

Final Market Stabilization Rule

CMS issued final rule to increase choices and encourage stability in health insurance markets for 2018

The Centers for Medicare & Medicaid Services (CMS) issued the final Market Stabilization rule to help lower premiums and stabilize individual and small group markets, and to increase choices for Americans.

Individuals obtaining coverage in the Marketplace created by the Affordable Care Act have faced double-digit premium increases, fewer plans to choose from, and a market that continues to be threatened by insurance issuer exits.* The CMS rule is designed to provide some relief for patients and issuers now.

“CMS is committed to ensuring access to high quality affordable healthcare for all Americans and these actions are necessary to increase patient choices and to lower premiums,” said CMS Administrator Seema Verma. “While these steps will help stabilize the individual and small group markets, they are not a long-term cure for the problems that the Affordable Care Act has created in our healthcare system.”

The final rule makes several policy changes to improve the market and promote stability, including:

- **2018 Annual Open Enrollment Period:** The final rule adjusts the annual Open Enrollment period for 2018 to more closely align with Medicare and the private market. The next Open Enrollment period will start on November 1, 2017 and run through December 15, 2017, encouraging individuals to enroll in coverage prior to the beginning of the year.
- **Reduce Fraud, Waste, and Abuse:** The final rule promotes program integrity by requiring individuals to submit supporting documentation for special enrollment periods and ensures that only those who are eligible are able to enroll. It will encourage individuals to stay enrolled in coverage all year, reducing gaps in coverage and resulting in fewer individual mandate penalties and helping to lower premiums.
- **Promote Continuous Coverage:** The final rule promotes personal responsibility by allowing issuers to require individuals to pay back past due premiums before enrolling into a plan with the same issuer the following year. This is intended to address gaming and encourage individuals to maintain continuous coverage throughout the year, which will have a positive impact on the risk pool.
- **Ensure More Choices for Consumers:** For the 2018 plan year and beyond, the final rule allows issuers additional actuarial value flexibility to develop more choices with lower premium options for consumers, and to continue offering existing plans.
- **Empower States & Reduce Duplication:** The final rule reduces waste of taxpayer dollars by eliminating duplicative review of network adequacy by the Federal Government. The rule returns

oversight of network adequacy to states, which are best positioned to evaluate network adequacy.

CMS also made a number of other announcements regarding the process that issuers must follow to meet the law's requirements for the 2018 plan year. The additional guidance released includes updates to make the guidance consistent with the final rule and provide information needed by issuers in order to have their plans certified for 2018, including: [Key Dates for 2017](#); [Issuer Guidance on Uniform Rate Review Timeline](#); [Good Faith Compliance Guidance](#); [QHP Certification Guidance for States](#); and [Final Actuarial Value \(AV\) Calculator for 2018 and Methodology](#).

The final rule can be found, here: <https://www.federalregister.gov/documents/2017/04/18/2017-07712/patient-protection-and-affordable-care-act-market-stabilization>

*Recent statistics related to the Affordable Care Act:

- Approximately one-third of counties in the U.S. have only one insurer participating in their exchange for 2017.
- Five states have only one insurer participating in their exchange for 2017.
- The premium for the benchmark second-lowest cost “silver plan” on [HealthCare.gov](#) increased by an average of 25 percent from 2016-2017.
- Approximately 500,000 fewer Americans selected a plan in the exchange open enrollment in 2017 than in 2016.

- Many states saw double digit increases in their insurance premiums including:
 - AZ: 116%
 - OK: 69%
 - TN: 63%
 - AL: 58%
 - PA: 53%



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