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2018 Renewal Notices – What Marketplace Consumers Need to Know

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As Open Enrollment for 2018 coverage gets underway, consumers who have health coverage through the Affordable Care Act (ACA) Marketplace are again receiving renewal notices from their health insurers. Though the insurer renewal notices are based on the same model notice required in the past, this year for many consumers, it may be causing significant – and misleading – sticker shock.

That is because renewal notices sent by insurers are [required](#) to inform consumers what their 2018 monthly premium will be, assuming they receive the [same amount](#) of advanced premium tax credit (APTC) next year that they did in 2017. Insurer renewal notices have been required to present information this way [since 2014](#).

However, for the vast majority of consumers in the marketplace, premium tax credit amounts will increase significantly in 2018. Tax credit amounts are tied to the cost of the benchmark silver marketplace plan, which is increasing significantly in 2018 in most areas due to the termination by the federal government of cost-sharing payments to insurers. As a result, if a consumer buys a silver plan in both 2017 and 2018, assuming no change in income, her net monthly premium cost should stay about the same. But if the renewal notice estimates her 2018 monthly premium using the 2017 premium tax credit amount, in most areas the notice will mistakenly show a significant increase in what that consumer will pay for coverage.

The box to the right shows an excerpt from a renewal notice to a family (husband and wife in their early 60's) who buy Marketplace coverage in Virginia. With APTC this year, they pay about \$171 per month for a policy that costs more than \$1,500 per month. Their income is steady, so they will only be required to pay about the same amount next year, even though the unsubsidized premium for this policy will nearly double. The renewal notice, though, estimates their monthly costs will

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Important: It's time to review your health coverage. Take action by December 15, 2017, or you'll be automatically re-enrolled in the same or similar coverage. This may change some of your costs and coverage, so review your options carefully.

Thank you for choosing [redacted] Health for your healthcare needs. We're here to help you prepare for Open Enrollment.

Why am I getting this letter?
Your health coverage is still being offered in 2018, but some details may have changed. Read this letter carefully and decide if you want to keep this plan or choose another one. Also make sure to update your information with the Marketplace.

Changes you'll see to your plan in 2018

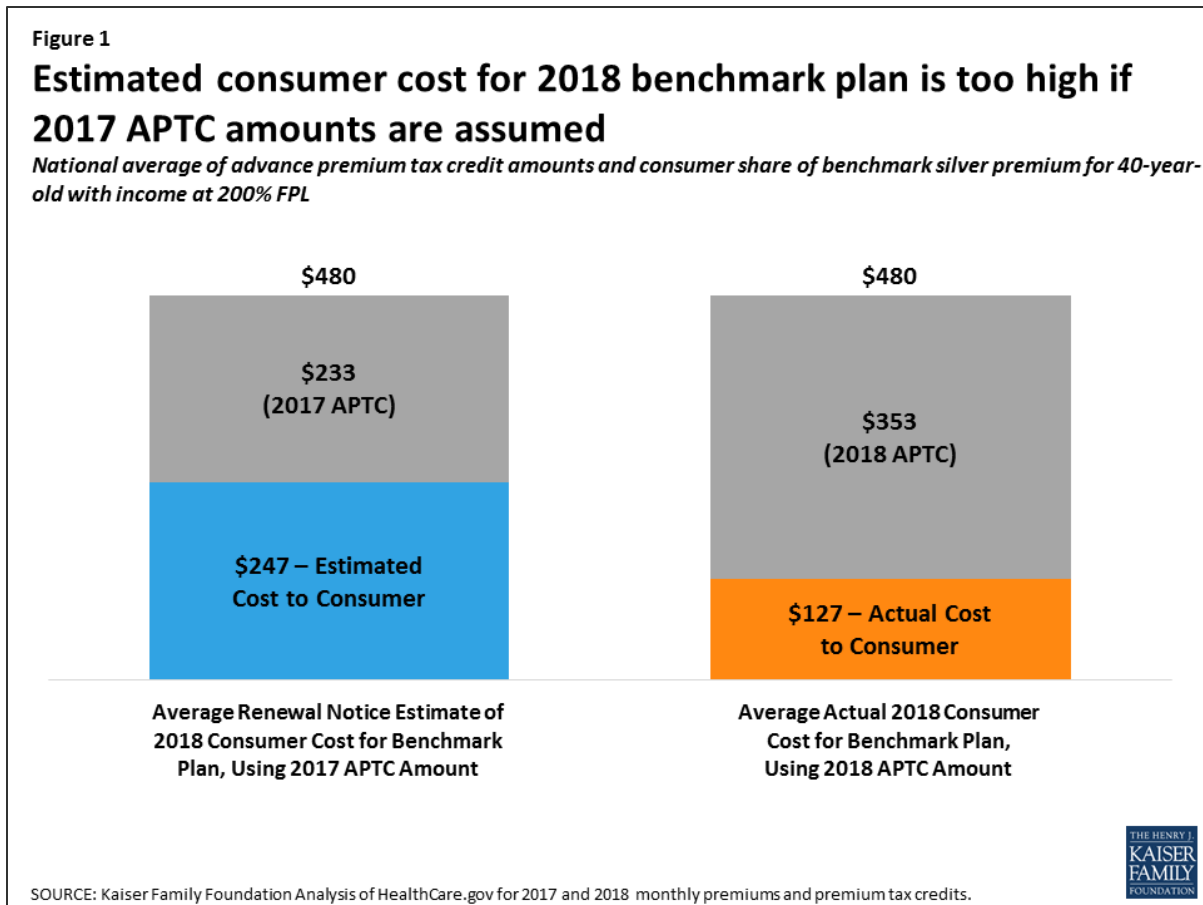
Your new premium

- Your 2017 monthly payment is \$171.04. This reflects a monthly premium of \$1690.04 minus \$1519.00 of financial help per month.
- **Starting in January, your estimated monthly payment will be \$1441.02.** This reflects an estimated monthly premium of \$2960.02 minus the same amount of financial help you're getting now. You'll see your new monthly payment when you receive your January bill.

Important: This is only an estimate based on current information we have, including the amount of financial help you got in 2017. It also doesn't reflect any changes to your enrollment, such as adding additional members to your coverage. To find out how much financial help you qualify for in 2018 and your new premium amount, update your Marketplace application. See below for more information.

increase to more than \$1,400 – a 743% increase -- because it reflects their 2017 premium tax credit amount rather than their 2018 subsidy.

A 40-year-old single person with income at 200% of the federal poverty level will pay the same amount for the benchmark silver plan in 2017 and in 2018. The average unsubsidized monthly premium amount for the benchmark silver marketplace plan in 2018 will increase \$119 in 2018 compared to 2017 (\$480 vs. \$361), and the APTC amounts will also increase by \$120 (\$353 in 2018 vs \$233 in 2017), leaving the consumer to pay \$127 per month for the benchmark plan in both years. However, renewal notices that estimate a consumer’s net premium for the 2018 benchmark plan using the 2017 APTC amount, on average, will show this consumer paying \$247 per month - \$120 (95%) more than will actually be the case. (Figure 1)



The amount of increase in the 2018 benchmark plan premium varies by state. As a result, renewal notices may misestimate consumers renewal rate costs by varying amounts. In some areas, such as Phoenix, AZ, where the benchmark plan cost is changing very little in 2018, the estimated costs consumers see in renewal notices will be roughly accurate. By contrast, in Omaha, NE, where benchmark premiums are increasing significantly, renewal notices that estimate consumer costs using the 2017 APTC amounts will be off by a much greater amount.

Table 1: Difference in Actual vs. Estimated Consumer Cost of 2018 Benchmark Silver Plan for a 40-year-old at 200% FPL

State	Major City	Subsidized Monthly Benchmark Silver Plan Premium			Difference in Estimated vs Actual Monthly Consumer Cost for 2018
		Actual 2017 Consumer Cost Net of 2017 APTC	Actual 2018 Consumer Cost Net of 2018 APTC	Estimated 2018 Premium Using 2017 APTC	
US Average		\$127	\$127	\$247	\$120
Alabama	Birmingham	\$127	\$127	\$181	\$53
Alaska	Anchorage	\$159	\$159	\$0	-\$159
Arizona	Phoenix	\$127	\$127	\$131	\$4
Arkansas	Little Rock	\$127	\$127	\$191	\$64
California	Los Angeles	\$127	\$127	\$194	\$67
Colorado	Denver	\$127	\$127	\$228	\$101
Connecticut	Hartford	\$127	\$127	\$208	\$81
Delaware	Wilmington	\$127	\$127	\$293	\$166
DC	Washington	\$127	\$127	\$153	\$25
Florida	Miami	\$127	\$127	\$263	\$136
Georgia	Atlanta	\$127	\$127	\$272	\$145
Hawaii	Honolulu	\$146	\$146	\$238	\$91
Idaho	Boise	\$127	\$127	\$242	\$114
Illinois	Chicago	\$127	\$127	\$247	\$119
Indiana	Indianapolis	\$127	\$127	\$206	\$78
Iowa	Cedar Rapids	\$127	\$127	\$528	\$401
Kansas	Wichita	\$127	\$127	\$250	\$123
Kentucky	Louisville	\$127	\$127	\$277	\$149
Louisiana	New Orleans	\$127	\$127	\$163	\$35
Maine	Portland	\$127	\$127	\$298	\$171
Maryland	Baltimore	\$127	\$127	\$274	\$147
Massachusetts	Boston	\$127	\$127	\$187	\$60
Michigan	Detroit	\$127	\$127	\$223	\$95
Minnesota	Minneapolis	\$127	\$127	\$89	-\$38
Mississippi	Jackson	\$127	\$127	\$326	\$198
Missouri	St Louis	\$127	\$127	\$282	\$154
Montana	Billings	\$127	\$127	\$205	\$78
Nebraska	Omaha	\$127	\$127	\$511	\$384
Nevada	Las Vegas	\$127	\$127	\$230	\$102
New Hampshire	Manchester	\$127	\$127	\$335	\$207
New Jersey	Newark	\$127	\$127	\$185	\$58
New Mexico	Albuquerque	\$127	\$127	\$270	\$143
New York	New York City	\$127	\$127	\$181	\$54
North Carolina	Charlotte	\$127	\$127	\$223	\$95
North Dakota	Fargo	\$127	\$127	\$94	-\$33
Ohio	Cleveland	\$127	\$127	\$216	\$88
Oklahoma	Oklahoma City	\$127	\$127	\$319	\$192
Oregon	Portland	\$127	\$127	\$190	\$63
Pennsylvania	Philadelphia	\$127	\$127	\$345	\$217
Rhode Island	Providence	\$127	\$127	\$177	\$50
South Carolina	Columbia	\$127	\$127	\$284	\$157
South Dakota	Sioux Falls	\$127	\$127	\$133	\$6
Tennessee	Nashville	\$127	\$127	\$291	\$163
Texas	Houston	\$127	\$127	\$238	\$111
Utah	Salt Lake City	\$127	\$127	\$350	\$222
Vermont	Burlington	\$127	\$127	\$141	\$14

Virginia	Richmond	\$127	\$127	\$313	\$186
Washington	Seattle	\$127	\$127	\$228	\$100
West Virginia	Huntington	\$127	\$127	\$172	\$45
Wisconsin	Milwaukee	\$127	\$127	\$317	\$189
Wyoming	Cheyenne	\$127	\$127	\$459	\$332

SOURCE: Kaiser Family Foundation analysis of insurer rate filings to state regulators and data published by HHS.

What Consumers Need to Know

Consumers need to know that the renewal notice they receive from their insurer likely will estimate a much higher monthly premium for 2018 than they would actually pay after taking into account their tax credit. This is not the insurer's fault. Insurers were directed to estimate 2018 renewal costs taking into account the tax credit amount consumers were receiving in 2017; but in most cases, this will result in an inaccurate estimate.

Consumers should watch for a second renewal notice, this one from the marketplace, that will likely estimate a different and higher APTC amount for 2018 that does take into account the increase in benchmark silver plan premiums.

For the most accurate estimate of their likely 2018 subsidy and monthly plan costs, consumers should log into their marketplace account, update their application information, and view the cost of all plan options after the 2018 APTC is applied. Consumers can also estimate their 2018 costs with the KFF [subsidy calculator](#).