1,330
Oklahoma	158,062	\$297,956,199	\$1,885	\$111,104,073	\$703	\$186,852,125	\$1,182
Oregon	144,325	\$309,241,045	\$2,143	\$134,407,451	\$931	\$174,833,594	\$1,211
Pennsylvania	327,224	\$653,242,463	\$1,996	\$279,991,332	\$856	\$373,251,131	\$1,141
Rhode Island	N/A	-	-			-	-
South Carolina	211,147	\$416,609,898	\$1,973	\$149,808,309	\$709	\$266,801,589	\$1,264
South Dakota	28,813	\$71,371,793	\$2,477	\$25,076,484	\$870	\$46,295,309	\$1,607
Tennessee	201,823	\$410,408,258	\$2,034	\$157,701,809	\$781	\$252,706,450	\$1,252
Texas	1,107,550	\$1,591,007,470	\$1,437	\$627,475,779	\$567	\$963,531,691	\$870
Utah	199,684	\$284,639,293	\$1,425	\$105,425,077	\$528	\$179,214,216	\$897
Vermont	N/A	-	-			-	-

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State	Number of people with private insurance in healthcare.gov marketplaces	Current costs		Costs under bill		Savings under bill	
		Total	Per capita	Total	Per capita	Total	Per capita
Virginia	265,314	\$564,339,334	\$2,127	\$224,333,868	\$846	\$340,005,465	\$1,282
Washington	N/A	-	-			-	-
West Virginia*	19,709	\$69,671,585	\$3,535	\$26,726,523	\$1,356	\$42,945,061	\$2,179
Wisconsin	194,227	\$455,393,307	\$2,345	\$182,078,434	\$937	\$273,314,873	\$1,407
Wyoming	24,574	\$63,109,699	\$2,568	\$29,403,614	\$1,197	\$33,706,085	\$1,372
All healthcare.gov states	8,225,257	\$14,380,920,173	\$1,748	\$5,743,234,486	\$698	\$8,637,685,687	\$1,050

Source: Analysis of 2020 open enrollment period public use files, Center for Consumer Information and Insurance Oversight (CCIIO), April 2021.

Notes: Out-of-pocket costs are expenses consumers incur when seeking care, subject to deductibles, coinsurance, and copayments. Files contained sufficient information to estimate costs and savings only for healthcare.gov states. Others are flagged as "N/A." Out-of-pocket costs were estimated based on medical loss ratio requirements, actuarial values calculated on metal-tier plan and (for silver-tier plans) income, and estimates for induced demand and induced utilization CCIIO published in the final notice of benefit and payment parameters for 2014. Totals do not sum because of rounding and because some state-specific metal level totals were not reported, due to small numbers that may have allowed individual identification.

Table 4. Average Annual Out-of-Pocket Health Care Costs Under Current Law and Average Annual Savings Under the Shaheen Bill, by State, in Rank Order: 2020 and 2021 Combined (Healthcare.gov States Only)

Current out-of-pocket health care costs			Savings under the Shaheen bill		
Rank	State	Average annual costs per person	Rank	State	Average annual savings per person
1	West Virginia	\$3,663	1	West Virginia	\$2,281
2	Alaska	\$2,646	2	Maine	\$1,646
3	Nebraska	\$2,631	3	South Dakota	\$1,640
4	Maine	\$2,579	4	Nebraska	\$1,638
5	Montana	\$2,575	5	Montana	\$1,625
6	South Dakota	\$2,534	6	Alaska	\$1,542
7	Wyoming	\$2,425	7	Wisconsin	\$1,437
8	Wisconsin	\$2,384	8	Kentucky	\$1,379
9	Iowa	\$2,258	9	Louisiana	\$1,367
10	Kentucky	\$2,247	10	Ohio	\$1,363
11	Louisiana	\$2,242	11	Arizona	\$1,327
12	Arizona	\$2,235	12	Tennessee	\$1,300
13	Ohio	\$2,225	13	South Carolina	\$1,297
14	Oregon	\$2,181	14	Wyoming	\$1,281
15	Hawaii	\$2,145	15	Iowa	\$1,262
16	Delaware	\$2,129	16	Virginia	\$1,261
17	Virginia	\$2,088	17	Oregon	\$1,230
18	Tennessee	\$2,078	18	Oklahoma	\$1,215
19	Indiana	\$2,075	19	Michigan	\$1,183
20	South Carolina	\$1,999	20	Delaware	\$1,170
21	Pennsylvania	\$1,996	21	Pennsylvania	\$1,141
22	New Hampshire	\$1,935	22	Indiana	\$1,139
23	Oklahoma	\$1,909	23	Kansas	\$1,123
24	Kansas	\$1,900	24	Missouri	\$1,116
25	Illinois	\$1,891	25	North Carolina	\$1,086
26	Michigan	\$1,885	26	Hawaii	\$1,081
27	New Jersey	\$1,878	27	New Hampshire	\$1,068
28	Missouri	\$1,878	28	Illinois	\$1,065

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Current out-of-pocket health care costs			Savings under the Shaheen bill		
Rank	State	Average annual costs per person	Rank	State	Average annual savings per person
29	North Carolina	\$1,803	29	Arkansas	\$1,041
30	Arkansas	\$1,697	30	New Jersey	\$1,028
31	North Dakota	\$1,654	31	North Dakota	\$992
32	New Mexico	\$1,579	32	Florida	\$946
33	Alabama	\$1,493	33	Texas	\$913
34	Texas	\$1,487	34	Utah	\$906
35	Florida	\$1,486	35	New Mexico	\$876
36	Utah	\$1,435	36	Alabama	\$830
37	Georgia	\$1,331	37	Georgia	\$752
38	Mississippi	\$1,134	38	Mississippi	\$668

Source: Analysis of 2020 and 2021 open enrollment period public use files, Center for Consumer Information and Insurance Oversight (CCIIO), April 2020.

Notes: Out-of-pocket costs are expenses consumers incur when seeking care, subject to deductibles, coinsurance, and copayments. Files contained sufficient information to estimate costs and savings only for healthcare.gov states. Out-of-pocket costs were estimated based on medical loss ratio requirements, actuarial values calculated on metal-tier plan and (for silver-tier plans) income, and estimates for induced demand and induced utilization CCIIO published in the final notice of benefit and payment parameters for 2014. Per capita averages were estimated for each state across 2020 and 2021 findings. New Jersey and Pennsylvania converted to state-based marketplaces in 2021 and so did not have all PUF data elements required to estimate cost-sharing payments by consumers and plans. This table's estimates for those two states are from 2020 alone.

Methodological Appendix

Our analysis relied on public use files (PUFs) for the 2020 and 2021 open enrollment periods,⁴ made available by the Center for Consumer Information and Insurance Oversight (CCIIO) of the U.S. Department of Health and Human Services. For each state using the healthcare.gov enrollment platform, the PUFs show, for bronze, silver, and gold marketplace plans, the number of enrollees, their distribution by income, their average premiums (before and after the application of advance premium tax credits), and other coverage characteristics.

We estimated the out-of-pocket costs marketplace enrollees would pay and the average savings they would receive based on health plan enrollment described in the PUFs. We applied medical loss ratio standards to calculate the 80% of premium dollars used to pay for covered essential health benefit (EHB) claims. We inferred the total volume of covered EHB costs under current law — including both plan payments and consumer out-of-pocket payments — based on average premiums in the applicable metal tier, the AV applicable to the metal tier, and, in silver-tier plans, income as a percentage of FPL,

as such income data were needed to determine AV resulting from CSRs. To estimate the impact on utilization of increased AV under Shaheen’s proposal, we estimated increased demand for EHB services at each applicable AV based on factors CCIIO published for risk adjustment purposes in the final 2014 notice of benefit and payment parameters.⁵ We then used AV to determine the proportion of such EHB services paid by the plan, attributing the remaining EHB costs to the consumer. To determine aggregate amounts, we multiplied per capita costs by the number of consumers in the applicable category. For 2020 and 2021, we made each of these calculations for discrete groups defined by (1) bronze-, silver-, and gold-level tiers; (2) incomes between 100%-150% of the FPL, 151%-200% of the FPL, 201%-250% of the FPL, 251%-300% of the FPL, 301%-400% of the FPL, and above 400% of the FPL; (3) state; and (4) applicable legal standard, whether current law or the Improving Health Insurance Affordability Act.

Although these are the best estimates we could devise, given available data, the reader is strongly cautioned that they are approximations, indicating the general magnitude of costs and savings.

Endnotes

- ¹Pew Research Center, “Biden Nears 100-Day Mark with Strong Approval, Positive Rating for Vaccine Rollout,” April 15, 2021, <https://www.pewresearch.org/politics/2021/04/15/biden-nears-100-day-mark-with-strong-approval-positive-rating-for-vaccine-rollout/>.
- ² Kaiser Family Foundation, “Cost-Sharing for Plans Offered in Federal Marketplace for 2021,” PowerPoint presentation, January 15, 2021, <https://files.kff.org/attachment/Cost-Sharing-for-Marketplace-for-2021.pptx>.
- ³ Families USA, “Finishing the Job: Americans Want Action on the Cost of Health Care This Year, New Poll Shows,” March 2021, https://familiesusa.org/wp-content/uploads/2021/03/COV-42_Hart-Research-Poll-One-Pager.pdf.
- ⁴ Centers for Medicare & Medicaid Services, “2021 Marketplace Open Enrollment Period Public Use Files,” last modified April 21, 2021, <https://www.cms.gov/research-statistics-data-systems/marketplace-products/2021-marketplace-open-enrollment-period-public-use-files>; Centers for Medicare & Medicaid Services, “2020 Marketplace Open Enrollment Period Public Use Files, last modified: April 2, 2020, <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/2020-Marketplace-Open-Enrollment-Period-Public-Use-Files>.
- ⁵ Centers for Medicare & Medicaid Services, Department of Health and Human Services, “Patient Protection and Affordable Care Act; HHS Notice of Benefit and Payment Parameters for 2014,” *Federal Register* 78, no. 47 (March 11, 2013): 15410, <https://www.govinfo.gov/content/pkg/FR-2013-03-11/pdf/2013-04902.pdf>.

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