



# Support SB 215 The Colorado Health Insurance Affordability Fund

## Health Insurance Fees and Health Insurance Premiums: What the data shows

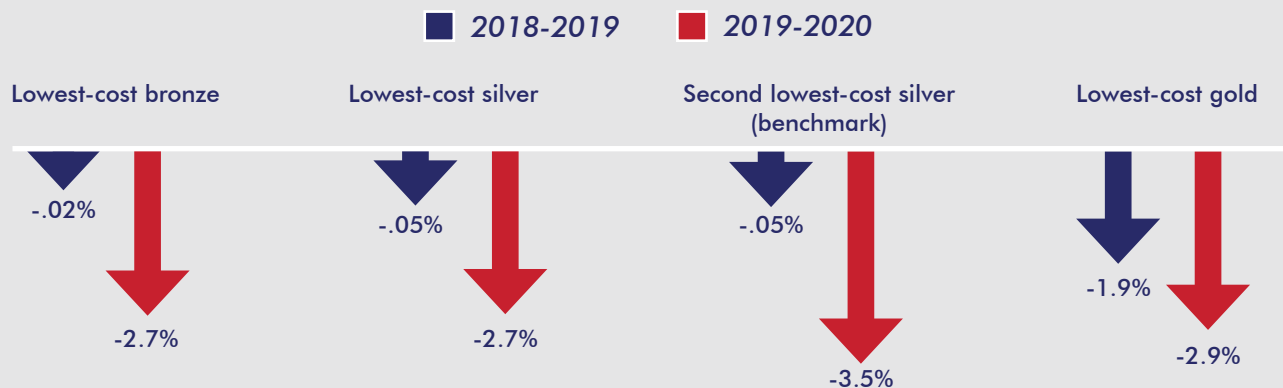
Health insurance fees don't translate into health insurance premium increases. How do we know this? We have hard data. There is no single factor that determines whether premiums will rise, fall or stay stagnant. The data we have – which directly correlates to the proposed Colorado Health Insurance Affordability Fund – suggests that the current health insurance fee, which has been collected off and on for many years, is not tied to premium costs in the individual or small group market. If fees were to predictably drive premium prices in either the individual or small-group market, the price changes in the US overall and in most states would be doing the opposite of what they do in the data.

### What does the data show?

The federal fee was suspended in 2019, but reinstated in 2020. However, when we look at what premiums did across the country those years in the individual market, we see much larger premium declines in plan year 2019-2020, when the fee was reinstated than in 2018-2019, when it was suspended. The chart below, using data from the Kaiser Family Foundation State Health Facts, shows this trend.

## Premiums fell when the federal Health Insurance Fee returned in 2020

Changes in average exchange premiums nationally:



### What evidence of this trend do we have from other states?

Data from Maryland give us further evidence that premiums do not necessarily rise when a fee is collected. In 2019, Maryland replaced the suspended federal fee with a state-level fee and still saw a significant drop in premiums in the individual market compared to national rates. The chart below using data from the Kaiser Family Foundation State Health Facts shows this trend. Further, data from the Centers for Medicare and Medicaid Services show that premiums in the small group market in Maryland rose by less than the national average when they implemented their state fee.

## Maryland premiums fell in 2019, even though it replaced the suspended federal Health Insurance Fee with a state fee

Changes in average exchange premiums from 2018 to 2019: U.S. vs. Maryland

