

# **The Early Effects of the Affordable Care Act on the Individual Health Insurance Market: Insurance Plan Availability and Premiums**

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## **Abstract**

The Patient Protection and Affordable Care Act (“ACA”) is the most dramatic change to the health insurance marketplace in the last half-century. One of the biggest changes is the creation of health insurance marketplaces (“exchanges”). Regulation of exchanges requires that plans offered differ markedly from plans in the pre-ACA individual market regarding consumer plan eligibility, plan pricing, and plan characteristics. The goal of this research is to provide a picture of the ACA’s short run effects on plan availability and on plan pricing. To do so, we gathered data from [www.ehealthinsurance.com](http://www.ehealthinsurance.com) in August/September 2013, shortly before the ACA exchanges were set up, followed by gathering comparable data from the exchanges in February 2014. We draw the following conclusions. A very large share (85%) of pre-ACA plans are precluded from the post-ACA individual market. Much of this is due to the ACA’s maternity mandate which is required of all policies, including those for single males and older females. Post-ACA policy offerings on exchanges are more likely to be HMOs instead of PPOs, have lower deductibles, and have a higher coinsurance rate relative to the pre-ACA market. Regarding premiums, we estimate that 15 to 21 million people will face nearly the full, unsubsidized cost of the post-ACA premiums. Of those in our sample of states, we estimate the lowest premium available in the market is higher for 99% of this group. Over half (52%) experience an at least \$100 per month increase and about 13% faced an over \$200 per month increase. Interestingly, the older women demographic group shows the largest premium increases.