Washington Health Benefit Exchange

Washington State Health Insurance Market Analysis

Prepared for:
The Washington Health Benefit Exchange

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OVERVIEW

The Washington Health Benefit Exchange ("WAHBE" or "Exchange") and the Washington State Office of the Insurance Commissioner ("OIC") retained Wakely Consulting Group, LLC ("Wakely") to conduct a market analysis of the health insurance market, both inside and outside of the Exchange. The review addresses the effect on the individual and small group markets of specific market rules in Washington State as well as the general "health and viability" of the individual market.

The Affordable Care Act (ACA) provided standardization and new consumer protections at the federal level. Washington State created additional standardization through state law. Specifically, Revised Code of Washington (RCW) 48.43.700 (4) requires that insurance carriers who offer bronze plans in the individual and small group markets outside the Exchange also offer a gold and silver plan outside the Exchange. It also limited the sale of catastrophic plans to inside the Exchange. However, OIC later made the legal determination that the statutory language violates federal law and therefore could not prohibit the sale of catastrophic plans off the Exchange.

This document has been prepared to provide WAHBE and the OIC with the results of the analysis that Wakely performed. This document contains the results, data, assumptions, and methods used in our analysis, and satisfies the ASOP 41 reporting requirements. Using the information in this report for other purposes may not be appropriate.

EXECUTIVE SUMMARY

Wakely used two approaches to analyze the changes in Washington's health insurance market since 2014, when ACA-compliant plans and the Exchange marketplace came into existence. We performed an analytical review of the plans, enrollment, and premiums offered on and off Exchange in the individual and small group markets. This analysis provided concrete information on changes from year to year and the impact of consumer reactions to those changes.

We also interviewed all the carriers in the individual and some of the carriers in the small group health insurance markets to better understand their perceptions of these markets and their withdrawal, entry, and product design decisions for these markets. These discussions allowed Wakely to gather insights directly from the carriers on their concerns regarding the stability of the market and the impact of current regulations, as well as any recommendations for stabilizing the market.

General health and viability of market

All carriers said that the requirement regarding offering silver and gold actuarial values has not influenced their strategies and offerings in either the individual or small group markets. Moreover, they have observed that both the individual and small group markets in Washington are generally more stable than in other states with which they are familiar. The overall impression is of market stability with respect to competition, plan and product choice, average rate trend, and choice of providers within plans.

For the individual market, the following key findings point to the overall market health and stability.

- **Steady growth in number of issuers, plans and products from 2014 to 2016, both overall and by county.**
    i. Eight on Exchange issuers have participated in all years from 2014 to 2017;
    ii. Total plan options offered statewide grew from 46 in 2014 to 138 in 2016 on Exchange, and from 49 in 2014 to 70 in 2016 off Exchange;
    iii. There is some reduction in number of plan offerings for 2017, especially in less populated counties, but the total plan offerings is still greater than in 2014 (at 98 on Exchange and 56 off Exchange).

- **Steady growth in individual on Exchange enrollment.** There has been growth statewide (and in virtually every county), from a total of 133,280 members in October 2014 to 163,813 members in October 2016. Off Exchange individual enrollment shrank slightly from 158,987 in 2014 to 150,957 in 2016.

- **Small carriers have increased their market share creating dispersion of enrollment between multiple competitors.** The on Exchange market is less dependent on any one carrier than in 2014. Premera had approximately 47% of the market share in 2014, dropping to 30% in 2016. The loss in its market share has been spread among several other carriers. The off Exchange market has had four carriers with at least 10% market share in 2014 and 2015.

- **Relative rate stability in the on Exchange market overall (before APTCs), except for a few low-enrollment counties in a few years.** Gross premiums have increased at an average annual rate of 2.7% in 2014, 3.6% in 2015 and 11.3% in 2016 (based only on enrollees able to renew).

- **Considerable year-to-year rate changes (after APTCs) for some on Exchange issuers, although the majority of enrollees have opportunities for cost savings or minimization of cost increases.** 75% in 2014, 68% in 2015, and 91% in 2016 could lower net premiums (after APTCs) by enrolling in the lowest priced plan in

the same metal level, and all but 14% in 2014, 25% in 2015, and 3% in 2016 could stay under a 10% net premium increase by doing the same.

- **Narrowing of networks by carriers to constrain premium increases.** However, PPOs are still available along the I-5 corridor and in many rural counties. We have not seen the appearance of "ultra-narrow" networks.

For the small group market, selection has been much greater off the Exchange than on the Exchange. In 2017, only one carrier will be offered through the Exchange in two counties. Outside the Exchange, there are at least six carriers in all counties. In addition, ten carriers have participated off Exchange from 2014-2017. The majority of small group enrollees have consistently been enrolled in gold tier and PPO plans, and there continues to be many of these types of plans available in 2017.

Recommendations

Because the Washington market appears to be relatively stable compared to many other states, Wakely makes the following recommendations, for the client's consideration:

- The statutory requirement found in RCW 48.43.700 (4), which requires that insurance carriers which offer bronze plans in the individual or small group markets outside the Exchange also offer a gold and silver plan outside the Exchange, **should be retained**, as it has not destabilized the market and it could help equalize market conditions inside and outside the Exchange in the future. The discussions with issuers and the changes observed in the marketplace indicate that the plan offerings are not materially impacted by the regulation.

- More broadly, given the uncertainty over the future of the ACA generated by the recent national election results, and the relatively good health of the insurance market to date, **we recommend that the State maintain its current statutory and regulatory framework for the individual market and for WAHBE**.

INDIVIDUAL MARKET RESULTS

Wakely analyzed many factors in order to show the changes that have been occurring in the market. We also gained significant insights from our interviews with carriers. Although the results are interrelated, and should be considered in totality to represent a full picture, we describe them separately by key areas for the analysis.

Competition

Wakely analyzed the level of competition among carriers from 2014 to 2016, both on a statewide and county level, for the on Exchange individual market.

On a statewide level, several carriers had significant market share (defined as more than 5% of total enrollees) from 2014 to 2016. In 2014, there were four carriers with significant market share, growing to six carriers in 2015, and shrinking to five in 2016. The number of significant carriers increased through the years, and the distribution of enrollment has dispersed more evenly among the larger carriers. In another sign of stability, the three largest carriers in 2014 remained so in all years.

The biggest changes in carrier competition is the addition of Molina as a significant carrier statewide in 2016 and the exit of Moda from the Exchange in 2016.

Individual On Exchange Market Share by Year (>5% Bolded)

Carrier	2014	2015	2016
Premera	**47%**	**39%**	**30%**
Coordinated Care	**16%**	**20%**	**20%**
Group Health Cooperative	**15%**	**14%**	**17%**
Molina	1%	3%	**15%**
Lifewise	**14%**	**9%**	**7%**
Kaiser	2%	2%	4%
BridgeSpan	2%	**7%**	3%
UHC	N/A	N/A	2%
Regence BlueShield	N/A	N/A	1%
Community Health Plan of WA	2%	1%	< 1%
Health Alliance	N/A	N/A	< 1%
Moda	N/A	**5%**	N/A
Columbia United Providers	N/A	< 1%	N/A

On a county level, competition between carriers has been relatively consistent. Although there was some shifting between carriers with significant market share (defined as greater than 20% of enrollees within a county), most counties retained the same carriers with significant market share from 2014 to 2016. For more information on carriers with significant market share on a county level, see Appendix A.

For the individual off Exchange market, market share for 2015 was similar to market share in 2014, with only one carrier exiting after 2014 (Moda) and one carrier (Premera) gaining significant market share in 2015. (2016 data by carrier was unavailable.)

Individual Off Exchange Market Share by Year

Carrier	2014	2015
Regence	33%	33%
Lifewise	27%	24%
Premera	12%	24%
Group Health Cooperative	10%	10%
Group Health Options	8%	6%
Asuris	2%	2%
Kaiser	1%	1%
Moda Health	6%	N/A
Time Insurance	1%	N/A
Bridgespan	N/A	<1%

Along with carrier competition, Wakely also considered the competition among product and plan offerings by carriers in the individual market, both on and off Exchange.

On Exchange, the total number of plan offerings peaked in 2016 at 138, driven by a large increase in the number of EPO plans offered. In general, EPO plans are similar to HMO plans, in that they have a closed-network, but may be offered by a carrier without an HMO license or may not require referrals to see specialists. The number of total plans in 2017 shrank to approximately the same level as 2015 (but still more than twice the number in 2014), due to a large decrease in the number of PPO plans available.

Number of Individual Plan Offerings by Product Type – On the Exchange

Year	HMO	PPO	EPO	POS	Total
2014	16	30	-	-	46
2015	25	62	3	-	90
2016	23	67	47	1	138
2017	23	23	52	-	98

Wakely reviewed these metrics for King, Snohomish, and Pierce counties, as well as the remaining counties combined. These three (of 39) counties account for well over half the State's population and individual market enrollment. The results were largely similar to the statewide metrics, with the few differences noted below:

- King, Snohomish, and "all other counties" had a relatively stable number of HMO plans available throughout the years; Pierce grew from six HMO plans in 2014 to 23 in 2017 (data not shown).
- Many of the PPO plans available in 2017 are in King county. King has 17 PPO plans in 2017 compared to nine in Snohomish county, five in Pierce county, and three in all other counties (data not shown).
- Relative to their numbers in 2016, EPO plans became more available in rural counties ("all other counties") than in King, Snohomish, and Pierce counties (data not shown).

We also examined enrollment by plan network type. Through 2016, enrollment has significantly shifted away from PPOs into closed-network plans (EPO and HMO). As of 2016, two-thirds of membership was enrolled in an HMO or EPO product and 33% in a PPO product, which is the inverse of the enrollment proportions in 2014.

Individual Enrollment Distribution by Product Type – On the Exchange

Year	HMO	PPO	EPO	POS
2014	35%	65%	N/A	N/A
2015	39%	61%	< 1%	N/A
2016	51%	33%	16%	< 1%

The shift in enrollment is partially due to carriers discontinuing some PPO plans or converting and "cross-walking" existing PPO into EPO plans. As closed-network plans are generally less expensive than PPO plans, several carriers noted that the relative increase of HMO and EPO offerings was a conscious effort to mitigate increases in claims costs. The increase on enrollment indicates that consumers have responded favorably to this strategy. Wakely compared premiums in King county for the lowest cost HMO and PPO bronze plans on the Exchange: In 2015, the lowest cost PPO plan was 15% more expensive than the lowest cost HMO plan; by 2017, the lowest cost PPO plan will be 28% more expensive than the lowest cost HMO plan.

The enrollment distributions have some variation on a county level, but the overall patterns are consistent.

A similar shift in the number and type of plans available can be seen in the individual off Exchange market, except that the decrease in PPO plans occurred earlier (2016) and continues in 2017, resulting in a return to near-2014 total number of plans off Exchange.

Number of Individual Plan Offerings by Product Type – Off the Exchange

Year	HMO	PPO	EPO	POS	Total
2014	9	40	-	-	49
2015	11	115	-	3	129
2016	5	42	22	1	70
2017	7	28	20	1	56

A similar pattern can be seen on a county basis, except that EPO plans are more available in the rural counties. King, Snohomish, and Pierce counties each had eight EPO plans available in 2016, but only one EPO plan available in 2017. The other counties have a total of 19 EPO plans available in both years (data not shown).

In contrast with the individual on Exchange market, the vast majority of individual off Exchange enrollment (135,415 in October 2014 and 123,871 in October 2015) was in PPO plans.

Individual Enrollment Distribution by Product Type – Off the Exchange

Year	HMO	PPO	EPO	POS
2014	12%	88%	N/A	N/A
2015	12%	82%	N/A	6%

Although there was a large reduction in the number of PPO plans on a statewide basis from 2015 to 2017 off Exchange, there are still many more PPO plans available than any other plan type. Again, carrier interviews confirmed our hypothesis, which was based on observations in many states, that the increase in closed-network plans appears to be part of a strategy for moderating claims cost increases. Wakely compared premiums for the lowest cost HMO and PPO bronze plans in King county, off Exchange: for 2015, the lowest cost PPO plan was only 3% more expensive than the lowest cost HMO plan; by 2017, the lowest cost PPO plan will be 32% more expensive than the lowest cost HMO plan.

Carrier participation

Eight carriers have participated in the individual on Exchange market since 2014, although some issuers have entered or withdrawn completely. Withdrawals have affected a relatively small portion of the overall market.

- Moda and Columbia United Providers (CUP) only participated in 2015. Moda had approximately 5% of the individual on Exchange market that year and CUP had fewer than 100 enrollees.
- UnitedHealthcare and Health Alliance only participated in 2016. UnitedHealthcare had approximately 2% of the individual on Exchange market that year and Health Alliance had fewer than 20 enrollees.
- Regence joined the individual on Exchange market in 2016 and will continue in 2017. In 2016, they enrolled approximately 1% of the market.

Rates

Wakely analyzed the average annual change in premiums on the Exchange for (a) all members, (b) members not receiving an Advance Premium Tax Credit (APTC), and (c) members receiving an APTC (before and after applying APTCs).

The analysis considers premium increases only for on Exchange enrollees whose plans were renewed or, if discontinued, were “cross-walked” to another plan for the next year. The changes in all premiums assume no change in age, household size, or tobacco usage. In addition, the net rates (after the application of APTCs) assume no changes in the enrollee household’s percentage of federal poverty rate (FPL) on which APTCs are based, or premium contribution cap between years.

The average annual gross premium increases (before APTCs) were 2.7% in 2014, 3.6% in 2015, and 11.3% in 2016. The gross premium increases (before APTCs) were higher for those enrollees that did not receive APTCs compared with those who did receive APTCs in 2015 (5.1% vs 3.2%) and 2016 (12.5% vs 10.9%).

Changes year-to-year in net premiums reflect several factors that can make them very different from the changes in gross premiums. First, as indicated above, those who enroll without the benefit of subsidies tend to select different plans than those who enjoy APTC subsidies; for example, the latter overwhelmingly favor silver and bronze plans, whereas non-APTC enrollees are generally dispersed more evenly among metal levels. This difference in plan selection accounts for the slightly higher average increase in gross premiums (before application of APTCs) between APTC-eligible and non-eligible enrollees that is reported above.

However, a second and more material set of differentiators are the change in APTCs year-over-year, and the "leveraging" impact of the APTCs on net premium. As a result, even for the same plan, net premium trends can be much higher (or lower) than the changes in gross premiums. To understand why, consider a household that does not change composition or income from the base year (call it year 1) to the next (call it year 2). The calculation and application of the APTC for that household is as follows.

1) The APTC is calculated anew each year, such that the net premium for the second lowest cost silver plan (SLCSP) will remain unchanged from year to year, at a fixed percentage of household income. Hence, a change in the gross premium for the SLCSP will change the level of APTC from year 1 to year 2: if the premium for the SLCSP goes up, so will the APTC subsidy, so that the SCLSP still carries the same net premium in year 2 as it did in year 1; or if the premium for the SLCSP goes down in year 2, similarly, so will the APTC, in order to maintain the same net premium.
2) Even were the APTC to remain the same from year to year, a leveraging effect "magnifies" the impact of small changes in gross premium on the net premium actually paid by subsidized enrollees. To illustrate this leveraging effect, consider a plan which increases its gross premium for year 2 over year 1 by 10%, from $200 to $220 per month. If there is no change in the APTC – say it remains $180/month in both years – while the gross premium increases by 10%, the net premium increases from $20 in year 1 ($200-$180 = $20) to $40 in year 2 ($220-$180=$40), or 100%.

The combination of these two factors -- (1) changes in APTCs from one year to the next, and (2) the leveraging impact of APTCs on net premiums -- can lead to relatively large swings in net premiums, despite relatively modest changes in gross premiums.

The average annual net premium increases for enrollees who received APTCs were far higher on a percentage basis, due to the reasons discussed above. The net premium increases were 27.1% in 2014, 35.2% in 2015, and 15.1% in 2016.

2014-2015 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
Gold	10,718	1.0%	4,402	0.9%	6,316	1.1%	11.5%
Silver	66,315	2.4%	7,272	2.2%	59,043	2.5%	26.1%
Bronze	46,897	3.9%	12,837	4.1%	34,060	3.8%	37.8%
Catastrophic	91	-9.0%	91	-9.0%			
Total	124,021	2.7%	24,602	2.7%	99,419	2.7%	27.1%

2015-2016 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
Gold	10,171	9.7%	4,806	9.7%	5,365	9.6%	27.6%
Silver	74,750	2.3%	9,453	2.8%	65,297	2.2%	33.1%
Bronze	50,612	4.1%	15,050	4.7%	35,562	3.8%	42.1%
Catastrophic	735	-1.1%	735	-1.1%			
Total	136,268	3.6%	30,044	5.1%	106,224	3.2%	35.2%

2016-2017 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
Gold	7,975	12.8%	4,811	13.2%	3,164	12.2%	13.0%
Silver	78,046	10.0%	14,502	10.9%	63,544	9.8%	13.9%
Bronze	37,743	13.6%	14,005	14.0%	23,738	13.4%	18.7%
Catastrophic	1,184	13.3%	1,184	13.3%			
Total	124,948	11.3%	34,502	12.5%	90,446	10.9%	15.1%

The difference between the pre APTC and post APTC premium increase for members receiving an APTC from 2016 to 2017 is not as marked as prior years. This is caused by the increase in the premium for the second lowest silver plan, which increases the APTC and offsets some of the leveraging effect described above. In prior years, the premiums for the second lowest silver

plan generally decreased, which reduced the APTC for enrollees and led to higher net rate increases.

Similar renewal results on a carrier basis, rather than metal level, can be found in Appendix B.

Of course, a primary purpose of the Exchange is to facilitate comparison shopping, and enrollees renewing through WAHBE have the opportunity to shop and switch plans during open enrollment. Wakely quantified the impact on premiums if all enrollees switched into (or remained in) the lowest cost plan in their county on the same metal tier as their previous plan. Based on this projection, we calculated the percent of enrollees who (a) would have to increase their net monthly premium payments by more than 10%, or (b) would see premium savings, year-over-year. Wakely has calculated this at both the metal and rating area levels, and for enrollees who do and do not receive APTCs. These calculations assume no change in age, tobacco use, percentage of FPL, household size, or cap on premium contributions.

By shopping and selecting the lowest priced plan for the following year at the same actuarial value as they were in the previous year, the vast majority of renewing enrollees would be able to either save on premiums or experience only a modest (single digit) increase in premiums.

Looking first at gross premiums, before the application of APTCs, most enrollees have the ability to change to (or remain in) the lowest cost option within the same metal tier in their county and receive a premium decrease. In 2014 and 2015, close to 90% of enrollees were in this situation. In each of these years, 1% or fewer of enrollees would have experienced a premium increase of more than 10% after switching to (or remaining in) the lowest cost plan in the same metal tier. For 2017 over 2016, somewhat fewer enrollees are able to shop to reduce premiums, (approximately 70%), but still only 3% would receive a premium increase of more than 10%.

Looking at net premiums, the majority of APTC eligible enrollees are able to achieve cost savings after switching to (or remaining in) the lowest cost available plan: 75% of enrollees for 2015 over 2014, 68% of enrollees for 2016 over 2015, and 91% of enrollees for 2017 over 2016. Increases in premiums of greater than 10% would apply to 14% of enrollees for 2015 over 2014, 25% of enrollees for 2016 over 2015, and 3% of enrollees for 2017 over 2016.

Of course, enrollees in the richer metal levels (gold and silver) are also able to achieve savings by switching to a lower cost metal level.

2014-2015 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Metal Level	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%**	**Percent with Premium Decrease**	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%, Post-APTC**	**Percent with Premium Decrease, Post-APTC**
Gold	< 1%	92%	< 1%	94%	< 1%	91%	7%	82%
Silver	< 1%	98%	< 1%	99%	< 1%	98%	9%	88%
Bronze	1%	79%	< 1%	80%	1%	79%	23%	50%
Catastrophic	< 1%	82%	< 1%	82%				
Total	**< 1%**	**91%**	**< 1%**	**88%**	**< 1%**	**91%**	**14%**	**75%**

2015-2016 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Metal Level	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%**	**Percent with Premium Decrease**	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%, Post-APTC**	**Percent with Premium Decrease, Post-APTC**
Gold	< 1%	98%	< 1%	99%	< 1%	97%	1%	97%
Silver	2%	95%	2%	97%	2%	95%	24%	74%
Bronze	< 1%	82%	< 1%	84%	< 1%	81%	32%	51%
Catastrophic	< 1%	52%	< 1%	52%				
Total	**1%**	**90%**	**1%**	**89%**	**2%**	**90%**	**25%**	**68%**

2016-2017 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Metal

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Metal Level	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%**	**Percent with Premium Decrease**	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%, Post-APTC**	**Percent with Premium Decrease, Post-APTC**
Gold	4%	71%	3%	72%	7%	68%	2%	84%
Silver	3%	76%	1%	88%	3%	73%	3%	97%
Bronze	1%	57%	1%	60%	1%	54%	6%	78%
Catastrophic	100%	< 1%	100%	< 1%				
Total	**3%**	**69%**	**3%**	**72%**	**3%**	**67%**	**3%**	**91%**

Wakely also analyzed the impact for each of Washington's five rating areas of members switching to (or remaining in) the lowest cost plan available to them in the same metal tier. The calculations (below) do show some inter-area variations, but no consistent pattern of any rating area being systematically disadvantaged over the four-year period.

2014-2015 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Rating Area

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Rating Area	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%**	**Percent with Premium Decrease**	**Percent with Premium Increase > 10%, Pre-APTC**	**Percent with Premium Decrease, Pre-APTC**	**Percent with Premium Increase > 10%, Post-APTC**	**Percent with Premium Decrease, Post-APTC**
Rating Area 1	< 1%	90%	< 1%	86%	< 1%	91%	27%	67%
Rating Area 2	< 1%	92%	1%	91%	< 1%	93%	8%	79%
Rating Area 3	< 1%	97%	< 1%	93%	< 1%	98%	1%	85%
Rating Area 4	< 1%	91%	< 1%	88%	< 1%	92%	5%	89%
Rating Area 5	< 1%	84%	< 1%	85%	< 1%	83%	16%	66%
Total	**< 1%**	**91%**	**< 1%**	**88%**	**< 1%**	**91%**	**14%**	**75%**

2015-2016 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Rating Area

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Rating Area	Percent with Premium Increase > 10%, Pre-APTC	Percent with Premium Decrease, Pre-APTC	Percent with Premium Increase > 10%	Percent with Premium Decrease	Percent with Premium Increase > 10%, Pre-APTC	Percent with Premium Decrease, Pre-APTC	Percent with Premium Increase > 10%, Post-APTC	Percent with Premium Decrease, Post-APTC
Rating Area 1	< 1%	95%	< 1%	93%	< 1%	95%	32%	64%
Rating Area 2	< 1%	89%	< 1%	87%	< 1%	90%	17%	74%
Rating Area 3	19%	71%	12%	69%	20%	72%	21%	76%
Rating Area 4	< 1%	90%	< 1%	86%	< 1%	91%	35%	58%
Rating Area 5	< 1%	90%	< 1%	89%	< 1%	91%	36%	54%
Total	**1%**	**90%**	**1%**	**89%**	**2%**	**90%**	**25%**	**68%**

2016-2017 Percentages of Exchange Individual Enrollees with Premium Increases >10% and Premium Decreases After Switching to (or Remaining in) Lowest Cost Available Plan at Open Enrollment, By Rating Area

	All Members		Members Not Receiving APTC		Members Receiving APTC			
Rating Area	Percent with Premium Increase > 10%, Pre-APTC	Percent with Premium Decrease, Pre-APTC	Percent with Premium Increase > 10%	Percent with Premium Decrease	Percent with Premium Increase > 10%, Pre-APTC	Percent with Premium Decrease, Pre-APTC	Percent with Premium Increase > 10%, Post-APTC	Percent with Premium Decrease, Post-APTC
Rating Area 1	1%	68%	3%	71%	< 1%	65%	1%	94%
Rating Area 2	6%	62%	5%	69%	6%	59%	6%	88%
Rating Area 3	1%	78%	3%	67%	1%	81%	2%	93%
Rating Area 4	< 1%	73%	1%	75%	< 1%	72%	< 1%	95%
Rating Area 5	1%	89%	2%	88%	1%	89%	3%	90%
Total	**3%**	**69%**	**3%**	**72%**	**3%**	**67%**	**3%**	**91%**

Because it is by far the most populous county, for King county we considered the minimum premium available for a 40 year old not receiving APTC, by year and metal level, both on and off the Exchange. The premium rates do not contain any impact of aging or tobacco usage.

In King county, minimum available premium rates are generally lower on than off Exchange for all years and metal levels. Minimum premium rates generally increased from 2014 to 2017 for gold and bronze plans on the Exchange, and generally decreased for silver and catastrophic plans on the Exchange. Off the Exchange, the minimum available premium level for all metal levels reached a low in 2016, and then increased for 2017.

Minimum Available Individual Premium by Metal Level for 40 Year Old Non-Smoker in King County

Level of Coverage	2014		2015		2016		2017	
	On the Exchange	Off the Exchange	On the Exchange	Off the Exchange	On the Exchange	Off the Exchange	On the Exchange	Off the Exchange
Platinum			$392.97	$396.78				
Gold	$294.18	$339.74	$308.80	$347.21	$295.17	$308.10	$316.66	$344.28
Silver	$244.75	$286.28	$234.51	$255.84	$223.87	$240.62	$230.47	$274.89
Bronze	$185.77	$225.35	$193.85	$221.78	$197.18	$207.71	$213.22	$221.89
Catastrophic	$223.19		$197.68		$187.70		$212.66	

Provider choice

We asked issuers to characterize their networks as broad (containing >70% of hospitals in most counties, narrow (30% to 70%), or ultra-narrow (< 30% of hospitals). Issuers generally characterize their networks as broad or narrow; none offer ultra-narrow networks. By contrast, McKinsey reported that 19% of networks offered to individuals on Exchanges across the country in 2014 were "ultra-narrow."[1] And networks in the individual market nationally have only tended to become narrower since 2014. Therefore, we infer that the health plans offered in Washington tend to be not as narrow as those offered elsewhere, which is positive for access to care and another sign of the state's market stability.

Enrollment & plan changes

On Exchange enrollment has grown from 133,280 members as of October 2014 to 163,813 members in October 2016. The yearly growth on Exchange has been between 10-12%, and total growth (on and off Exchange) was just under 2% for 2015 over 2014, and 6% for 2016 over 2015. Off Exchange enrollment has shrunk from 158,987 members in October 2014 to 150,957 enrollees in 2016.

Individual Enrollment On and Off the Exchange (Monthly October Snapshot)

	On Exchange		Off Exchange	
Year	Enrollment	Yearly Growth	Enrollment	Yearly Growth
2014	133,280		158,987	
2015	149,125	12%	147,767	-7%
2016	163,813	10%	150,957	2%

[1] "Hospital networks: Updated national view of configurations on the Exchanges," McKinsey & Company (June 2014), p. 4.

Enrollment distribution by metal level has remained relatively constant from 2014 to 2016. The majority of enrollees on the Exchange are in silver plans, with 54% of enrollees in a silver plan in 2014 and 58% in a silver plan in 2016. Bronze plans have decreased slightly in popularity from 37% of enrollees on the Exchange in bronze plans in 2014 and 33% of enrollees in bronze plans in 2016.

Off the Exchange, the majority of enrollees are in bronze plans. However, in 2016, enrollment has shifted slightly to gold, silver, and catastrophic plans.

Individual Enrollment Distribution by Year and Metal Level, On and Off the Exchange

	On Exchange Enrollment Distribution			Off Exchange Enrollment Distribution		
Level of Coverage	2014	2015	2016	2014	2015	2016
Platinum	N/A	< 1%	N/A	N/A	1%	N/A
Gold	9%	8%	8%	21%	21%	23%
Silver	54%	56%	58%	20%	22%	26%
Bronze	37%	36%	33%	59%	56%	46%
Catastrophic	< 1%	1%	1%	< 1%	< 1%	6%

In addition, Wakely reviewed the number of plan offerings, on and off the Exchange, by metal level and year. In 2014 and 2015, more plans were offered on every metal level off the Exchange (except catastrophic) than on Exchange. In 2016, the number of plans on the Exchange increased dramatically, approximately doubling that offered off the Exchange. In 2017, the number of plans decreased, both on and off Exchange, but on Exchange still offers a greater number of plans at every metal level than the outside market.

The choice of plan offerings on and off the Exchange have been similar by year: silver plans are the most prevalent offering, followed by bronze, then gold.

Number of Individual Plans Offered by Year and Metal, On and Off the Exchange

	On Exchange Enrollment Distribution			Off Exchange Enrollment Distribution		
Level of Coverage	2014	2015	2016	2014	2015	2016
Platinum	0	5	0	0	17	0
Gold	12	20	34	14	33	18
Silver	17	32	60	18	46	28
Bronze	15	30	41	17	33	23
Catastrophic	2	3	3	0	0	1

In addition to a few carriers withdrawing completely from the market, some carriers have remained, but discontinued selected plans. Most of the discontinued plans in 2015 were Moda's, which withdrew entirely as described above (data not shown).

Number and Enrollment in Discontinued Individual On Exchange Plans by Year and Rating Area

Rating Area	2014		2015		2016	
	Plans	% Yearly Enrollment	Plans	% Yearly Enrollment	Plans	% Yearly Enrollment
Rating Area 1	0	N/A	8	1.2%	44	9.4%
Rating Area 2	3	0.5%	8	3.4%	50	8.0%
Rating Area 3	0	N/A	11	1.0%	42	1.1%
Rating Area 4	0	N/A	6	0.1%	50	0.9%
Rating Area 5	0	N/A	8	0.5%	55	2.0%

In 2016, there was a large increase in the number of discontinued plans. This was largely due to Premera changing its risk arrangements and networks in a significant number of plans in King, Snohomish, and Pierce counties from 2016 to 2017 (data not shown). These changes are significant enough that WAHBE did not "cross-walk" the plans from 2016 to 2017, so we treated them for our particular analytic purpose as if they had been discontinued. WAHBE has communicated that they are encouraging these members to shop on the Exchange for new plans in 2017.

There are some rural counties which have experienced a severe reduction in the number of plans available on Exchange: five counties have less than 10 plan options on Exchange in 2017, representing a significant decrease from 2016, and even from 2014. However, these counties have approximately double the amount of plans available to them off Exchange as on Exchange in 2017 (data not shown).

Counties with < 10 Individual Plans Available in 2017, On the Exchange

County	2014	2015	2016	2017
San Juan	28	34	54	8
Klickitat	24	29	48	4
Pend Oreille	27	32	50	5
Skamania	24	29	48	7
Ferry	27	32	50	5

Two of these counties are experiencing large premium increases in their second lowest cost silver plans: Ferry and Pend Oreille each saw 48% price increases for 2017. This is driven by three carriers (Premera, Lifewise, and UHC) completely withdrawing from these counties in 2017. In addition, two other counties within this group have only one carrier offering plans on the Exchange in 2017. These counties have very small populations, but for their residents the declining level of choice and competition may be problematic.

Counties with 1 Individual Carrier Available in 2017, On the Exchange

County	2014	2015	2016	2017
San Juan	3	4	4	1
Klickitat	2	3	3	1

As an indication of market stability, Wakely considered the variability in the second lowest cost silver plan, the lowest cost silver plan, and the lowest cost bronze plan, by year. These are the most frequently selected plan choices.

The plan identified as the second lowest cost silver plan changed in 27 (out of 39) counties from 2014 to 2015, 35 counties from 2015 to 2016, and 22 counties from 2016 to 2017. In the majority of these cases, the second lowest cost silver plan was offered by a different carrier as well. Such changes can be disconcerting, even confusing, for enrollees. On the other hand, these changes in the identity of lowest cost plans also suggests healthy competition among carriers to be the second lowest cost silver plan. Annual rate changes were moderate or negative for the second lowest cost silver plans from 2014 to 2016; from 2016 to 2017, rates are increasing at an average annual rate of 5%, although in two counties, as discussed previously, the second lowest cost silver rate increased 48%.

Changes in the Second Lowest Cost Silver Plan, for the On Exchange Individual Market, By County and Year

Metric	2014-2015	2015-2016	2016-2017
Counties with Same Plan, Year Over Year	12	4	17
Counties with Plan Change, Year Over Year	27	35	22
Min Rate Change, by County	-10%	-17%	-7%
Max Rate Change, by County	3%	5%	48%
Avg Rate Change	-6%	-9%	5%

Similarly, for the lowest cost silver plans, average rates decreased for 2015 and again for 2016, and are increasing slightly (3%) for 2017 across all counties.

Changes in Lowest Cost Silver Plan, for the On Exchange Individual Market, By County and Year

Metric	2014-2015	2015-2016	2016-2017
Counties with Same Plan, Year Over Year	5	0	16
Counties with Plan Change, Year Over Year	34	39	23
Min Rate Change, by County	-19%	-14%	-12%
Max Rate Change, by County	6%	17%	14%
Avg Rate Change	-7%	-3%	3%

For the lowest cost bronze plans, there was somewhat more continuity than for silver plans: the plan identified as the lowest cost bronze plan changed in 28 counties into 2015, and 18 counties into 2016 and 2017. The annual rate changes are higher than in the lowest cost silver plans, with an average change of 2% into 2015, 1% into 2016 and 7% into 2017.

Changes in Lowest Cost Bronze Plan, for the On Exchange Individual Market, By County and Year

Metric	2014-2015	2015-2016	2016-2017
Counties with Same Plan, Year Over Year	11	21	21
Counties with Plan Change, Year Over Year	28	18	18
Min Rate Change, by County	-15%	-12%	-8%
Max Rate Change, by County	18%	3%	17%
Avg Rate Change	2%	1%	7%

Overall, the identity of the second lowest cost silver, lowest cost silver, and lowest cost bronze plans has changed in many counties from 2014 to 2017, but the annual rate changes have generally been modest (with a few exceptions).

Risk pool concerns

Wakely considered risk adjustment on a per member per month (PMPM) basis in 2014 and 2015 by carrier. In order to calculate the PMPMs, Wakely annualized the October membership snapshot provided by WAHBE and OIC for each year, which could cause variations to carrier PMPM calculations.

In 2014, the risk adjustment transfer payments ranged from -$92.30 PMPM (Coordinated Care Corporation) to $349.63 PMPM (Community Health Plan of Washington). In 2015, the payments ranged from -$95.66 PMPM (Coordinated Care Corporation) to $448.44 PMPM (Community Health Plan of Washington). The most significant changes in risk adjustment payments were BridgeSpan and Molina, both of which decreased their payments by approximately $170 PMPM from 2014 to 2015. However, these two carriers also saw significant enrollment changes from 2014 to 2015, which can materially change (and stabilize) the risk profile of the population.

Overall, many carriers have experienced similar risk adjustment transfer payments year over year indicating that, besides a few carriers, the risk pool is not changing significantly (by carrier) from year to year. The stability may also be in part due to the fact that Washington did not allow transitional policies, so there is no late influx of enrollees from transitional plans that is changing the overall risk of the pool.

Individual Risk Adjustment Payment PMPMs

Insurance Name	Enrollment as of October 2014	2014 Risk Adjustment Transfer PMPM	Enrollment as of October 2015	2015 Risk Adjustment Transfer PMPM
Asuris Northwest Health	3,472	$34.21	2,835	$32.08
BridgeSpan Health Company	2,570	$202.85	10,335	$24.56
Community Health Plan of Washington	2,729	$349.63	1,254	$448.44
Coordinated Care Corporation	21,902	-$92.30	30,173	-$95.66
Group Health Cooperative	35,640	$2.08	36,446	-$22.74
Group Health Options, Inc.	12,604	-$9.02	8,167	$0.86
Kaiser Foundation Health Plan of the NW	4,722	$37.85	4,844	$25.81
Lifewise Health Plan of WA	61,592	-$43.53	49,094	-$38.05
Moda Health Plan	8,882	$34.97	7,885	$64.84
Molina Healthcare of Washington, Inc.	1,587	$198.22	4,599	$27.86
Premera Blue Cross	81,225	-$7.31	92,240	$16.94
Regence BlueCross BlueShield Of Oregon	3,377	$48.29	4,408	$24.32
Regence BlueShield	49,813	$54.39	44,532	$48.12
Time Insurance Company	2,152	$30.56		

Wakely also analyzed the reinsurance payments for the individual market in 2014 and 2015, but saw no evidence that they materially impacted the stability of the market.

SMALL GROUP RESULTS

Similar to the individual market, the small group market has remained relatively stable. Ten carriers participated in each of the four years.

Of the 10 carriers, only two participated on the Exchange for 2015 and 2016, and only one participated in 2014 and will participate in 2017. In 2017, only Clark and Cowlitz counties will have plans available on the Exchange (offered by Kaiser Foundation Health Plan of the Northwest); however, off the Exchange, all counties have at least six carriers participating, and the fewest plan option available in any county is 153.

Wakely did not receive on and off Exchange small group enrollment from WAHBE and OIC. Instead, Wakely consolidated enrollment from the Unified Rate Review templates. The small

group plans that were offered on Exchange were also offered off Exchange. For the purpose of this report, the enrollment was consolidated, rather than split into on and off Exchange.

The total number of small group plan offerings peaked in 2016 at 381, driven by a large increase in the number of EPO plans offered, as well as a smaller increase in the number of POS plans offered. The number of plans in 2017 shrank approximately 10% compared to 2016 and will be at its lowest level since 2014 (but is still approximately 50% higher than the number in 2014).

Number of Small Group Plan Offerings by Product Type

Year	HMO	PPO	EPO	POS	Indemnity	Total
2014	14	194	12	14	1	235
2015	23	309	16	26	1	375
2016	11	237	96	36	1	381
2017	10	205	93	37	1	346

Unlike the individual on Exchange market, enrollment in 2015 saw a shift away from HMO (and POS) products into PPOs.

Small Group Enrollment Distribution by Product Type

Year	HMO	PPO	EPO	POS	Indemnity	Total
2014	15%	70%	1%	14%	< 1%	100%
2015	12%	74%	1%	13%	< 1%	100%

Enrollment distribution by metal plan remained relatively constant from 2014 to 2015. Almost 80% of enrollees are in silver or gold plans in both years. With the vast majority (92%) of small-group enrollment concentrated in plans that are richer than bronze, it would be hard to make an argument that the requirement to offer silver and gold plans has any market impact.

Small Group Enrollment Distribution by Metal Level

Level of Coverage	2014	2015
Platinum	13%	14%
Gold	45%	51%
Silver	33%	27%
Bronze	9%	8%

Wakely also reviewed the number of plan offerings by metal level and year. In all years, there has been an increase in the number of silver and bronze plan offerings and a decrease in the platinum plan offerings. The number of gold plans decreased from 2015 to 2016 off the Exchange, but remained well above the 2014 level.

Number of Small Group Plan Offerings by Year and Metal, On and Off the Exchange

	On Exchange Plans Available			Off Exchange Plans Available		
Level of Coverage	2014	2015	2016	2014	2015	2016
Platinum	0	0	0	51	41	40
Gold	1	5	9	91	149	127
Silver	3	12	13	85	130	140
Bronze	1	6	8	8	55	74
Catastrophic	0	0	0	0	0	0

ADDITIONAL CARRIER COMMENTS

The carriers were unanimous in characterizing Washington State as either a healthy market or at a minimum, more stable than other markets they have observed or heard about. One carrier suggested that this was due to premium rates in Washington being close to sufficient in year one. While this makes sense, and Washington's decision not to allow transitional policies, i.e. not to grandfather all existing individual policies, probably improved the risk pool for new enrollees, Wakely has not assessed underwriting results, so we cannot verify this observation. Another carrier ascribed this to Washington having already adopted some of the ACA's market regulations prior to 2014, but was not specific as to which regulations.

Beyond this, the carriers offered a variety of observations:

1. Several carriers noted that, with all the uncertainty now about how long the ACA will remain in place and what will succeed it, this is not the time for the State to make significant legislative or regulatory changes to the market.
2. Carriers noted that OIC and WAHBE have done a good job helping new competitors enter the individual market. As one observed, the agencies have been very responsive in working with the new plan and seem to coordinate their policies so that plans are not given conflicting signals. "They have gone out of their way to help us understand the regulatory dynamics here."
3. Several carriers suggested that enforcing eligibility criteria more effectively would further stabilize the individual market. They point to such actions as: enforcing the residency requirements, policing qualification for special enrollment periods, barring provider-sponsored "charities" from paying for commercial coverage to increase their own reimbursement, and ensuring that the offer of (affordable) employer sponsored coverage pre-empts eligibility for individual enrollment on the Exchange.
4. Carriers noted the constraint of +/- 15% on geographic rating differences and having only five distinct rating areas in Washington tends to either raise premiums in lower-cost areas (in order to stay within the 15% range) or push carriers out of higher-cost

areas. However, this requirement may be partially responsible for the moderate rate increases the state has experienced.

5. Several carriers suggested that other sorts of regulatory flexibility would allow them to expand their service areas and thus increase competition, such as loosening access requirements for medical specialties (e.g. dermatology) and allowing service areas to encompass some, but not all, zip codes in a county.

RELIANCES

Wakely has utilized publicly available data and data provided by WAHBE and the OIC in the analysis described in this report. The analysis was performed using the following QHP data.

- Rate Table templates
- Plan and Benefit templates
- Service Area templates
- Network templates
- Unified Rate Review templates (URRTs)
- Crosswalks of 2014 to 2015, 2015 to 2016, and 2016 to 2017 individual on Exchange plans
- Detailed on Exchange enrollment data by year including plan, county, age, and APTC for October 2014, October 2015, and October 2016
- Off Exchange enrollment by year including carrier, county, and metal level for October 2014 and October 2015
- Off Exchange enrollment by county and metal level for October 2016
- CMS Report on Transitional Reinsurance Payments and Risk Adjustment Transfers for 2014 and 2015

ASSUMPTIONS AND METHODOLOGY

Wakely made some assumptions in working with the available data. These assumptions may impact the results of the analysis and should be reviewed by WAHBE and the OIC for reasonableness.

- Continuing plans were identified as those found in the crosswalk provided by WAHBE or those that have the same Plan ID in sequential years.
- The second lowest silver benchmark plan is determined after consideration of the EHB amounts for all years.
- There were a couple discrepancies between the templates and other information described below:
    - There were a handful of plans where the service area template indicated a plan was available in a certain rating area, but rates were missing from the rate template. We excluded these plan/county combinations from the analysis.

    - The Plan and Benefit template indicated that the 2017 Community Health Plan of WA plans were available both on and off Exchange. However, based on input from WAHBE, these plans are only offered on the Exchange and were excluded from the off Exchange analysis.
- All analysis is based on non-tobacco user rates.
- Each yearly enrollment file contained the APTC for the household for the year. Wakely calculated the following year's APTC assuming that the member's income, age, and premium cap contribution limit stayed constant between years.
- Enrollment was excluded from the analysis where there were errors with the age or plan and county combinations based on the service area templates. Enrollees were also excluded if there were significant differences between the premiums supplied by WAHBE and the premiums that Wakely calculated for each member. All members in a household were excluded from the analysis if any one member was excluded since the APTC is provided on a household level.
- Enrollment was excluded from the analysis where members were enrolled in off Exchange individual catastrophic plans but had APTC amounts.
- Enrollment was excluded from the analysis where members had APTC equal to their premium amount but was not enrolled in a bronze plan. This was only a significant issue in 2014.
- Enrollment was excluded from the analysis of renewing plans where the cross-walked plan was a different metal level than their current plan.
- If a specific analysis did not require the fields discussed above, the enrollment was included in the analysis. This causes some slight variations in enrollment counts between tables presented.
- Most Premera plans in King, Snohomish, and Pierce counties are assumed to be discontinued from 2016 to 2017, although some enrollees will be auto-renewed on a member by member basis.
- Second lowest cost silver plan, lowest cost silver plan, and lowest cost bronze plan average rate changes across counties were weighted on total enrollment by county rather than enrollees in each county in each metal tier to better represent small counties where there may not have been any individuals enrolled in a certain metal level.

Wakely did not receive on or off Exchange small group enrollment from WAHBE or OIC. In addition, Wakely did not receive off Exchange individual enrollment at the same level of detail of on Exchange individual enrollment. In these scenarios, Wakely consolidated enrollment from the URRTs in order to complete analyses. There were instances where enrollment data was not available (such as for the carrier Moda). In addition, due to lack of clarity with plan "cross-walks" there were some minor challenges in capturing all enrollment. Due to this, small amounts of enrollment may be excluded, but Wakely does not believe it impacts the results of the analysis.

Any errors in the plan offerings, rates, and other source data could have an impact on the results of this analysis.

DISCLOSURES AND LIMITATIONS

Responsible Actuary. Aree Bly and Danielle Hilson are the actuaries responsible for this communication. They are Members of the American Academy of Actuaries and Fellows of the Society of Actuaries. They meet the Qualification Standards of the American Academy of Actuaries to issue this report.

Intended Users. This information has been prepared for the sole use of the management of WAHBE and the OIC and cannot be distributed to or relied on by any third party without the prior written permission of Wakely. We acknowledge that WAHBE and the OIC may provide this report to the Washington State Legislature. Distribution to such parties should be made in its entirety and should be evaluated only by qualified users. This information is confidential and proprietary.

Risks and Uncertainties. The assumptions and resulting estimates included in this report and produced by the model are inherently uncertain. Users of the results should be qualified to use it and understand the results and the inherent uncertainty. Actual results may vary, potentially materially, from our estimates. Wakely does not warrant or guarantee that WAHBE and OIC will attain the projected values included in the report. It is the responsibility of the organization receiving this output to review the assumptions carefully and notify Wakely of any potential concerns.

Conflict of Interest. The responsible actuaries are financially independent and free from conflict concerning all matters related to performing the actuarial services underlying this analysis. In addition, Wakely is organizationally and financially independent to WAHBE and the OIC.

Data and Reliance. We have relied on others for data and assumptions used in the assignment. We have reviewed the data for reasonableness, but have not performed any independent audit or otherwise verified the accuracy of the data/information. If the underlying information is incomplete or inaccurate, our estimates may be impacted, potentially significantly. The information included in the Assumptions and Reliances section identifies the key data and assumptions.

Subsequent Events. There are no known relevant events subsequent to the date of information received that would impact the results of this report.

Contents of Actuarial Report. This document and the supporting exhibits/files constitute the entirety of actuarial report and supersede any previous communications on the project.

Deviations from ASOPs. Wakely completed the analysis using sound actuarial practice. To the best of my knowledge, the report and methods used in the analysis are in compliance with the appropriate Actuarial Standards of Practice (ASOP) with no known deviations. A summary of ASOP compliance is listed below:

ASOP No. 23, Data Quality

ASOP No. 41, Actuarial Communication

Appendix A

Individual On Exchange Carriers with >20% Market Share in a County
(Ordered by Market Share)

County	2014	2015	2016
Adams	Coordinated Care	Coordinated Care	Coordinated Care
Adams	Premera	Premera	Premera
Asotin	Premera	Premera	Premera
Benton	Premera	Coordinated Care	Coordinated Care
Benton	Group Health Cooperative	Premera	Group Health Cooperative
Benton	Coordinated Care	Group Health Cooperative	Premera
Chelan	Premera	Premera	Molina
Chelan	Coordinated Care	Coordinated Care	Premera
Chelan			Coordinated Care
Clallam	Premera	Premera	Premera
Clallam		Moda	Lifewise
Clark	Lifewise	BridgeSpan	Kaiser
Clark	Kaiser	Lifewise	Lifewise
Clark		Kaiser	
Columbia	Premera	Group Health Cooperative	Group Health Cooperative
Columbia	Group Health Cooperative	Premera	Premera
Cowlitz	Premera	Premera	Kaiser
Cowlitz	Kaiser	Kaiser	Premera
Douglas	Premera	Premera	Molina
Douglas	Coordinated Care	Coordinated Care	Premera
Douglas			Coordinated Care
Ferry	Premera	Premera	Premera
Ferry	Lifewise	Lifewise	Lifewise
Franklin	Coordinated Care	Coordinated Care	Coordinated Care
Franklin	Premera	Group Health Cooperative	Group Health Cooperative
Franklin	Group Health Cooperative		
Garfield	Premera	Premera	Premera
Grant	Premera	Premera	Molina
Grant	Coordinated Care	Coordinated Care	Premera
Grant			Coordinated Care
Grays Harbor	Premera	Premera	Premera
Grays Harbor		Moda	Lifewise
Island	Premera	Premera	Group Health Cooperative
Island	Group Health Cooperative	Group Health Cooperative	Premera
Jefferson	Premera	Premera	Coordinated Care
Jefferson			Premera
King	Premera	Premera	Premera

King	Coordinated Care	Coordinated Care	Coordinated Care
King			Molina
Kitsap	Premera	Premera	Premera
Kitsap	Group Health Cooperative	Group Health Cooperative	Group Health Cooperative
Kittitas	Premera	Premera	Premera
Kittitas	Group Health Cooperative	Group Health Cooperative	Group Health Cooperative
Klickitat	Premera	Premera	Premera
Lewis	Premera	Premera	Premera
Lewis		Coordinated Care	Coordinated Care
Lincoln	Premera	Premera	Premera
Lincoln	Lifewise	Coordinated Care	Coordinated Care
Mason	Premera	Premera	Premera
Mason	Group Health Cooperative	Group Health Cooperative	Molina
Mason			Group Health Cooperative
Okanogan	Premera	Premera	Molina
Okanogan	Lifewise		Premera
Pacific	Premera	Premera	Premera
Pacific	Lifewise	Moda	
Pend Oreille	Premera	Premera	Premera
Pierce	Premera	Premera	Molina
Pierce			Premera
San Juan	Premera	Premera	Group Health Cooperative
San Juan	Group Health Cooperative	Group Health Cooperative	Premera
Skagit	Premera	Premera	Group Health Cooperative
Skagit	Group Health Cooperative	Group Health Cooperative	Premera
Skamania	Premera	Premera	Premera
Skamania	Lifewise	Lifewise	Lifewise
Snohomish	Premera	Premera	Coordinated Care
Snohomish		Coordinated Care	Premera
Spokane	Premera	Premera	Coordinated Care
Spokane	Coordinated Care	Coordinated Care	Molina
Spokane	Group Health Cooperative		Premera
Stevens	Premera	Premera	Coordinated Care
Stevens	Lifewise	Coordinated Care	Premera
Thurston	Premera	Premera	Premera
Thurston	Group Health Cooperative	Coordinated Care	Coordinated Care
Thurston		Group Health Cooperative	
Wahkiakum	Premera	Premera	Premera
Wahkiakum			Lifewise
Walla Walla	Premera	Premera	Group Health Cooperative
Walla Walla	Group Health Cooperative	Group Health Cooperative	Coordinated Care
Walla Walla		Coordinated Care	Premera

Whatcom	Premera	Premera	Group Health Cooperative
Whatcom	Group Health Cooperative	Group Health Cooperative	Premera
Whitman	Premera	Premera	Group Health Cooperative
Whitman	Group Health Cooperative	Group Health Cooperative	Premera
Yakima	Coordinated Care	Coordinated Care	Coordinated Care
Yakima	Premera	Premera	Group Health Cooperative
Yakima		Group Health Cooperative	Premera

Appendix B

2014-2015 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Carrier

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
BridgeSpan	2,439	-2.8%	526	-2.5%	1,913	-2.8%	10.6%
Community Health Plan of WA	2,539	1.4%	814	1.9%	1,725	1.1%	17.7%
Coordinated Care	17,934	7.0%	2,886	6.2%	15,048	7.2%	82.3%
Group Health Cooperative	19,477	2.0%	3,796	3.2%	15,681	1.8%	26.6%
Kaiser	2,418	-3.6%	298	-3.6%	2,120	-3.6%	6.6%
Lifewise	18,292	2.9%	3,008	3.0%	15,284	2.9%	25.2%
Molina	1,413	-9.5%	430	-7.1%	983	-10.6%	-7.1%
Premera	59,509	2.9%	12,844	3.0%	46,665	2.9%	23.4%
Total	**124,021**	**2.7%**	**24,602**	**2.8%**	**99,419**	**2.7%**	**27.1%**

2015-2016 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Carrier

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
BridgeSpan	9,459	14.9%	1,452	13.9%	8,007	15.1%	73.6%
Community Health Plan of WA	93	9.0%	20	8.3%	73	9.2%	31.6%
Coordinated Care	29,310	-0.9%	4,281	0.1%	25,029	-1.0%	63.0%
Group Health Cooperative	20,511	-3.9%	4,884	-4.0%	15,627	-3.8%	14.3%
Kaiser	2,645	-10.3%	415	-10.2%	2,230	-10.4%	-33.2%
Lifewise	13,411	-0.1%	2,780	0.7%	10,631	-0.2%	15.4%
Molina	4,508	-12.2%	1,002	-10.9%	3,506	-12.6%	-5.4%
Premera	56,331	8.6%	15,210	9.5%	41,121	8.3%	42.5%
Total	**136,268**	**3.6%**	**30,044**	**5.1%**	**106,224**	**3.2%**	**35.2%**

2016-2017 Average Annual Rate Changes for Individual On Exchange Enrollees (Assuming Auto-Renewal) By Carrier

	All Members		Members Not Receiving APTC		Members Receiving APTC		
Metal Level	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change**	**Enrollment**	**Renewal % Change - Pre APTC**	**Renewal % Change - Post APTC**
BridgeSpan	4,882	10.9%	1,354	11.6%	3,528	10.6%	15.8%
Community Health Plan of WA	67	10.6%	24	10.1%	43	10.8%	11.3%
Coordinated Care	28,303	4.8%	4,596	5.4%	23,707	4.8%	-0.4%
Group Health Cooperative	27,038	12.8%	8,540	12.6%	18,498	12.8%	16.9%
Kaiser	7,156	11.4%	1,508	11.3%	5,648	11.4%	19.9%
Lifewise	10,804	9.6%	3,442	10.0%	7,362	9.4%	8.6%
Molina	24,186	7.4%	7,090	7.5%	17,096	7.3%	13.2%
Premera	20,231	19.1%	6,881	19.6%	13,350	18.8%	27.4%
Regence BlueShield	2,281	13.9%	1,067	14.1%	1,214	13.8%	20.0%
Total	**124,948**	**11.3%**	**34,502**	**12.5%**	**90,446**	**10.9%**	**15.1%**