

NEW YORK--([BUSINESS WIRE](#))--The insurance exchanges mandated by the Affordable Care Act (ACA) are expected to be key factors shaping the U.S. health insurance market over the next several years, according to Fitch Ratings. Enough clarity exists to directionally project various exchange-shaped trends, but more is needed in order to ascertain magnitude, timing of emergence, and how they will affect specific health insurers.

Many wishing to purchase insurance via the ACA program this week experienced technical delays on government websites and an accurate number of those successfully enrolled has not yet been made publicly available.

We believe as previously uninsured individuals begin using government subsidies to purchase insurers' products on government-sponsored exchanges, the individual market will expand. Additionally, some already insured individuals are likely to shift purchases toward insurers' products that are government subsidized and sold on government-sponsored exchanges and away from insurers' unsubsidized products.

Employers' desire for cost certainty and heightened comfort with technology purchasing will likely drive them to provide workers with allowances to purchase insurance, resulting in an expansion of the individual market and a contraction in the employer-sponsored group market.

In addition to acclimating to the post-ACA environment, health insurers also face several earnings-related headwinds including the imposition of separate industrywide fees designed to partially fund the exchanges and reinsurance vehicles designed to help stabilize premium rates in the individual market. Insurers will also have increased difficulty projecting utilization trends due to the influx into the system of previously uninsured consumers that may exhibit unforeseen utilization characteristics.

Insurers are selectively adopting partial vertical integration strategies as a means to reduce costs, improve medical outcomes, and protect profit margins. This typically means finding health providers or data analytic companies with specific capabilities in areas that have high enrollment density. To a lesser extent, insurers have focused on horizontal integration strategies to add scale, reduce unit costs, and enhance bargaining power over providers. Fitch believes that scale-focused acquisitions by insurers are likely to continue.

Additional information is available on www.fitchratings.com.

The above article originally appeared as a post on the Fitch Wire credit market commentary page. The original article, which may include hyperlinks to companies and current ratings, can be accessed at www.fitchratings.com. All opinions expressed are those of Fitch Ratings.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTP://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](http://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE '

[WWW.FITCHRATINGS.COM](http://www.fitchratings.com)

' PUBLISHED RATINGS, CRITERIA AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE 'CODE OF CONDUCT' SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.