regions may have only one participating insurance carrier offering plans for the 2017 plan year and there may be some sub-region counties where no plans are available.

Aug. 25, 2016

A new analysis from Avalere finds that nearly 36 percent of exchange market rating regions may have only one participating insurance carrier offering plans for the 2017 plan year and there may be some sub-region counties where no plans are available. Nearly 55 percent of exchange market rating regions may have two or fewer carriers. To determine competition levels in the exchanges, Avalere compared carriers that offered plans in 2016 to those that have publicly announced their intentions to scale back participation or exit the exchanges in 2017 (e.g., Aetna, Humana, United, some

CO-OPs). While this analysis assumes no new plans enter the market, consumer

In 2016, according to Avalere, only 4 percent of rating regions had only one or fewer participating carriers, while 33 percent had two or fewer carriers participating. Ahead of the 2017 plan year, several large national and regional issuers have indicated they will significantly scale back or no longer participate in the exchange market because of unsustainable financial losses.

"Lower-than-expected enrollment, a high cost population, and troubled risk mitigation programs have led to decreased plan participation for 2017," said Dan Mendelson, president of Avalere. "Congress and the Administration can choose to stabilize these markets and re-establish competition—but only through a consensus process that brings in a broader swath of the uninsured."

Avalere's analysis indicates that seven states (AK, AL, KS, NC, OK, SC, WY) will have only one carrier per rating region in each rating region in the state in 2017 (Figure 2).

How can low-levels of competition in the exchanges be mitigated?

In particular, national and/or state policy solutions could be designed to:

- Improve market stability through enhanced risk mitigation programs, including changes to the risk adjustment transfer formula and permanent reinsurance.

- Change current enrollment rules to minimize adverse selection, including tighter special enrollment period standards, lock-out periods for consumers who delay enrollment, reforms to the 90-day grace period for individuals receiving exchange subsidies, and incentives to encourage enrollees to maintain continuous coverage.
- Encourage more individuals to enroll in coverage to grow the risk pool, including additional funding for outreach, enhanced or reformed subsidies, or stronger mandate standards.

- Introduce new insurance products or market rules to make exchanges more

Payroll