



# Comparing Pricing and Competition in Small-Group Market and Individual Marketplaces

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## Introduction

The Affordable Care Act (ACA) has brought many reforms to the individual and small-group insurance markets. Prior to the ACA, these markets were characterized by preexisting condition exclusions, benefit limitations, and experience rating, all intended to segment markets and allow insurers to avoid bad risk (Banthin and Grazevich 2022). Guaranteed issue was required with HIPAA, but experience rating was generally permitted, and thus, insurance was more readily available to the healthy than to those with high medical costs (Abraham, Royalty, and Drake 2019). The ACA reforms to these markets included requirements for essential health benefits, prohibitions on preexisting condition exclusions, actuarial value standards, minimum thresholds for medical loss ratios, and modified community ratings. These provisions applied to both the individual and fully insured small-group markets.

In addition, the ACA added income-related premium tax credits and cost-sharing subsidies for eligible individuals in the nongroup market. These subsidies were enhanced by the American Rescue Plan Act and extended by the Inflation Reduction Act. This meant that coverage was relatively affordable for most low-income people, either through Medicaid expansion or, for people without an affordable insurance offer from an employer, through the individual Marketplaces. These individual premiums and cost-sharing subsidies are unavailable in the small-group market.

The ACA also introduced Small Business Health Options Program (SHOP) Marketplaces into the small-group market as a tool to provide structure and oversight and allow small employers to see all available plans. This was intended to decrease costs and administrative burdens on small employers and increase affordable coverage options for small businesses nationwide. One of the original intentions of the SHOP Marketplaces was to provide a platform to enable employee choice, but this never really came to fruition. The SHOP Marketplaces attracted little enrollment, with the vast majority of the small-group market either outside of the SHOP or through self-insured plans. Enrollment in self-insured and level-funded plans is quite robust in the small-group market, with an estimated 45 percent of the entire market enrolled in these products (Claxton et al. 2023).

Enrollment in the individual market, specifically individual Marketplaces, has significantly increased since the passage of the ACA in 2010 and the launch of the Marketplaces in 2014. The individual Marketplace now provides coverage to over 16 million people, and an estimated 3.8 million purchase individual coverage from the Marketplace.<sup>1</sup> Many predicted that small employers would stop offering coverage once their workers had the option of subsidized coverage in the individual market, but enrollment in small-group coverage has stayed consistent. According to Urban Institute estimates, in 2022 about 17 million people, including both employees and family members, were covered.<sup>2</sup>

The structure of the Marketplaces and the tax credits within the individual market contain strong cost containment incentives, but incentives in the small-group market are less clear. In the individual market, a benchmark plan—the second-lowest-cost silver premium in a rating area—is established, and income-related tax credits are tied to the benchmark premium. Anyone who wishes to purchase a plan that costs more than the benchmark must pay the full marginal cost, while those who are willing to accept the less generous coverage of a bronze plan can often get coverage for small—or zero—premiums. Because of this structure, those enrolling in the individual market tend to purchase bronze or silver plans.

Incentives are somewhat different in the small-group market. Employer decisions are also influenced by the fact that employer contributions to premiums are excluded from taxable compensation. While individuals should have incentives to gravitate to the lowest-priced plans available, decisions are usually made by employers and, in most cases, the worker (directly) bears only a portion of the premium. Some employers may focus on price, but others could consider factors they believe are important to their workers, e.g., plan service and provider networks, even if it means higher premiums. The fact that so many enroll in gold and platinum plans suggests price may be far from the most important consideration. Since small employers also tend to offer coverage as part of a benefits package to attract and maintain talent, offering a more generous plan can often mean higher costs, which is accepted as part of the decisionmaking process (Corlette et al. 2021).

Relatively low-priced plans are available in most areas in both markets, but both markets have been affected by a lack of insurer and hospital competition in many areas. Thus, while premiums can be low in many markets, particularly in urban areas, they can be considerably higher in some states and in parts of other states. Historically, the small-group market had more robust insurer participation, but that has changed in recent years, with insurer participation greater in the individual market in many states

(Abraham, Royalty, and Drake 2019). However, in the individual market, many areas suffer from a low number of participating insurers or highly concentrated hospital markets. As a result, Senators Michael Bennet and Tim Kaine introduced a bill to establish a public option within the small-group and individual Marketplaces.<sup>3</sup> In this paper, we provide some evidence on whether there is a need for a public option in the small-group and individual markets.<sup>4</sup>

Given the interest in both markets and the fact that they face many similar problems, we present some data to answer the following questions:

1. Are there differences between the small-group and the individual markets in choice of metal tier, i.e., plan generosity?
2. How different are populations in both markets regarding age, health status, and income?
3. How much variation is there across markets in small-group premiums? Are these variations related to insurer and hospital consolidation in the individual market?
4. How different are premiums in the two markets?
5. Which markets have the highest per-person expenditures?
6. What has been the recent growth in premiums in both markets?
7. How many insurers participate in both markets?
8. What are the characteristics of insurers in each market?

## Data and Methods

For this study, we obtained insurer participation and premium data for both the individual and small-group markets from the 2021 and 2022 Robert Wood Johnson Foundation HIX Compare datasets.<sup>5</sup> Premium and participation data are for plans sold in the individual Marketplaces and fully insured plans in the small-group market. Demographic and expenditure data include all small-group enrollees, both individuals in fully insured and self-insured plans. First, we present the state average lowest premium data from silver and gold metal tiers. In the small-group market, these are calculated by averaging the lowest-cost plan offered in each rating area across quarters and weighting by rating area population. This is necessary since there are multiple open enrollment periods within the small-group market and premiums often vary by quarter. We then present insurer participation data for the individual and small-group markets. The individual market data comes from healthcare.gov public use files and state-based Marketplace websites. We next present premium data for the individual and small-group markets in silver and gold metal tiers. Premium data for the individual Marketplace also comes from healthcare.gov and state-based Marketplace public use files. Data on the demographic characteristics of people in the two markets comes from the Urban Institute's Health Insurance Policy Simulation Model (HIPSM) model. For more detailed information and the methodology of HIPSM, please see Buettgens and Banthin 2020 and 2022. New Jersey and Nebraska are excluded from this analysis since

they have different rating regions in the individual and small-group markets, making apples-to-apples comparisons difficult.

## Results

### Enrollment by Metal Tier

Table 1 projects enrollment by metal tier data on individuals enrolled in the small-group and individual markets for 2024. Almost all small-group enrollees (92 percent) are in gold or platinum plans, while almost all individual Marketplace enrollees (89 percent) are in bronze or silver plans. The small-group distribution reflects employer choices on plans meeting employees’ preferences. Employees may prefer more generous gold and platinum plans because the premiums are paid with dollars excluded from taxes. Both employer and employee contributions to premiums are excluded from taxes, which means that the tax exclusion increases with the size of the premium and employees’ incomes, encouraging employers and employees to prefer more generous and higher premium plans. Ultimately, however, employees pay for health insurance through lower forms of other compensation, such as wages, most of which are taxable (Corlette et al. 2021). The individual market distribution reflects that silver plans have cost-sharing subsidies, and bronze plans can have very low, if not zero, premiums, especially after the enhanced subsidies of the American Rescue Plan Act and Inflation Reduction Act.

TABLE 1

**Projected Enrollment by Metal Tier, Small-Group ESI and Individual Marketplace, 2024**

	Small-Group ESI		Individual Marketplace	
	Enrollment (thousands)	Share of total enrollment	Enrollment (thousands)	Share of total enrollment
<b>Total</b>	<b>17,067</b>	<b>100.0%</b>	<b>16,118</b>	<b>100.0%</b>
Bronze	1,301	7.6%	7,376	45.8%
Silver	n.a.	n.a.	7,044	43.7%
Gold	12,086	70.8%	1,697	10.5%
Platinum	3,663	21.5%	n.a.	n.a.

Source: The Urban Institute’s Health Insurance Policy Simulation Model, 2023.

Notes: ESI = employer-sponsored insurance.

### SMALL-GROUP MARKET AND INDIVIDUAL MARKETPLACE ENROLLEE CHARACTERISTICS

Table 2 uses data from HIPSM to present projected characteristics of enrollees in the two markets and shows that individuals in the small-group market tend to be younger, in somewhat better health, and have higher incomes than those in the individual Marketplace. For example, 62 percent of those in the small-group market report being in excellent or very good health versus 54 percent with Marketplace coverage. In the small-group market, 8 percent are in fair or poor health versus 14 percent in the Marketplace. Those in the small-group market are considerably younger. For example, 22 percent of those in the small-group market are under age 19 versus only 8 percent in the individual Marketplace. In contrast, 14 percent of those in the small-group market are ages 55–64 versus 26 percent in the

individual Marketplace. People in the small-group market also tend to have higher incomes. As shown in table 2, 47 percent of those in the small-group market have incomes of 400 percent of the federal poverty level (FPL) or higher; only 18 percent of those with individual Marketplace coverage had incomes at 400 percent of FPL and higher. Thus, based on age and health status, premiums would be expected to be lower in the small-group market. However, since higher-income people tend to use more health services, the fact that people in the small-group market have higher incomes would push in the opposite direction.

TABLE 2

**Projected Nonelderly Enrollment in Small-Group ESI and Marketplace, by Age, Health Status, and Income, 2024**

	Small-group ESI		Individual Marketplace	
	Thousands	Percent of total	Thousands	Percent of total
<b>Enrollment</b>	17,067		16,118	
<b>Enrollment by health status</b>				
Excellent	4,893	29%	3,598	22%
Very good	5,614	33%	5,043	31%
Good	5,150	30%	5,267	33%
Fair	1,122	7%	1,723	11%
Poor	288	2%	487	3%
<b>Enrollment by age group</b>				
Ages 0-18	3,739	22%	1,287	8%
Ages 19-34	4,857	28%	4,515	28%
Ages 35-54	6,156	36%	6,045	38%
Ages 55-64	2,316	14%	4,270	26%
<b>Enrollment by household income (% of FPL)</b>				
Below 150%	1,337	8%	3,452	21%
150% to 300%	4,735	28%	7,435	46%
300% to 400%	2,924	17%	2,285	14%
400% to 600%	3,945	23%	1,876	12%
Above 600%	4,126	24%	1,070	7%

Source: The Urban Institute's Health Insurance Policy Simulation Model, 2023.

Notes: FPL = federal poverty level; ESI = employer-sponsored insurance.

**LOWEST-COST PREMIUMS IN SMALL-GROUP MARKET AND INDIVIDUAL MARKETPLACES**

Table 3 shows that the national average lowest-cost monthly small-group premium in 2022 for a 40-year-old is \$382 for a silver plan and \$439 for a gold plan (fully insured products).<sup>6</sup> The table also provides premiums for the 15 largest states and the remaining 33 smaller states and DC. There is considerable variation across states for reasons which we explore below. For example, the average lowest monthly gold premiums for a 40-year-old are \$281 in Michigan, \$337 in California, and \$344 in Texas. Conversely, the average lowest gold premium was \$474 in Georgia and \$605 in Ohio. New York's average lowest gold premium, \$663, is an outlier because of community rating. For silver plans, the national average lowest premium is \$382. The lowest silver premiums were in Michigan (\$250) and

California (\$301), with the highest premiums (not including New York) in Ohio (\$540) and Georgia (\$413).

**TABLE 3**

**Lowest Small-Group Insurance Premiums Compared with Lowest Premium in the Individual Market, 2021–2022 (dollars per month)**

	Small-Group ESI		Individual Marketplace		Percent Difference Between Markets	
	Silver	Gold	Silver	Gold	Silver	Gold
<b>US Average</b>	<b>382</b>	<b>439</b>	<b>427</b>	<b>468</b>	<b>-12%</b>	<b>-7%</b>
Arizona	325	398	376	492	-16%	-24%
California	301	337	400	431	-33%	-28%
Florida	395	456	454	477	-15%	-5%
Georgia	413	474	384	392	7%	17%
Illinois	367	365	410	458	-12%	-26%
Massachusetts	321	447	379	466	-18%	-4%
Michigan	250	281	329	362	-32%	-29%
New York	616	663	588	718	5%	-8%
North Carolina	353	427	486	472	-38%	-11%
Ohio	540	605	368	435	32%	28%
Pennsylvania	367	442	426	393	-16%	11%
Tennessee	306	407	441	487	-44%	-20%
Texas	306	344	409	397	-33%	-15%
Virginia	358	403	444	432	-24%	-7%
Washington	328	391	375	399	-14%	-2%
Smaller states + DC	363	439	432	475	-17%	-10%

**Source:** Robert Wood Johnson Foundation HIX Compare Datasets 2021–2022, <https://hix-compare.org/>.

**Notes:** ESI = employer-sponsored insurance. We display the 15 largest states; the remaining are averaged in a row, "Smaller states + DC." New Jersey and Nebraska are excluded because of differing rating regions in individual and small-group markets.

Table 3 also shows how the lowest small-group premiums compared with the lowest individual market premiums. As we discuss, employers may not select the lowest-cost plans as often as those in the individual market. Nonetheless, premiums for the lowest-cost plans were generally 12 percent lower in 2022 in the small-group market, consistent with age and health status differences. In some states like Arizona, California, Illinois, and Michigan, these differences are very large. Small-group premiums were higher than individual premiums in only two of the 15 largest states—Georgia and Ohio. The differences between individual and small-group premiums are somewhat smaller for gold premiums, with only a 7 percent difference on average. The greater difference in silver-tier premiums in the individual and small-group markets is undoubtedly because of silver loading in the individual market. This has increased individual Marketplace premiums because insurers build the costs of cost-sharing subsidies into premiums, often into silver plan premiums, referred to as silver loading. This is not the case in most states for gold-level premiums because cost sharing is not subsidized.<sup>7</sup> As we show below, expenditures in the small-group market are generally higher than in the individual market. This implies that small-group employers are not choosing the lowest premium plans.

To help identify the correlates of the variation in small-group premiums, we estimated separate linear regression models (table 4). We regressed the lowest premiums in both the silver and gold metal tiers on a measure of hospital concentration, the Herfindahl Hershman Index (HHI), the number of small-group insurers in the market, and an indicator of whether the rating region was in an urban and rural area. We include silver and gold in this analysis to allow comparison with the individual Marketplace that we have published elsewhere despite minimal enrollment in silver plans within the small-group market (Holahan, Wengle, and O'Brien 2023). The most notable result was that small-group premiums were related to the HHI. In other words, the more concentrated the hospital market, the higher the small-group premiums. The number of small-group insurers was negatively related to premiums but not statistically significant (the number of insurers at a T value of -1.51 in the silver regression and -1.07 in the gold regression; the lack of significance most likely reflects the high correlation between HHI and the number of insurers, making precise estimates difficult). The negative relationship means that premiums are lower where there are more insurers. There is a strong effect of being a rural rating region and the size of rating area populations. This suggests that insurer and hospital competition does affect small-group premiums. We have similar results in our analysis of individual Marketplace premiums (Holahan, Wengle, and O'Brien forthcoming).<sup>8</sup> In that analysis, the number of insurers participating was highly significant; fewer insurers were associated with higher premiums. The HHI was also positively related and statistically significant. The results suggest that insurer and hospital concentration affect premiums in individual and small-group markets.

**TABLE 4**  
**Regression Analysis: Identifying Correlates of Small-Group Premiums**

Variable	Coefficient	
	Silver	Gold
Small-group number of participating insurers	--3.32	-2.59
Area wage index	24.99	25.39
Medicaid expansion?	-12.45	-15.85
Hospital HHI	0.004*	0.006***
Community rating?	171.69***	95.88***
Urban rating area?	-25.71***	-33.58***
Census Region South	6.4	20.79
Census Region Northeast	-0.47	35.26*
Census Region West	-39.18***	-38.58***
Constant	404.38	458.04
N	496	496
R squared	0.15	0.146

**Source:** Authors' analysis of Robert Wood Johnson Foundation HIX Compare Datasets.

**Notes:** HHI = Herfindahl Hershman Index.

\*p < 0.10; \*\*p < 0.05; \*\*\*p < 0.01. (The number of insurers is at a T value of -1.51 in the silver regression and -1.07 in the gold regression; the lack of significance most likely reflects the high correlation between HHI and the number of insurers, making precise estimates difficult).

## EXPENDITURES BY ENROLLEES WITHIN THE SMALL-GROUP AND INDIVIDUAL MARKETPLACE

Table 5 shows projected expenditures by enrollees in small-group and individual Marketplace insurance. Expenditures by those with small-group coverage (fully insured and self-insured) are higher than those of Marketplace enrollees. These differences hold true regardless of health status, age, and income. As shown in table 1, enrollees in small-group insurance are far more likely to pick gold or platinum tier plans while Marketplace enrollees are much more likely to be in bronze or silver plans. The higher actuarial value of small-group plans could explain much of the expenditure differences; richer coverage could lead to higher utilization rates. But when we look at expenditures for just those in the same metal tier, i.e., gold, some differences remain. The differences are nowhere near as large but suggest that something else, such as higher incomes, may be a factor. The higher expenditures are also at odds with the premium data shown in table 3—expenditures are higher in the small-group market but the lowest available small-group premiums are generally lower. However, the lowest-cost plans are not necessarily what employers are purchasing. Additionally, the individual Marketplace plans tend to offer HMO or other closed-network products, whereas, in the small-group market, most plans are open-network or PPO (Hall and McCue 2021). This is consistent with the argument that small-group employers do not choose based on premiums as much as those in the individual market, and thus, comparing the lowest-cost plans in the two markets may be inappropriate. Regarding plans selected, small-group premiums are probably higher than suggested in table 5.



TABLE 5

**Projected Health Expenditures in Small-Group and Individual Marketplace by Health Status, Age Group, and Household Income, 2024**

	All Metal Tiers			Gold		
	Small-group ESI	Marketplace	Difference	Small-group ESI	Marketplace	Difference
	Dollars	Dollars	Percent	Dollars	Dollars	Percent
<b>Health expenditures per person</b>	8,517	6,378	-34%	8,492	6,666	-27%
<b>Expenditure by health status</b>						
Excellent	8,165	5,906	-38%	8,120	6,320	-28%
Very good	8,577	6,386	-34%	8,528	6,721	-27%
Good	8,553	6,449	-33%	8,550	6,658	-28%
Fair	9,301	6,896	-35%	9,333	7,375	-27%
Poor	9,652	7,188	-34%	9,631	7,154	-35%
<b>Expenditure by age group</b>						
Ages 0-18	6,532	3,857	-69%	6,523	3,999	-63%
Ages 19-34	8,225	4,211	-95%	8,121	4,371	-86%
Ages 35-54	8,957	5,981	-50%	8,944	6,500	-38%
Ages 55-64	11,166	9,991	-12%	11,177	11,780	5%
<b>Expenditure by household income (% of FPL)</b>						
Below 150%	7,312	3,605	-103%	7,269	2,945	-147%
150% to 300%	8,413	7,271	-16%	8,405	7,741	-9%
300% to 400%	8,282	6,522	-27%	8,286	6,216	-33%
400% to 600%	8,624	7,110	-21%	8,630	6,969	-24%
Above 600%	9,092	7,527	-21%	9,068	8,476	-7%

Source: The Urban Institute's Health Insurance Policy Simulation Model, 2023.

Notes: ESI = employer-sponsored insurance; FPL = federal poverty level.

## CHANGE IN PREMIUMS IN THE SMALL-GROUP MARKET AND INDIVIDUAL MARKETPLACES

### 2021-2022

Table 6 shows the average annual change in premiums in the small-group and individual markets. The average growth rate in the lowest silver premium between 2019 and 2022 was 4 percent for both silver and gold plans in the small-group market. California's premiums are largely unchanged. There was a decline in silver premiums in North Carolina but a small increase in gold premiums. The largest increases were in Ohio and Pennsylvania in both markets, with increases of 10 and 11 percent, respectively, in silver premiums and 8 and 9 percent, respectively, for gold premiums.

In the individual market, the national average change was -1 percent for silver and -3 percent for gold premiums. The small declines could reflect a response to possibly excessive increases in 2017 because of the end of federal support for cost-sharing reductions. The increases and decreases were

small in all the large states and around average for the remaining states. In the individual market, both silver and gold premiums declined slightly over the same period.

**TABLE 6**

**Small-Group and Individual Marketplace Insurance Premiums and Growth Rate 2019–2022 (dollars per month)**

Small-group ESI	Silver			Gold		
	2019	2022	Average annual change	2019	2022	Average annual change
<b>US average</b>	<b>342</b>	<b>382</b>	<b>4%</b>	<b>388</b>	<b>439</b>	<b>4%</b>
Arizona	286	325	5%	388	398	1%
California	299	301	0%	314	337	2%
Florida	330	395	7%	396	456	5%
Georgia	360	413	5%	426	474	4%
Illinois	328	367	4%	312	365	6%
Massachusetts	273	321	6%	354	447	9%
Michigan	233	250	2%	271	281	1%
New York	536	616	5%	553	663	7%
North Carolina	364	353	-1%	413	427	1%
Ohio	418	540	10%	485	605	8%
Pennsylvania	276	367	11%	348	442	9%
Tennessee	294	306	1%	332	407	8%
Texas	307	306	0%	303	344	5%
Virginia	318	358	6%	377	403	-1%
Washington	292	328	3%	361	391	4%
Other	342	382	4%	388	431	4%
<b>Individual Marketplace</b>						
<b>US Average</b>	<b>444</b>	<b>427</b>	<b>-1%</b>	<b>513</b>	<b>468</b>	<b>-3%</b>
Arizona	447	376	-5%	588	492	-5%
California	414	400	-1%	445	431	-1%
Florida	468	509	3%	454	477	2%
Georgia	434	502	5%	384	392	1%
Illinois	446	410	-3%	500	458	-3%
Massachusetts	322	379	6%	375	466	8%
Michigan	358	329	-3%	388	362	-2%
New York	559	588	2%	670	718	2%
North Carolina	561	486	-4%	603	472	-7%
Ohio	359	368	1%	443	435	-1%
Pennsylvania	446	426	-2%	482	393	-6%
Tennessee	506	441	-4%	824	487	-14%
Texas	404	409	0%	487	397	-6%
Virginia	526	532	0%	444	432	-1%
Washington	369	375	1%	435	399	-3%
Other	446	512	5%	427	463	3%

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2021–2022, <https://hix-compare.org/>.

Notes: ESI = employer-sponsored insurance.

#### NUMBER OF PARTICIPATING INSURERS BY STATE

Table 7 shows the number of participating insurers by state. In most cases, there are more insurers in the individual market than in the small-group market, but there are still plenty of insurers in the latter

market (again, these are fully insured plans; other insurers could be active in the self-funded market). Among the top 15 states, California and New York have more than 15 and 13 insurers, respectively; others have six to nine insurers. The exceptions are Florida and North Carolina, with four. In the remaining 33 states and DC, the small-group market averages 7.5 insurers, contrasting with 9.7 insurers in the individual market. Perhaps most interestingly, this reverses a trend in these two markets before this study period (Abraham, Royalty, and Drake 2019).

**TABLE 7**  
**Number of Participating Insurers by State**

	Small-group	Individual Marketplace	Difference
Arizona	7	8	-1
California	15	12	3
Florida	4	12	-8
Georgia	8	11	-3
Illinois	7	11	-4
Massachusetts	7	8	-1
Michigan	7	9	-2
New York	13	13	0
North Carolina	4	9	-5
Ohio	9	9	0
Pennsylvania	6	8	-2
Tennessee	6	6	0
Texas	8	15	-7
Virginia	7	11	-4
Washington	8	10	-2
Other	7.5	9.7	-2.2

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2021–2022, <https://hix-compare.org/>.

**Local Market Detail.** Table series 8.A–8.H shows insurer participation in the individual Marketplace and small-group markets for 2022. The tables show how many insurers participated in one market or the other and how many are in both. When possible, we comment on whether the lowest-cost plan participating in the individual market is the same as the lowest-cost plan participating in the small-group market. We look at eight major cities across the country. In general, Medicaid plans participated in just in the individual market, though there were some exceptions. Large national insurers tended to participate in the small-group market and occasionally in the individual market. Many national and local commercial insurers participated in both markets.

**Phoenix, Arizona.** Eight insurers participated in the individual Marketplace, and seven participated in the small-group market (table 8A). Three insurers competed in both markets—Banner Health, Blue Cross Blue Shield, and Bright Health (Bright Health left the individual Marketplaces in 2023 but remains in select small-group markets for part of 2023).<sup>9</sup> Aetna, Humana, and a combined venture of Cigna + Oscar competed only in the small-group market. Cigna and Oscar offered separate products in the individual market. Ambetter, Medica, and United also participated only in Medicaid. The lowest gold premium plans in the small-group market were offered by Bright Health (Regional) and Cigna + Oscar (National), and in the individual market, they were offered by UnitedHealthcare (National), followed

closely by Ambetter (Medicaid). While the premiums of the lowest-cost plans in the small-group market are higher than those in the individual market, the average and highest-cost plans in the small-group market are often higher than the lowest silver premiums, consistent with the higher expenditures shown in table 5.

TABLE 8.A

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Phoenix, Arizona (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Aetna	National	N/A	484	626	546
Banner Health	Provider	516	403	628	502
Blue Cross Blue Shield of Arizona	Blue	533	401	569	479
Bright Health	Regional	524	392	484	419
Cigna + Oscar	National	N/A	393	509	450
Humana	National	N/A	555	665	611
Cigna	National	570	N/A	N/A	N/A
Ambetter	Medicaid	469	N/A	N/A	N/A
Medica	Regional	566	N/A	N/A	N/A
Oscar	Regional	484	N/A	N/A	N/A
UnitedHealthcare	National	455	N/A	N/A	N/A

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**East Los Angeles, California.** Seven insurers participated in the individual market in East Los Angeles and eight in the small-group market (table 8.B). Anthem, Blue Cross Blue Shield of California, Health Net, and Kaiser Permanente participated in both markets. L.A. Care, Molina, and Oscar participated only in the individual market. Aetna, UnitedHealthcare, Cal Choice, and the joint product of Cigna + Oscar participated only in the small-group market. Medicaid plans, such as L.A. Care and Molina (Medicaid insurers), had the lowest gold premiums in the individual market, and Aetna (National) and Anthem (a Blue Cross plan) in the small-group market. While the premiums of the lowest-cost plans are similar across the two markets, the premiums of the average and clearly the highest-cost plans in the small-group market are higher than seen in the individual market.

TABLE 8.B

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in East Los Angeles, California (rating region 15; dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Aetna	National	N/A	297	639	423
Anthem	Blue	414	320	556	435
Blue Shield of California	Blue	358	384	548	471
Health Net	Medicaid	422	340	622	412
Kaiser Permanente	Provider	407	374	816	453
UnitedHealthcare	National	N/A	342	546	447
Cal Choice	Regional	N/A	362	551	443
Cigna + Oscar	National	N/A	435	516	470
L.A. Care Health Plan	Medicaid	326	N/A	N/A	N/A
Molina Healthcare	Medicaid	373	N/A	N/A	N/A
Oscar	Regional	435	N/A	N/A	N/A

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**Miami, Florida.** Nine insurers participated in the Marketplace, while only three participated in the small-group market (table 8.C). The plans participating in the individual market were a combination of Medicaid plans, e.g., Ambetter and Molina, and national plans, such as Cigna, Aetna, and Oscar. Florida Blue also participated in the individual market but not the small-group market. AvMed, Humana, and UnitedHealthcare all participated in the small-group market. The lowest gold premiums were plans offered by UnitedHealthcare in the small-group market and Oscar, Bright Health, and Ambetter in the individual market. In Miami, as elsewhere, the average and highest-cost plans in the small-group market were considerably more expensive than the lowest-cost silver premiums in the individual market.

TABLE 8.C

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Miami, Florida (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
AvMed	Provider	496	523	671	601
Humana	National	N/A	535	779	632
UnitedHealthcare	National	499	486	707	586
Ambetter	Medicaid	491	N/A	N/A	N/A
Bright Health	Regional	488	N/A	N/A	N/A
Aetna CVS Health	National	550	N/A	N/A	N/A
Cigna	National	583	N/A	N/A	N/A
Florida Blue (Blue Cross Blue Shield of Florida)	Blue	539	N/A	N/A	N/A
Molina Healthcare	Medicaid	549	N/A	N/A	N/A
Oscar	Regional	485	N/A	N/A	N/A

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022

**Chicago, Illinois.** Six insurers participated in the individual Marketplace, and three participated in the small-group market (table 8.D). Blue Cross Blue Shield and UnitedHealthcare participated in both markets. Humana and the combined product of Cigna + Oscar are in the small-group market. Ambetter, Molina, Oscar, and Cigna all participate in the individual market but not the small-group market. The lowest premium plans were offered by UnitedHealthcare (National) and Humana (National) in the small-group market and Molina (Medicaid) in the Individual Marketplace. As elsewhere, premiums for the lowest-cost gold plans in the individual Marketplace were similar to premiums for the lowest-cost plans in the small-group market, while premiums for the average and highest-cost gold plans in the small-group market were considerably higher than the individual Marketplace.

TABLE 8.D

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Chicago, Illinois (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Ambetter	Medicaid	374	N/A	N/A	N/A
Blue Cross and Blue Shield of Illinois	Blue	446	394	626	524
Humana	National	N/A	350	830	545
Cigna + Oscar	National	N/A	420	548	481
Bright Health	Regional	419	N/A	N/A	N/A
Cigna	National	487	N/A	N/A	N/A
Molina	Medicaid	402	N/A	N/A	N/A
Oscar	Regional	450	N/A	N/A	N/A

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**New York City, New York.** Eight insurers participated in both the individual Marketplace and the small-group market (table 8.E). EmblemHealth, Empire Blue Cross Blue Shield, Healthfirst, Oscar, and Oxford participated in both markets. Aetna, HealthPass, and MVP participated only in the small group market. Fidelis and Metro Plus participated in the individual market. Healthfirst was among the lowest-cost plans in both markets. The lowest gold premiums were offered by Healthfirst (Regional) in the small-group market and by MetroPlusHealth Fidelis (Medicaid), and Affinity (Medicaid) in the individual Marketplace. Some of the lowest- and average-priced gold plans have premiums similar to premiums in the individual market, but there are also many higher-cost plans available in the small-group market.

TABLE 8.E

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in New York City, New York (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Affinity Health Plan		483	N/A	N/A	N/A
Aetna	National	N/A	1,005	1,076	1,034
EmblemHealth	Medicaid	887	882	1,126	996
Empire Blue Cross					
Blue Shield	Blue	1,208	919	1,489	1,116
Healthfirst	Regional	816	764	855	807
HealthPass	Regional (small-group only)	N/A	786	1,209	1,008
MVP Health Care	Regional	N/A	1,063	1,469	1,313
Oscar	Regional	966	941	1,013	973
Fidelis Care	Medicaid	777	N/A	N/A	N/A
MetroPlusHealth	Medicaid	766	N/A	N/A	N/A
Oxford	National	1,336	799	1,255	1,093

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**Philadelphia, Pennsylvania.** Four insurers participated in the individual market and one in the small-group market (table 8.F). Ambetter, Cigna, and Oscar are only in the individual market. Independence Blue Cross participated in both and, as the only plan, had the lowest cost plans in the small-group markets and offered several plans with higher premiums than its lowest offering in the individual market. Ambetter (Medicaid) had the lowest premiums in the individual market.

TABLE 8.F

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Philadelphia, Pennsylvania (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Aetna	National	N/A	N/A	N/A	N/A
Ambetter	Medicaid	\$398	N/A	N/A	N/A
Cigna	National	\$411	N/A	N/A	N/A
Oscar	Regional	\$413	N/A	N/A	N/A
Independence Blue Cross	Blue	\$548	\$514	\$646	\$564

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**Houston, Texas.** Houston had nine insurers in the individual Marketplace and seven in the small-group market (table 8.G). Ambetter, Bright Health, Community Health Choice, Molina, and Oscar participated only in the individual market. Blue Cross Blue Shield of Texas, Friday Health Plans (Friday Health Plans ceased selling insurance coverage in 2023), and UnitedHealthcare participated in both. Allstate, Humana, and the Baylor Scott and White Health Plan are only in the small-group market.

Friday Health Plans (Regional) had the lowest-cost gold plans in both markets. Blue Cross Blue Shield of Texas had relatively low premiums in both markets. As elsewhere, the lowest-cost plans in the small-group market had premiums similar to those in the individual market, but there were also plans in the small-group market that were significantly more costly.

TABLE 8.G

Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Houston, Texas (dollars per month)

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
Aetna	National	510	N/A	N/A	N/A
Allstate	National	N/A	421	746	569
Ambetter	Medicaid	522	N/A	N/A	N/A
Blue Cross and Blue Shield of Texas	Blue	380	382	655	524
Bright HealthCare	Regional	363	N/A	N/A	N/A
Community Health Choice	Medicaid	463	N/A	N/A	N/A
Friday Health Plans	Regional	361	332	346	339
Humana	National	N/A	715	1018	855
Molina Healthcare	Medicaid	475	N/A	N/A	N/A
Oscar	Regional	439	N/A	N/A	N/A
Memorial Hermann Health Plan	Provider	N/A	489	1179	782
Baylor Scott and White Health Plan	Provider	N/A	413	578	495
UnitedHealthcare	National	435	590	774	671

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

**Seattle, Washington.** Nine insurers participated in the individual Marketplace and six in the small-group market (table 8.H). Coordinated Care, Premier Blue Cross, Regence, and UnitedHealthcare participated in both markets. Group Health, Molina, and LifeWise participated only in the individual Marketplace. Aetna and Pacific Source participated only in the small-group market. Coordinated Care (Ambetter) had the lowest-cost gold plans in the small-group market. Molina and Ambetter (both Medicaid) and Group Health (or Kaiser) had the lowest premiums in the individual market. As elsewhere, the average and highest cost plans in the small-group market had higher premiums than the lowest premiums in the individual market.



TABLE 8.H

**Gold Metal Tier Premiums, by Insurer, Individual and Small-Group Market in Seattle, Washington (dollars per month)**

Insurer	Insurer type	Gold			
		Individual	Small-Group		
		Lowest cost	Lowest cost	Highest cost	Average
BridgeSpan Health Company	Blue	522	N/A	N/A	N/A
Aetna	National	N/A	593	613	603
Pacific Source Coordinated Care (Ambetter)	Regional	N/A	499	578	543
Group Health (Kaiser Permanente)	Medicaid	408	N/A	N/A	N/A
LifeWise	Provider	411	353	503	414
Molina HealthCare	Blue	442	N/A	N/A	N/A
Premera Blue Cross	Medicaid	393	N/A	N/A	N/A
Regence	Blue	615	445	525	483
UnitedHealthcare	Blue	463	426	500	466
Community Health Network	National	488	425	536	476
	Medicaid	432	N/A	N/A	N/A

Source: Robert Wood Johnson Foundation HIX Compare Datasets 2022.

## Discussion

This paper provides information on premiums and insurer participation in the small-group and individual insurance markets, as these markets share many similarities. They are small relative to Medicaid and large-group ESI and are heavily regulated. With the ACA, they both have modified community rating, prohibition on preexisting condition exclusions, benefit standards, and minimum loss ratios. The individual market has income-related premium tax credits and cost-sharing subsidies. About 16 million people are now in the individual Marketplace, plus an estimated 2.5 million off the Marketplace and about 17 million in the small-group market (Ortaliza, Amin, and Cox, 2023).

Overall, those in the small-group market are somewhat younger and healthier than those in the Marketplaces but also have higher incomes. On average, premiums for the lowest-cost plans are often lower in the small-group market than in the individual market for the silver metal tier, but the average cost and highest-cost plans are almost always more expensive. In the small-group market, employers are more likely to offer plans in higher metal tier plans, i.e., choose higher actuarial value plans, and are less likely to offer the lowest premium plans available to them (Corlette et al. 2021). Partially because of richer benefits, per capita spending levels are higher per person in the small-group market. On average, there are more than six insurers in the individual market and slightly less than six insurers in the small-group market. There is variation in small-group premiums across markets, as in individual markets. Variations in premiums across regions seem to be partially explained by the number of insurers; the number of insurers is highly correlated with hospital concentration, making it hard to distinguish

between them. The larger the number of insurers and the less concentrated the hospital market, the lower individual and small-group premiums.

In many states, Medicaid plans participate in the individual market; their participation in the small-group market is relatively rare. We have found that participation by Medicaid plans in the individual market has a dampening effect on premiums. The small-group market is dominated by large national carriers and several regional insurers; these insurers generally have broader provider networks and higher premiums.

While premiums in both individual and small-group markets do not appear to be extremely high or growing rapidly, there are areas (states or substate areas) where premiums are quite high. Thus, a case could be made for a public option, as the Bennet–Kaine plan proposed, or rate regulation in both markets. The case is stronger in the individual Marketplace, where people tend to choose the lowest cost available plans, and the lower the cost of these plans, the lower the cost to the federal government. In the small-group market, employers do not always choose the lowest-cost plans, but this does not mean their choices are not constrained by provider and hospital concentration.

## Notes

<sup>1</sup> “Marketplace 2023 Open Enrollment Period Report: National Snapshot” CMS.gov, November 22, 2022, <https://www.cms.gov/newsroom/fact-sheets/Marketplace-2023-open-enrollment-period-report-national-snapshot>; and HIPSM.

<sup>2</sup> Urban Institute estimates from HIPSM.

<sup>3</sup> “Updated Proposal Would Help Millions of Americans Access Affordable Coverage and Reduce Health Care Costs Amid COVID-19 Pandemic,” Bennet.senate.gov, February 17, 2021, <https://www.bennet.senate.gov/public/index.cfm/2021/2/bennet-kaine-announce-introduction-of-medicare-x-choice-act-to-achieve-universal-health-care>.

<sup>4</sup> Two other bills under consideration could have a material impact on the small-group market. The first, Association Health Plans Act (H.R. 2868), would make it easier for self-employed and small groups to join association health plans. The bill also permits association health plans to charge premiums based on the risk profile of the group (or self-employed individual). Another bill under consideration, the Self-Insurance Protection Act (H.R. 2813), would remove stop-loss coverage from ERISA, meaning the federal government could no longer regulate stop-loss coverage.

<sup>5</sup> “HIX Compare Datasets 2014 to 2024,” RWJF, accessed December 22, 2023, <https://hix-compare.org/>.

<sup>6</sup> Averages are weighted by rating region population.

<sup>7</sup> Sabrina Corlette, Kevin Lucia, and Maanasa Kona, “States Step Up to Protect Consumers in Wake of Cuts to ACA Cost-Sharing Reduction Payments,” The Commonwealth Fund, October 27, 2017, <https://www.commonwealthfund.org/blog/2017/states-step-protect-consumers-wake-cuts-aca-cost-sharing-reduction-payments>.

<sup>8</sup> A follow-up paper by John Holahan, Erik Wengle, and Claire O’Brien is forthcoming and will be published by the Urban Institute in the spring of 2024.

<sup>9</sup> “Utilization Management,” Bright HealthCare, accessed December 22, 2023, <https://brighthousecare.com/provider/utilization-management>.

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Holahan has conducted significant work on Medicaid and Medicare reform, including analyses on the recent growth in Medicaid expenditures, implications of block grants and swap proposals on states and the federal government, and the effect of state decisions to expand Medicaid in the ACA on federal and state spending. Recent work on Medicare includes a paper on reforms that could reduce budgetary impacts and improve the program's structure. His work on the uninsured explores reasons for the growth in the uninsured over time and the effects of proposals to expand health insurance coverage on the number of uninsured and the cost to federal and state governments.

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