

# Commercial Insurance for Individuals and Employers

## 2019 snapshot of business priorities

Commercial health plans include employer-sponsored health insurance that employees can obtain through their benefits as well as individual private insurance available for purchase directly by consumers. While the Affordable Care Act in 2014 enacted changes to both markets, it dramatically impacted individual insurance coverage through new marketplaces and subsidies. This snapshot provides a glimpse at the commercial insurance industry's **key strategic trends** and **frequently asked questions** in 2019.

### What is top of mind for commercial insurance CXOs?

- Member experience
- Employer benefit preferences
- Care utilization decisions



#### DATA SPOTLIGHT

##### How are financial burdens distributed?

**241%**

Percentage that private health insurance pays hospitals compared to Medicare on average, 2019

**\$1655**

Average deductible amount for covered workers with single coverage in 2019

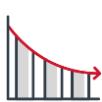
**57%**

Of American adults have received a surprise health care bill, as of 2018



#### STRATEGIC TRENDS

##### What is currently happening in the commercial market?



###### Employers are seeking new ways to control expenses

- As health benefits costs continue to rise, employers are putting more pressure on plans and exploring new ways to actively manage costs themselves
- Some employers are directing members to specific high quality providers to standardize care use



###### New competition arises in the individual marketplace

- Remaining plans have adapted to most uncertainties and are making record profits
- Short-term health plans, expanded health reimbursement arrangements, and association health plans may all contribute to shifts in the market case mix



###### Consumers are demanding hands-on support

- Partly due to increased cost sharing, consumers have greater incentive to choose cost-effective health services but expect plans to guide them through this
- Members with high cost sharing reduce care spending, but not always in cost-efficient ways

# What questions are health care professionals asking about commercial insurance?

## Top 5 FAQs in 2019

### **1. Was the individual mandate already repealed? Isn't it necessary for the exchanges to work?**

While the individual mandate was not formally repealed, it was reduced to \$0, which effectively eliminates the mandate. The penalty's original intention was to encourage healthy people to enroll in the marketplace to mitigate overall average costs. However, enrollment has only modestly declined since its elimination, suggesting that the penalty was never a large motivator.

### **2. What are the benefits of Health Savings Accounts (HSAs) in relation to High Deductible Health Plans (HDHPs)?**

Health Savings Accounts allow individuals to put away tax advantaged dollars to pay for health care costs. Most of the time HSAs are offered in conjunction with a high deductible plan so that consumers can use the HSA to offset the large deductible.

### **3. Do the ACA insurance laws, like no discrimination for pre-existing conditions, only apply to coverage on the exchanges or do they also apply to employer and government sponsored insurance?**

While these ACA provisions were targeted at employer sponsored and marketplace plans, public insurance plans also cannot refuse to cover individuals for pre-existing conditions or impose lifetime limits on most benefits.

### **4. What might a “single payer” system look like?**

The “single payer” system is one where a government operates and pays a tax-funded health insurance plan for residents. A single payer health system would eliminate all commercial health plans and would no longer tie health insurance to employment. This policy, in its most extreme form, would only allow for government insurance to exist.

### **5. Will “Medicare for All” result in lesser service quality for those who currently have commercial insurance?**

The change in quality or service would greatly depend on the type of plan an individual had prior to reform, as well as the version of “Medicare for All” that is enacted. Under some proposals, individuals would not pay any costs for receiving care. This could potentially be offset by providers refusing to accept Medicare and issues with service or the quality of doctors that will accept Medicare payments.

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