

# GAO Highlights

Highlights of [GAO-14-657](#), a report to congressional requesters

## Why GAO Did This Study

PPACA required by January 1, 2014, the establishment in each state of health insurance exchanges—marketplaces where eligible individuals and small businesses can compare and select among insurance plans. Issuer participation, including the number of plans these issuers offer, is a key factor in the extent of consumer choice offered by the exchanges.

GAO was asked to examine the number and types of issuers participating in both the individual and small-business exchanges beginning in 2014, as well as how this compared with issuer participation in the individual and small-group markets prior to the exchanges. In this report, GAO describes (1) the extent to which issuers that previously offered health plans in the individual and small-group markets participated in the exchanges in 2014, and (2) the issuers that participated in 2014 exchanges and the health plans they offered.

GAO analyzed data obtained from CMS and states on the health plans offered by issuers that participated in states' exchanges in 2014. GAO also analyzed CMS data on issuers' participation and market share in the 2012 individual and small-group markets, the most recently available national market-wide data. GAO reviewed relevant laws and regulations and interviewed CMS officials to identify federal requirements related to exchange participation. GAO obtained information on state participation requirements from applicable states.

View [GAO-14-657](#). For more information, contact John Dicken at (202) 512-7114 or [dickenj@gao.gov](mailto:dickenj@gao.gov).

August 2014

## PATIENT PROTECTION AND AFFORDABLE CARE ACT

### Largest Issuers of Health Coverage Participated in Most Exchanges, and Number of Plans Available Varied

## What GAO Found

Most of the largest issuers of health coverage from 2012 participated in the exchanges that the Patient Protection and Affordable Care Act (PPACA) required be established in all states in 2014. Previously, in 2012, while a large number of issuers participated in state individual and small-group markets, a small number of these participating issuers held a majority of the market share in terms of enrollment. In 2014, for both those exchanges serving the individual market and those serving the small-group market, in more than two-thirds of states the issuer with the largest share of the 2012 market participated in the 2014 exchange. In addition, in most states, other larger issuers with a 5 percent or more share of the 2012 market participated in the 2014 exchanges. Most smaller issuers with less than 5 percent of the 2012 market did not participate in the 2014 exchanges, although in many states more than one of these smaller issuers did participate. In addition, some issuers that participated in a 2014 individual or small-business exchange had not offered coverage in the respective 2012 market, although they may have offered coverage in other markets within the same state. In most states, for 2014, the issuers participating in the exchanges represented a mix of larger issuers, smaller issuers, and issuers new to that market.

**Table: Average Issuer Participation in 2014 Exchanges across States**

Type of exchange	Average number of participating issuers	Average number of issuers new to the market in 2014	Average 2012 market share of all participating issuers
Individual	6	3	57
Small-business	4	1	56

Source: Centers for Medicare & Medicaid Services (CMS) and states. | [GAO-14-657](#)

Multiple issuers participated in nearly all 2014 exchanges and generally offered more health plans than the minimum of two required by PPACA. Overall, the number of participating issuers varied widely between states, from 1 to 17 issuers in the individual exchanges and from 1 to 13 issuers in the small-business exchanges. However, almost all exchanges—49 individual and 45 small-business—had more than one issuer participating. More than half of participating issuers offered coverage through both the individual and small-business exchange in that state, although more issuers participated in the individual exchanges than in the small-business exchanges. Issuers varied substantially in the number of plans they offered; 257 of the 291 issuers in the individual exchanges, and 183 of the 207 issuers in the small-business exchanges, offered more than the minimum number of plans required by PPACA in all the rating areas in which they offered coverage. For both the individual and small-business exchanges, collectively, issuers in the 25 most populous states tended to offer a higher than average number of plans, while those in less populous states were less likely to do so.

GAO received technical comments on a draft of this report from the Department of Health and Human Services and incorporated them as appropriate.