

ONE HUNDRED THIRTEENTH CONGRESS
Congress of the United States
House of Representatives
COMMITTEE ON ENERGY AND COMMERCE
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MEMORANDUM

January 16, 2014

To: Energy and Commerce Committee Democratic Members and Staff
Fr: Committee on Energy and Commerce Democratic Staff
Re: Comparison of Affordable Care Act and Medicare Part D Enrollment Numbers

This memorandum compares the pace of enrollment in the new federal and state exchanges under the Affordable Care Act (ACA) with the pace of enrollment in Medicare Part D. It finds that Americans are signing up for health insurance under the ACA at a considerably faster rate than seniors signed up for Medicare Part D.

The Congressional Budget Office (CBO) estimated that 23 million seniors would sign up for prescription drug coverage under Medicare Part D during the first enrollment period. By December 31, 2005, only 5.4 million seniors chose to enroll in Part D, just 23% of the estimate. By June 2006, when the open enrollment period ended, Part D enrollment was just 70% of the enrollment estimated by CBO. Republican leaders did not view this as a negative because lower enrollment meant lower costs to the taxpayer. In January 2007, when he was House Minority Leader, Rep. John Boehner argued that Medicare Part D was a success because “the cost of Medicare Part D ... is 30 percent less than it was estimated to cost.”

Enrollment in the Affordable Care Act is running ahead of enrollment in Medicare Part D. As of December 28, 2013, 2.2 million Americans have enrolled in coverage through the new federal and state exchanges. This is 31% of CBO’s estimate of 7 million enrollees during the first year of coverage. This is an impressive enrollment rate, especially given the many problems experienced by the Healthcare.gov website in October and November. Nonetheless, Republican leaders have been sharply critical of these strong enrollment results, claiming that “the administration’s enrollment numbers don’t paint a pretty picture.”

I. MEDICARE PART D ENROLLMENT FIGURES

As the Bush Administration prepared for the opening of enrollment in Medicare Part D, the Congressional Budget Office predicted 29 million seniors would enroll for coverage in

2006.¹ CBO estimated that 6.2 million of those beneficiaries would be dual eligible enrollees who were automatically enrolled in a drug plan and that the remaining 23 million would be individuals who chose to sign up for a Medicare Part D plan or Medicare Advantage drug plan.

But actual enrollment prior to January 1, 2006 - the first day of coverage - was well below these estimates: only 5.4 million people had chosen to enroll in Part D plans under traditional Medicare or Medicare Advantage.² These 5.4 million represented only 23% of the 23 million beneficiaries that CBO estimated would sign up by the end of the open enrollment period.³ Despite these low estimates, Republicans were optimistic, with Department of Health and Human Services (HHS) Secretary Mike Leavitt telling reporters that the Administration was “well on track to meet our goal of enrolling 28 million to 30 million the first year.”⁴

Medicare Part D enrollment continued to increase until the end of the Part D open enrollment period. Between January 1, 2006, and June 2006, the number of seniors choosing to enroll in Part D plans almost tripled, increasing from 5.4 million to 15.9 million.⁵ Still, the 15.9 million seniors voluntarily enrolled in Part D by June 2006 represented only 70% of the total first-year enrollment expected by CBO and the Administration.⁶

Despite the fact that Medicare Part D enrollment did not meet projections, the Bush Administration described the final enrollment figures as a “historic success.”⁷ One point that Republicans made frequently was to emphasize one of the consequences of the lower than expected enrollment: lower than expected costs. In January 2007, Rep. John Boehner – who was then the Minority Leader and is now Speaker of the House – asserted that “the cost of Medicare Part D . . . is 30% less than it was estimated to cost.”⁸ A Centers for Medicare and Medicaid Services (CMS) press release touted that “estimates for the Medicare Part D prescription drug benefit . . . show that net Medicare costs are 30% less -- \$189 billion lower – than were originally predicted.”⁹

¹ Congressional Budget Office, *A Detailed Description of CBO’s Cost Estimate for the Medicare Prescription Drug Benefit* (July 2004) (online at www.cbo.gov/sites/default/files/cbofiles/ftpdocs/56xx/doc5668/07-21-medicare.pdf).

² Kaiser Family Foundation, *Prescription Drug Coverage Among Medicare Beneficiaries* (June 2006) (online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/7453.pdf>).

³ *Id.*

⁴ *HHS Works to Fix Drug Plan Woes*, The Washington Post (Jan. 18, 2006).

⁵ Kaiser Family Foundation, *Prescription Drug Coverage Among Medicare Beneficiaries* (June 2006) (online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/7453.pdf>).

⁶ *Id.*

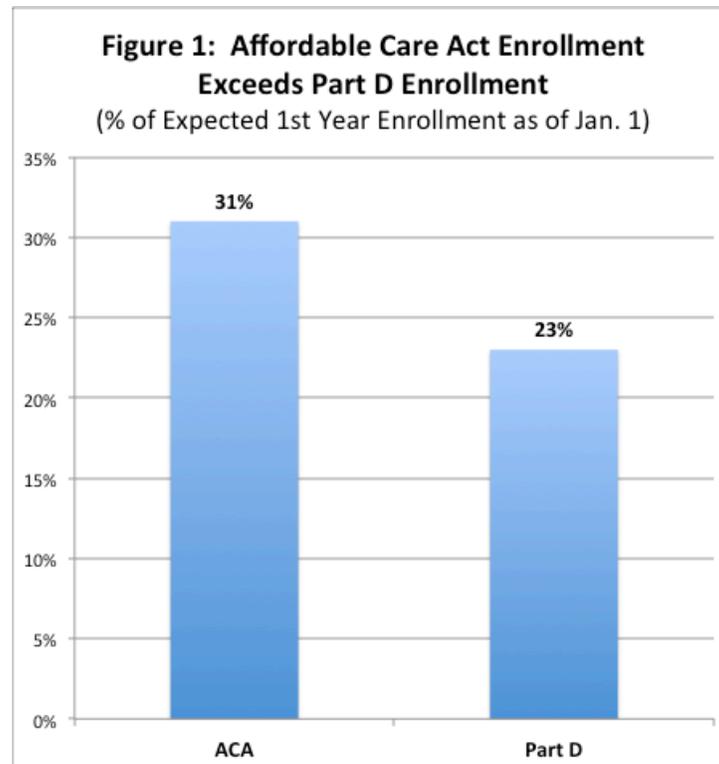
⁷ *New Medicare Drug Plan is Called a Success*, Washington Post (May 17, 2006).

⁸ Rep. John Boehner, Press Conference (Jan. 11, 2007).

⁹ *Projected Medicare Part D Costs Drop by 30 Percent*, Center for Medicare and Medicaid Services (Jan. 8, 2007).

II. AFFORDABLE CARE ACT ENROLLMENT FIGURES

The early pace of enrollment in the Affordable Care Act exchanges is more rapid than Medicare Part D enrollment. As of December 28, 2013, 2.2 million individuals have enrolled in health coverage through the exchanges.¹⁰ CBO estimated that 7 million individuals would enroll by the end of the enrollment period.¹¹ These early results show that 31% of CBO's enrollment estimate was met by January 1, well above the 23% mark hit during the 2006 Part D rollout. (See Figure 1)



Despite these numbers, the reaction of Republican leaders has been negative. In November 2013, when the first ACA enrollment numbers were released, Speaker John Boehner called them “a symbol of the failure of the president’s health care law.”¹² In January 2014, a spokesman for Speaker Boehner said, “There’s no way to spin it: youth enrollment has been a

¹⁰ U.S. Department of Health and Human Services, *Health Insurance Marketplace: January Enrollment Report* (Jan. 13, 2014) (online at http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Jan2014/ib_2014jan_enrollment.pdf).

¹¹ Congressional Budget Office, *CBO’s February 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage* (May 2013) (online at http://www.cbo.gov/sites/default/files/cbofiles/attachments/43900_ACAInsuranceCoverageEffects.pdf).

¹² Statement of Speaker John Boehner (Nov. 13, 2013).

bust so far.”¹³ Sen. Thad Cochran stated in January that “the administration’s enrollment numbers don’t paint a pretty picture” and that “there is ample reason to be skeptical that those numbers will improve substantially.”¹⁴

III. CONCLUSION

The pace of enrollment under the ACA is faster than the pace of enrollment under Medicare Part D. But this good news is not reflected in the comments of Republican leaders in Congress. In the case of Medicare Part D, Republican leaders portrayed the failure of Medicare Part D to meet CBO estimates as a positive because it meant the costs of the program fell below CBO estimates. In the case of the ACA, they are taking the exact opposite approach and criticizing the Administration for not achieving even higher enrollment figures.

¹³ Statement of Brendan Buck, Press Secretary, Speaker John Boehner (Jan. 13, 2014).

¹⁴ *GOP Suspicious of Obamacare Enrollment Figures*, CBS News (Jan. 11, 2014) (online at <http://www.cbsnews.com/news/gop-suspicious-of-obamacare-enrollment-figures/>).