

BROOKINGS

How has Obamacare impacted state health care marketplaces?

By Michael Morrissey, Richard P. Nathan, Alice M. Rivlin, and Mark Hall

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The Affordable Care Act (ACA) changed the nature of competition among health plans by creating regulated insurance exchanges, introducing new insurance industry regulations, and providing premium and cost-sharing reduction subsidies. Through these reforms, the law aimed to increase access to and the value of insurance coverage while lowering costs. To better understand the law's implementation and its effect on competition, researchers with the [ACA Implementation Research Network](#) interviewed key marketplace stakeholders to analyze why carriers chose to enter or exit markets, how provider networks were built, and how state regulatory decisions affected the landscape.

As Congress and the new Administration deliberate on what's next for the law, the Network presents their analyses of competition in [California](#), [Florida](#), [Michigan](#), [North Carolina](#), and [Texas](#) (PDFs). A [summary report](#) (PDF) of the general findings, authored by Texas A&M Professor Michael Morrissey, Brookings Senior Fellow Alice Rivlin, ACA Network Lead Richard P. Nathan, and Mark A. Hall, Brookings Nonresident Senior Fellow, is intended to generate hypotheses for further testing across state marketplaces and to identify individual idiosyncrasies within the states that provide context for national- and state-level reforms.

STATE HIGHLIGHTS

- In [California](#) (PDF), Micah Weinberg and Patrick Kallerman of the Bay Area Council Economic Institute report that the state's uninsured population was cut in half between 2014 and 2017, and many stakeholders attributed this to both the state's active purchasing model—including aggressively negotiating with insurers over premiums— and their active navigator program—which succeeded in increasing enrollments for individuals between 100 and 200 percent of the federal poverty level.
- In [Florida](#) (PDF), Patricia Born of Florida State University noted that respondents in the state see the marketplace as being largely successful, particularly in population-dense areas, and highlighted the positive impact navigators and other consumer-assistance efforts appear to have had in many parts of the state, despite legislation making navigator licensure more difficult.
- In [North Carolina](#) (PDF), the participation of Aetna and UnitedHealthcare provided a strong start for the state marketplace. However, Mark A. Hall and Katherine Booth of Wake Forest University report that both insurers withdrew due to higher-than-expected claim costs and the state's lack of Medicaid expansion. Additionally, the interference of the federal government in a merger between Aetna and Humana likely contributed to Aetna's decision to pull out,

leaving Blue Cross as the dominant insurer in the state.

- In [Michigan](#) (PDF), Megan Foster Friedman, Josh Fangmeier, Nancy Baum and Marianne Udow-Phillips at the Center for Healthcare Research & Transformation report that the success of regional insurers over national insurers, particularly Medicaid managed care organizations, is believed to have contributed to the general success of competition in Michigan compared to other states.
- In [Texas](#) (PDF), Michael Morrisey and Tiffany Radcliff of Texas A&M University found that the marketplace “unraveled rather dramatically,” when insurers left the marketplace due to higher-than-expected claims and losses from poor risk adjustment procedures, leaving even major urban areas like Houston with only three insurers.

Authors

- [Michael Morrisey](#)
Department Head and Professor, Health Policy & Management - Texas A&M University
- [Richard P. Nathan](#)
ACA Network Lead - Rockefeller Institute of Government
- [Alice M. Rivlin](#)
Senior Fellow - [Economic Studies](#), [Center for Health Policy](#)
- [Mark Hall](#)
Nonresident Senior Fellow - [Economic Studies](#), [Center for Health Policy](#)

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