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Medicaid and Medicare Accounted for 59 Percent of Health Care Revenue for the Five Largest U.S. Insurers in 2016, More Than Doubling Since 2010

Companies Continue to Participate in Medicare and Medicaid in States Where They Don't Participate in ACA Marketplaces; Requiring Them to Provide Marketplace Coverage in Those States Could Improve Marketplace Stability

New York, NY, December 4, 2017—In 2016, Medicare and Medicaid accounted for nearly 60 percent of health care revenues reported by the five largest U.S. commercial health insurance companies (UnitedHealthCare, Anthem, Aetna, Cigna, Humana), according to a new *Health Affairs* study supported by the Commonwealth Fund. Revenue from public coverage has more than doubled since passage of the Affordable Care Act (ACA), growing from a combined total of \$92.5 billion in 2010 to \$213.1 billion in 2016.

While the top five insurers have remained profitable by increasing their Medicaid and Medicare enrollments, some have recently made decisions to leave the ACA marketplaces in several states, even as they continue to enroll people in non-ACA government-sponsored coverage. The authors suggest that to improve the stability of the marketplaces, policymakers consider requiring that insurers offer coverage in the marketplaces if they participate in Medicaid and Medicare in the same geographic area. Nevada and New York have such requirements for Medicaid plans.

“Many states’ ACA marketplaces are facing uncertainty about insurer participation and have fewer choices for consumers, as some insurers have left the markets,” said Cathy Schoen, lead author of the study and a senior scholar at the New York Academy of Medicine. “At the same time, some of these companies have thrived from growth in public coverage in those same states. Requiring insurers that participate in Medicaid and Medicare to offer marketplace coverage could help shore up those state markets.”

The study finds that, following the ACA’s passage, the number of enrollees with public coverage grew faster than the number with private coverage in all five companies. Between 2010 and 2016, Medicaid and Medicare enrollment in the five companies doubled, from 12.8 million to

25.5 million; Medicaid enrollment increased from 7 million to 15 million. Collectively, the five insurers participate in 31 state Medicaid programs and in at least some regions of most states.

Additional findings:

- The top five commercial carriers enroll 43 percent of the country’s insured population, or 125 million people.
- Membership in the five companies grew by a total of 23 million people from 2010 to 2016. That increase was more than double the increase for the five years leading up to passage of the ACA (2005–2010).

“These findings are an important reminder that despite reporting losses in the Affordable Care Act marketplaces, the nation’s biggest insurance companies generated substantial revenues thanks to Medicare and Medicaid,” said Commonwealth Fund President David Blumenthal, M.D. “This growing dependence on taxpayer-funded insurance programs suggests there are opportunities to improve access to health care and stabilize insurance markets if insurers that participate in these programs also offer plans in the ACA marketplaces.”

A summary of the *Health Affairs* study, “The Big Five Health Insurers’ Membership And Revenue Trends: Implications For Public Policy,” by Schoen and Sara Collins, Vice President for Health Care Coverage and Access at The Commonwealth Fund, will be available after the embargo lifts at: <http://www.commonwealthfund.org/Publications/In-the-Literature/2017/Dec/Five-Health-Insurers-Membership-and-Revenue-Trends>. The abstract will be available at: <http://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2017.0858>.

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