

# NEWS BRIEF

## Inflation and Coverage Shifts Could Impact 2024 Health Premiums



The American Academy of Actuaries (the Academy) published a [public policy issue brief](#) explaining a convergence of multiple factors, including inflation and the COVID-19 pandemic's aftermath, that could potentially influence 2024 health insurance premium rates.

According to the brief, premium rate changes vary between individual and small group plans within the same geographic area, and there may be variations between other regions. However, rate changes for 2024 Affordable Care Act (ACA)-compliant health insurance plans are driven by the following:

- **Inflation**—While health care costs outpace inflation, higher contract reimbursement rates with providers also pressure premium rates. These costs have been surpassing inflation, and renewals of expiring multiyear contracts setting reimbursement rates are expected to reflect providers' increased operational costs.
- **COVID-19 public health emergency (PHE)**—Due to the PHE ending, payment responsibility changes (for COVID-19 vaccines and tests) and potential enrollment are shifting, possibly leading to carriers increasing their rates. Furthermore, the impact of long COVID-19 on medical costs and premiums is uncertain.
- **Coverage shifts**—Many small employers are changing their offered coverage options, which could result in higher premium rates in ACA-compliant small group plans. These employers are migrating toward alternative funding arrangements, such as level funded plans and self-funded plans.
- **Medicaid redeterminations**—Medicaid eligibility redeterminations will likely increase the individual health insurance market enrollment, but the impact on premiums is still unknown.
- **Telemedicine**—Although telemedicine popularity has recently dropped, usage remains above pre-pandemic levels. While some federal policies to broaden telemedicine access have been extended, others haven't. Employers are urged to consider changes that may occur at a state or federal level, as it remains uncertain whether telemedicine reduces traditional health service utilization or increases overall spending.

The Academy noted that higher health care and provider costs are putting pressure on premium rates for next year—maybe even more so than when current premium rates were developed in 2022.

### What's Next?

When developing 2024 health insurance rates, carriers are likely to project claims under multiple scenarios due to the uncertainty of various factors, including Medicaid redeterminations. However, inflation, among other forces, will increase negotiated provider payment rates and premiums.

Premium changes for 2024 will reflect local market dynamics and vary by carrier and area. Employers should continue to monitor health care utilization and spending trends. Contact us today for more information.

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