

Why GAO Did This Study

Individuals have various options for obtaining private health insurance, including through the individual, small group, and large group markets. A concentrated health insurance market may indicate less issuer competition and could affect consumers' choice of issuers and the premiums they pay for coverage.

PPACA included a provision for GAO to periodically study health insurance market concentration. This report describes changes in the concentration of enrollment among issuers in the overall individual, small group, and large group health insurance markets and in the individual market exchanges.

GAO determined market share in each of the three overall markets using enrollment data from 2019 and 2020 that issuers are required to report to the Centers for Medicare & Medicaid Services (CMS). GAO determined market share in the individual market exchanges in 2018, 2019, and 2020 using enrollment data from CMS. For all analyses, GAO used the most recent data available at the time of its review.

PRIVATE HEALTH INSURANCE

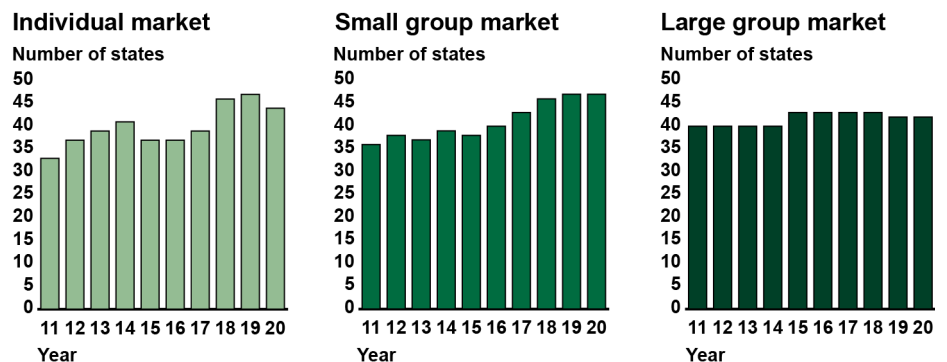
Markets Remained Concentrated through 2020, with Increases in the Individual and Small Group Markets

What GAO Found

In November 2020, GAO reported that, from 2010 through 2018, enrollment in private health insurance plans was concentrated, meaning a small number of issuers of those plans enrolled most of the people in a given market. Specifically, GAO considered a market concentrated in a state if three or fewer issuers held at least 80 percent of that market. GAO examined the individual (coverage sold directly to individuals), small group (coverage offered by small employers), and large group (coverage offered by large employers) markets and found that this pattern continued in 2019 and 2020. Specifically:

- Each of the three markets in 2020 was concentrated in at least 42 states (including the District of Columbia).
- The individual and small group markets generally became more concentrated in recent years. The median market share of the top three issuers in each market increased by 12 and 10 percentage points, respectively, from 2011 through 2020. With these increases, their median market share was at least 97 percent in both markets in 2020.

Number of States, including the District of Columbia, Where the Three Largest Issuers Had at Least 80 Percent of Enrollment, by Market, 2011-2020



Source: GAO analysis of data from the Centers for Medicare & Medicaid Services (CMS). | GAO-23-105672

GAO found similar patterns of high concentration across individual market exchanges. Exchanges, which are marketplaces where consumers can compare and select among insurance plans offered by participating issuers, were established by the Patient Protection and Affordable Care Act (PPACA). From 2015 through 2020, most states' exchanges were concentrated and became more concentrated over time. This was often because the number of issuers decreased or the existing issuers increased their market share within a state. In 2020, the exchanges were concentrated in all states.

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