



The Real Changes in Health Insurance Enrollment Under the Affordable Care Act

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Mr. Chairman and members of the committee, thank you for inviting me to testify. My name is Edmund F. Haislmaier. I am a Senior Research Fellow at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

In response to the Committee's request, my testimony today presents my analysis of health insurance enrollment data and trends since the major components of the Affordable Care Act (ACA) took effect at the beginning of 2014.

Various analyses have attempted to measure the effects of the ACA on health insurance coverage. However, almost all of those analyses report estimates derived from government or private surveys. Yet, even well-constructed surveys have their limitations and, at best, can offer only approximate answers. The data I am presenting today are "administrative data," meaning the enrollment figures reported by public programs and private insurers.

The principal coverage provisions of the ACA consist of offering income-related subsidies for individual-market coverage purchase through the new exchanges and the expansion of Medicaid eligibility. Consequently, my analysis focuses on the data from the sectors affected by those provisions. Those sectors are the private coverage markets for: 1) individual (or, non-group) health insurance; 2) fully insured employer-group health insurance; 3) self-insured employer-group health insurance, and; 4) Medicaid and the Children's Health Insurance Program (CHIP) coverage.¹

For all four sectors, the data are for individuals enrolled in "comprehensive" or "full benefit" coverage. Private market data are from annual and quarterly reports that insurers are required to file

¹ In a "fully insured" plan, the employer purchases a group coverage policy from an insurer. In a "self-insured" plan the employer retains the risk but contracts with an insurer, or other third party, to perform administrative tasks, such as enrollment, provider contracting, claims adjudication, and claims payment.

with state insurance regulators, while Medicaid and CHIP data are from reports published by the Centers for Medicare and Medicaid Services (CMS), based on program reporting by states to CMS.²

2014 and 2015 Experience

For the two year period 2014 and 2015, enrollment in individual-market policies increased by 5.9 million individuals, from 11.8 million individuals at the end of 2013 to almost 17.7 million at the end of 2015.

For the employer-group coverage market, enrollment in fully insured plans dropped by 7.6 million individuals, from 60.6 million individuals at the end of 2013 to 53 million as of the end of 2015. During the same two years, enrollment in self-insured employer plans increased by 4 million individuals, from 100.6 million in 2013 to 104.6 million in 2015.

The combined effect of the changes in individual-market and employer-group coverage resulted in a net increase in private sector coverage of 2.3 million individuals during the two-year period.

Net Medicaid and CHIP enrollment over the two years grew by almost 12 million individuals, from 60.9 million at the end of 2013 to 72.7 million at the end of 2015. In those states that adopted the ACA Medicaid expansion enrollment increased by 10.4 million, while in the states that did not adopt the expansion enrollment increased by 1.4 million individuals.

Thus, for the two-year period the combined enrollment increase in both private and public coverage was just over 14 million individuals—with 84 percent of that increase attributable to the ACA Medicaid expansion.

Diminishing ACA Effects

² For a more detailed discussion of data sources see the Appendix to: Haislmaier and Gonshorowski, “2015 Health Insurance Enrollment: Net Increase of 4.8 Million, Trends Slowing,” Heritage Foundation *Issue Brief* No. 4620, October 31, 2016, <http://www.heritage.org/research/reports/2016/10/2015-health-insurance-enrollment-net-increase-of-48-million-trends-slowing>

Three coverage segments experienced significant change in 2014, but in all three the rate of change considerably diminished in 2015. Enrollment in the individual market grew by 40 percent in 2014 and by an additional 7 percent in 2015. Enrollment in fully insured employer-group plans declined by 11 percent in 2014 and by a further 2 percent in 2015. For the states that adopted the ACA Medicaid expansion, Medicaid and CHIP enrollment increased by 23 percent in 2014 and by 4 percent in 2015. Three states (Alaska, Indiana and Pennsylvania) implemented the Medicaid expansion in 2015, and Medicaid enrollment growth in those states accounted for 28 percent of all expansion state Medicaid enrollment growth in 2015 (or just over 1 percentage point of the 4 percentage point growth in expansion states).

In contrast, the number of individuals covered by self-insured employer plans grew by two percent in both years. Similarly, Medicaid enrollment grew by three percent in both years in those states not implementing the Medicaid expansion.

Changes in 2016

Complete data are not yet available for 2016, though preliminary data are available for the first three-quarters of the year. The preliminary data show that during that period, enrollment in the individual-market grew by a 842,028 individuals, enrollment in fully insured employer plans declined by 1,128,597 individuals, enrollment in self-insured employer plans increased by 776,780 individuals, and Medicaid and CHIP enrollment increased by 2,044,809 individuals.

Thus, the preliminary data indicate that net total enrollment increased by a further 2,535,020 individuals in the first three-quarters of 2016. Of that 2.5 million increase, the net increase in private coverage was 490,211 individuals. Medicaid accounted for 81 percent of the incremental growth in enrollment in 2016—a ratio consistent with the experience during the previous two year’s of ACA implementation.

ACA subsidized coverage

CMS reported that, as of the end of 2015, there were 8,780,545 people covered by individual-market plans purchased through ACA exchanges, of which 7,375,489 received subsidies that offset the cost of their coverage.³ The most recent available CMS data on exchange enrollment is for only the first half of 2016.⁴ CMS reports that as of the end of June 2016 total effectuated exchange enrollment was 10.5 million, of which 8.8 million were receiving coverage subsidies. That indicates that subsidized enrollees account for about 45 percent of the total individual market, with about 10 million people enrolled in unsubsidized individual-market coverage.

you or the other members may have.

Conclusions

While the final figures will be somewhat different once the more complete end of year data is available, at this point it is reasonable to expect that for the three year period 2014 through 2016, the net increase in health insurance enrollment was 16.5 million individuals. Of that figure, 13.8 million were added to Medicaid and 2.7 million were the net increase in private sector coverage enrollment.

In general, enrollment data indicate that the implementation of the ACA appears to have had three effects on health insurance coverage: (1) a substantial increase in individual-market enrollment; (2) an offsetting decline in fully insured employer-group plan enrollment; and (3) a significant increase in Medicaid enrollment in states that adopted the ACA Medicaid expansion.

Mr. Chairman, this concludes my prepared testimony. I thank you for inviting me to testify today. I will be happy to answer any questions that

³ Centers for Medicare and Medicaid Services, "December 31, 2015 Effectuated Enrollment Snapshot," March 11, 2016, <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-03-11.html>

⁴ Centers for Medicare and Medicaid Services, "First Half of 2016 Effectuated Enrollment Snapshot," October 19, 2016, <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-10-19.html?DLPage=3&DLEntries=10&DLSort=0&DLSortDir=descending>

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