Affordable Care Act Project -- How We Did it

MaryJo Webster, Digital First Media, mwebster@digitalfirstmedia.com

Christopher Snowbeck, St. Paul Pioneer Press, csnowbeck@pioneerpress.com

The idea to build a database of premiums in all of the health insurance exchanges set up as part of the Affordable Care Act started as a result of reporting by the St. Paul Pioneer Press on significant premium disparities between the Twin Cities, Rochester, Minn., and nearby western Wisconsin.

Pioneer Press health care writer Christopher Snowbeck compared the “benchmark” premium -- a 50-year-old, non-smoker, buying the second-lowest-cost silver tier policy -- to the same figures for the states in the federal exchange. That comparison showed the rating area encompassing the Twin Cities had the lowest premiums, while Rochester and an area of western Wisconsin just a short drive from St. Paul were both among the highest.

This raised two big questions: Would this hold true if we looked at the entire United States? And who would get the “better deal” -- the consumer in the Twin Cities with low premiums and little chance of getting a federal tax credit, or the consumer in the higher-cost places that will benefit from the subsidies?

We got our answers four months later, after building a national database and calculating estimated tax credits at key income levels for every age, and every rating area. The resulting [national story](http://www.twincities.com/nation/ci_25247140/where-insurance-premiums-are-highest-new-health-laws) published February 28th in papers throughout the Digital First Media chain (the Pioneer Press parent company). It included an interactive map created by Vaughn Hagerty of DFM’s data team. Other DFM reporters had early access to the data so they could also localize the story or write their own sidebar.

Here’s some insight into how we did it:

With some help from others in Digital First Media, we started in late October to collect data on premiums from the 15 states that run their own exchanges. Once we figured out the correct terminology when making our request, this wasn’t as hard as we first suspected and we had all our data by early January. Numerous public relations officials told us others had been requesting the same data. In some states, we had to go to the agency that regulates insurance; in other places, we got the information from the exchange.

We didn’t have to file official public records requests; there were a couple states that simply asked for a written request, though. A surprising number of states had this information on their website (although, not always easy to find).

Most of it came in PDFs that had to be dumped out to Excel. And, more often than not, the data only included the base premium, or premiums for a few key ages. We used the age multiplier tables -- also provided by each state -- to calculate the specific premiums at each age, in each rating area, for the lowest-cost bronze, silver and gold plans.

Several states gave us premiums for every product available on their exchanges. Others, including the federal exchange, only provided the lowest cost at each metal tier (bronze, silver, gold, etc), plus the second lowest-cost silver plan, which is a key figure in the calculation that determines how much of a tax credit an eligible consumer might get.

As a result of this, our analysis needed to focus on the lowest-cost plans, and ultimately we chose to focus on the silver tier since enrollment numbers from the federal exchange indicate that’s what 60 percent of consumers are choosing.

Initially, we were told that the tax credit calculation relied on the second-lowest-cost silver plan for the rating area. Later after completing data collection, we found out there are places where there are different second-lowest-cost silvers within a rating area. Typically, this is a case where one or more insurance plans are only offered in certain counties within the rating area.

We decided to stick with running our tax credit calculations at the rating area level, partly because there aren’t too many places where there are differences within a rating area, and the ones that do exist typically have premium variations of less than $25 per month.

Once all the data was compiled, we ran calculations to estimate the tax credit and ultimate consumer cost (plus what percentage of their income that would be) for people at key income points between 200 and 400 percent of the federal poverty threshold (with different income amounts for Alaska and Hawaii). We also calculated cost as a percentage of income at 401 percent of poverty, and other income levels that are above the threshold for tax credit eligibility.

One of the main ways reporters can use this data is to show their readers whether premiums are high or low in their area compared to the rest of the country or other parts of the same state. Local insurance companies or health care academics can help shed light on why.

Another potential story is that consumers in low-premium areas, who would normally be eligible for a tax credit because of their income, are confused and surprised when they don’t get a tax credit simply because the premium is already lower than the affordability cap set by the Affordable Care Act.

Our analysis showed that Twin Cities’ consumers truly do have the lowest premiums in the nation, and as a result, many of them are confused about not getting a tax credit. It was much harder to answer our second question -- who gets the best deal? -- because the answer is different at each age and income level.

There are certainly some high-premium areas where a consumer there will end up paying less out of his own pocket after a tax credit, than a similar consumer, buying a similar plan, in the Twin Cities without any tax credit. But there are also cases where the Twin Cities’ consumer still gets the better deal, even without the subsidies.

Experts told us some of these disparities might be a quirk that’s simply the result of this being the first year. Insurance companies might have set premiums higher or lower than usual because of uncertainty about who would purchase plans through these exchanges. As a result, it’s quite likely that we’ll see an entirely different picture at the end of this year when rates are set for 2015 insurance policies.