Consumers and health policy experts have all known about the differences in health insurance premiums across states. There have been plenty of anecdotal stories, but real data have been hard to come by.

Not now. A new report [2] from the Kaiser Family Foundation found the state-by-state variation was substantial, ranging from a high of $400 per member per month in Vermont and Massachusetts to a low of $136 in Alabama. The data came directly from filings with the National Association of Insurance Commissioners (NAIC) by insurers.

The report points out that the average rate calculation includes children and adults and that adults in the individual market pay more. And although premiums are lower in some states, higher deductibles or copayments may offset the savings in premiums. Other factors leading to the variation by state are the cost of living, health care costs, state demographics (e.g., the age distribution of the population), plans' effectiveness at controlling costs, and the benefits offered by plans.

KFF says this data will serve as a baseline to measure the impact of the Affordable Care Act when individuals can purchase individual policies through state health insurance exchanges in 2014. At that time, the policies will all meet certain minimums, including no exclusions or surcharges for pre-existing conditions as well as a standard essential benefit package. Despite some standardization brought about by the ACA, we should expect to continue to see state variation in premiums due to cost of living and cost of health care.

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