

**Exploring the Impact of State and Federal Actions on
Enrollment in the Individual Market:
A Comparison of the Federal Marketplace
and
California, Massachusetts, and Washington**



Exploring the Impact of State and Federal Actions on Enrollment in the Individual Market

The sixth open enrollment period under the Affordable Care Act (ACA) for plan year 2019 was recently concluded. This open enrollment period was the first year since the launch of the ACA in which the individual coverage mandate penalty was set to zero by federal action. The 2019 open enrollment period also marked the third year in which the federal government continued a strategy of dramatically reducing support and efforts to encourage enrollment in the states served by the federally-facilitated marketplace (FFM).

The analysis in this report reflects a joint effort on behalf of three state-based marketplaces (SBMs) – California, Massachusetts, and Washington – to better understand how their experiences differ from that of states served by the FFM and seeks to inform policy-makers by conducting early analysis of their enrollment experience.

This analysis focuses on two key dimensions of the performance of the individual markets over the past five years:

- **Change in premium:** Premium increases are critical indicators of individual markets' performance because of the direct relationship between premium increases and cost to the federal government and, more importantly, impacts on unsubsidized individuals who bear the full costs of these increases.
- **Change in new enrollments:** New enrollment (and not renewals or “total” enrollment) is the focus of this analysis because it is a better “leading” indicator of the impact of efforts to keep the individual market healthy and lower cost AND because for 2019 the renewal figures do not reflect paid renewals, which may drop significantly with the removal of the penalty.

The analysis concludes with issues that warrant further investigation. The Appendices includes background information on states' activities and references.

State Solutions to Promote Enrollment in the Individual Market

California, Massachusetts, and Washington are all state-based marketplaces that have used state-specific solutions to build health insurance exchanges that work. These strategies have included:

- Active outreach and marketing
- State policies that ensure a stable and competitive individual marketplace
- To varying extents, playing active roles in the certification of Qualified Health Plans (QHPs) to ensure quality and affordable products and having common patient-centered benefit designs and improved choice architecture to simplify the purchase experience and have consumers focus on price and quality
- Expanding their Medicaid programs through the ACA and coordinating with state Medicaid agencies

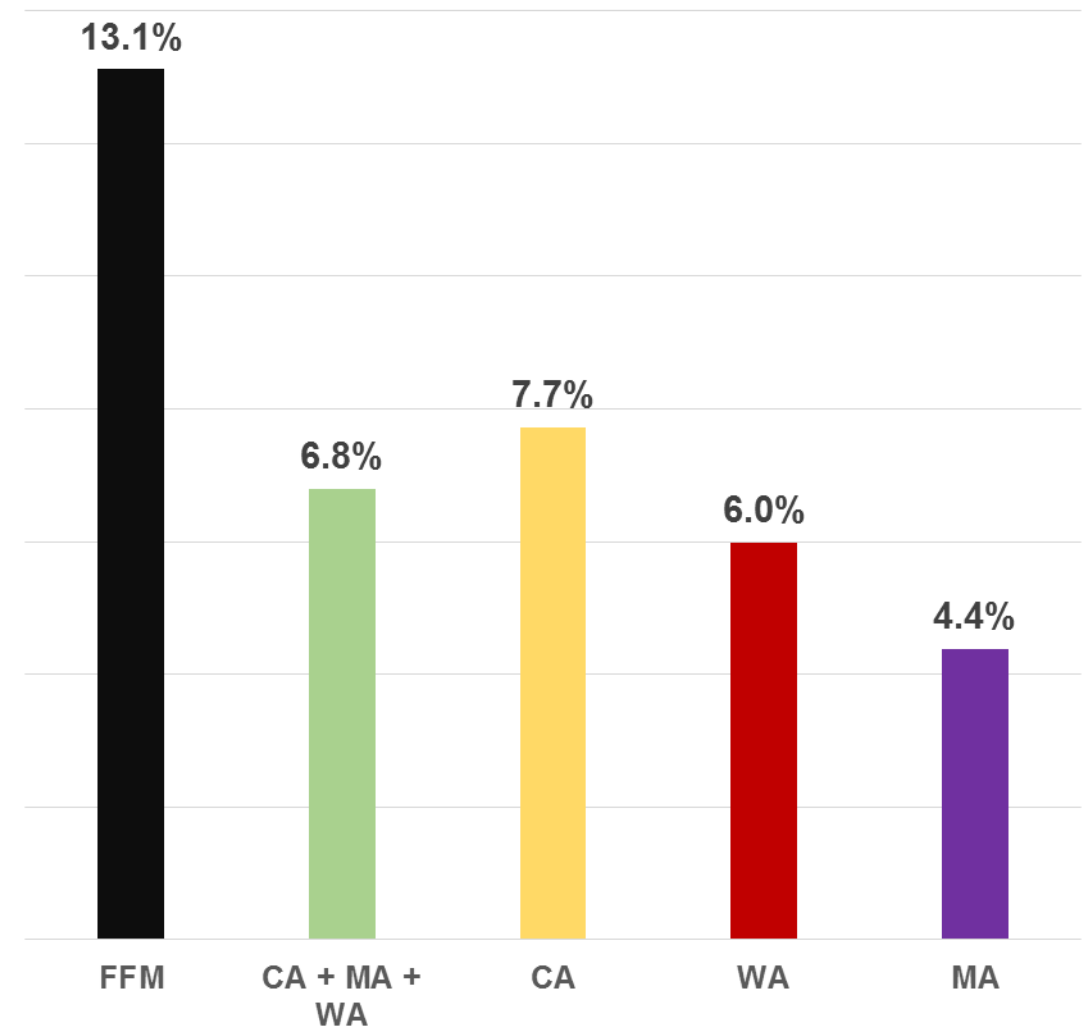
Examples of these activities and references to research on these states' efforts are included in the appendices.

From 2014 to 2019, Premiums in the FFM Have Grown at a Much Higher Rate than Premiums in California, Massachusetts, and Washington

Together, Massachusetts, Washington, and California have been very successful at restraining growth in the average benchmark premium, holding average annual increases to less than 7 percent since the Marketplaces opened in 2014.

During the same period, FFM average benchmark premiums have grown at an average rate of over 13 percent.

Compound Annual Growth Rate of Average Benchmark Premium
2014 to 2019



Analysis of enrollment weighted average benchmark premiums reported by Kaiser Family Foundation (2014-2019): <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/>. FFM includes SBM-FP states..

The Cumulative Premium Increase in FFM States has been More than Twice as Much as that of California, Massachusetts, and Washington

In 2019, average benchmark premiums in the FFM are now 85 percent higher than they were in 2014. The weighted average increase of the three states was 39 percent.

Had the FFM experienced the lower growth seen in CA, MA, and WA, the estimated savings to the federal government from lower premium payments for those receiving Advanced Premium Tax Credit could have been as much as \$14 billion in 2018, or cumulative savings of roughly \$35 billion. However, it is likely that some federal costs would have risen with increased enrollment.

More direct savings would have been realized by the millions of Americans who do not receive subsidies – they would have both paid far less in FFM states and have been less likely to have been priced out of coverage.

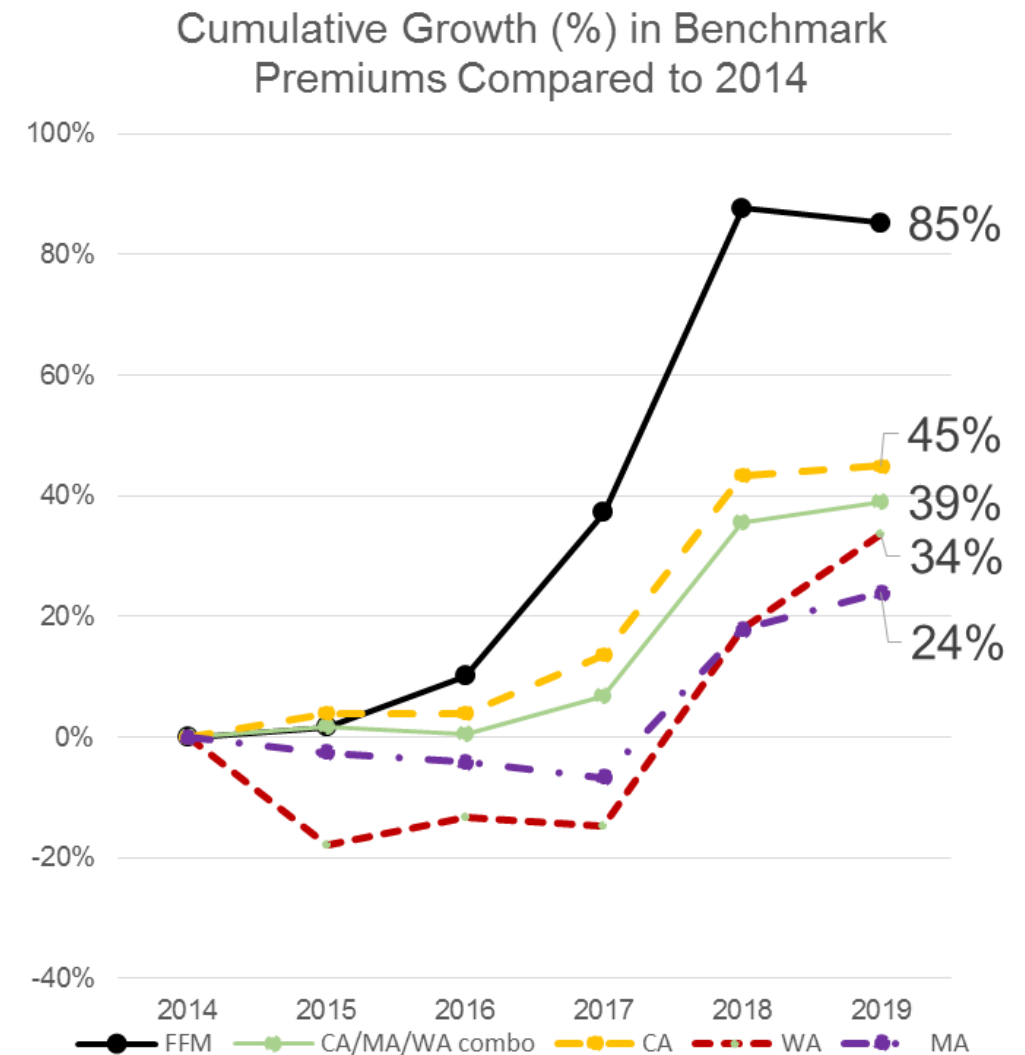
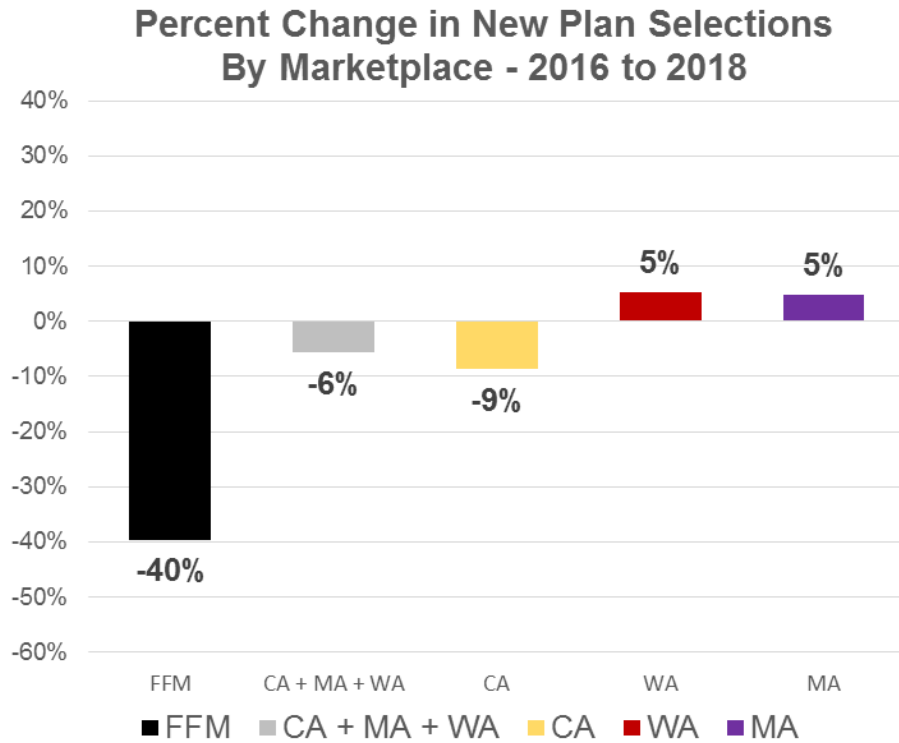


Chart shows analysis of enrollment weighted average benchmark premiums reported by Kaiser Family Foundation (2014-2019): <https://www.kff.org/health-reform/state-indicator/marketplace-average-benchmark-premiums/>. Estimates of cost savings use benchmark premium data. FFM includes SBM-FP states..

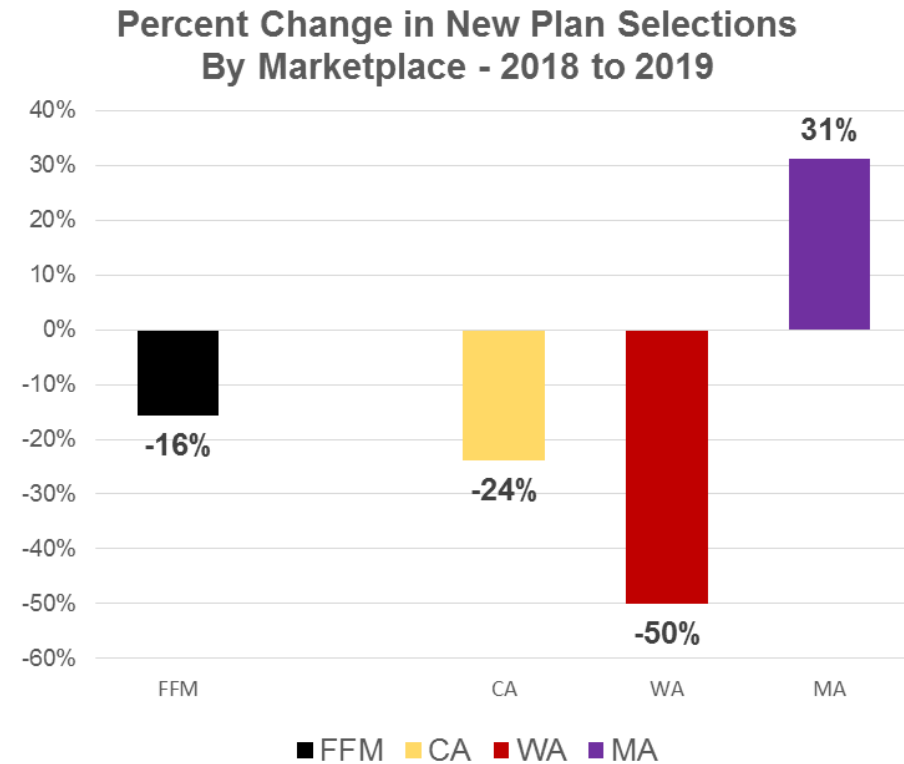
New Sign-Ups During Open Enrollment for 2019: Penalty and State Subsidies Appear to Drive Major Differences

2016 to 2018



- From 2016 to 2018, the FFM saw its level of new enrollments in open enrollment drop considerably – from 4.0 million to 2.5 million – a drop of 40 percent.
- In contrast, California, Washington, and Massachusetts had relatively steady numbers of new sign-ups during open enrollment, from 547k to 516k in 2018, a drop of 6 percent.

FOR 2019



- For 2019, the 16 percent decline in the FFM **was on top of 40 percent cumulative decline** from 2016 to 2018.
- California and Washington – both states with very good risk mixes – saw their new sign-ups drop off significantly.
- Washington saw lower enrollment particularly among unsubsidized consumers due to affordability concerns.
- Massachusetts, which still has a state mandate and adds additional state subsidies for enrollees, saw substantial increases in new enrollment.

Need for Additional Research: Outstanding Major Questions

These initial observations are not conclusory analysis. Many factors influence the outcomes on premiums and enrollment reviewed here, including changes in regional market conditions for the cost of health care, labor market dynamics, and other state-specific dynamics. As discussed in the Covered California 2019 Open Enrollment Early Observations and Analysis, additional analysis is needed to better understand why enrollment changes over time and between states. Following are some of the areas of investigation that are not within the scope of this analysis (and most are areas for which data is not yet available):

- 1. Off-exchange Impacts:** What has the enrollment change been in the off-exchange market, where no financial assistance is helping consumers reduce their premiums?
- 2. Effectuated Enrollment:** How have retention rates among renewing consumers (*after* payment of new year's premium) been affected?
- 3. Risk Mix:** Does lower level of new enrollments translate into worse risk mix, suggesting large premium increases are on the horizon?
- 4. Public Charge:** What impact could the proposed shift in the federal application of the “public charge” have had on enrollment in immigrant communities?
- 5. End Date for Open Enrollment Period:** How does shortening or altering the open enrollment period impact enrollment? (The FFM closes open enrollment on December 15th. For the three states in this analysis their open enrollment closed respectively on December 28th (Washington), January 15th (California), and January 23rd (Massachusetts).)
- 6. Other State-Specific Considerations:** Expansion of Medicaid, marketing spend, availability and enrollment of alternative plans (short-term and limited duration plans).

APPENDIX

Plan Selections from 2019 in Context

SUMMARY OF ENROLLMENT TRENDS BY MARKETPLACE

HIGHLIGHTING PLAN SELECTION CHANGES BETWEEN 2016->2018 and 2018->2019

Category	Marketplace Type	2016 Count	2017 Count	2018 Count	Cumulative % Change (2016 -> 2018)	2019 Count	% Change (2018->2019)	Cumulative % Change (2016 -> 2019)
New Plan Selections	FFM	4,025,637	2,932,321	2,432,833	-39.6%	2,051,270	-15.7%	-49.0%
	Massachusetts	47,360	65,274	49,620	4.8%	65,119	31.2%	37.5%
	Washington	74,545	91,494	78,475	5.3%	39,237	-50.0%	-47.4%
	California	425,484	368,368	388,344	-8.7%	295,980	-23.8%	-30.4%
Renewals	FFM	5,600,345	6,188,329	6,221,240	11.1%	6,275,724	0.9%	12.1%
	Massachusetts	166,523	201,390	217,640	30.7%	236,760	8.8%	42.2%
	Washington	126,146	134,100	164,752	30.6%	183,399	11.3%	45.4%
	Covered California	1,149,856	1,188,308	1,133,180	-1.5%	1,217,903	7.5%	5.9%
Total	FFM	9,625,982	9,120,650	8,654,073	-10.1%	8,326,994	-3.8%	-13.5%
	Massachusetts	213,883	266,664	267,260	25.0%	301,879	13.0%	41.1%
	Washington	200,691	225,594	243,227	21.2%	222,636	-8.5%	10.9%
	Covered California	1,575,340	1,556,676	1,521,524	-3.4%	1,513,883	-0.5%	-3.9%

Analysis of CMS/ASPE reported plan selections in Public Use Files (<https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Marketplace-Products/index.html>) and using 2019 releases from CMS (<https://www.cms.gov/newsroom/fact-sheets/final-weekly-enrollment-snapshot-2019-enrollment-period>), along with state data from CA, MA, and WA. FFM includes SBM-FP states. Kentucky excluded due to shift from SBM to SBM-FP between 2016 and 2017 plan year.

Massachusetts' Expanded Activities for 2019 Open Enrollment Appears to have Been a Key Driver in Growth in New Enrollment

- Massachusetts Health Connector staff used state-level data to identify uninsured communities and populations. This analysis helped to refresh and tailor OE outreach to the current landscape of uninsurance and real-time needs in the market.
- OE19 outreach included very clear, simple messaging through the OE period (unlike last year when new silver loading dynamics caused disruption).
- There was an overall increase in community engagement activities, paid media, earned media:

Type of Outreach	OE18	OE19	% Change
Pre-OE tour events	9 events	14 events	56%
Total earned medial placements and interviews	116 placements	154 placements	33%
Paid radio spots	2,096 radio spots	3,549 radio spots	69%
Paid TV spots	723 TV spots	1,164 TV spots	61%

- This was the Health Connector’s third year working with a marketing and communications firm that was charged with “creating a culture of coverage” in under-insured communities through tailored, data-driven outreach. New member gains in OE19 may be the result of that long-term commitment and the resulting consistency in messaging.
- Massachusetts also launched a comprehensive #StayCovered campaign to educate the state population about its continuing individual mandate and about the importance of “shopping smart” for comprehensive health coverage that meets state standards.

Driving Enrollment through Targeted Outreach in Washington State

Washington Healthplanfinder has had success in partnering with community organizations to enroll targeted groups.

Community fairs, festivals, and events
Health fairs and immunization clinics
Schools (K-12, higher ed, alternative)
WorkSource adult and youth programs
Libraries
Jails and drug courts
Low-income housing complexes
Farms and orchards
Shelters
Food banks
Farmers markets
Faith-based organizations
WIC and other social services offices

Project Homeless
English and foreign language radio, TV spots
Mobile medical outreach
Native navigators (Russian, Ethiopian, COFA Islander)
WorkSource youth programs
Fiestas Patrias
Kitsap Public Health Alerts
Methadone Clinics
Hockey league
Stonewall Youth (LGBTQ)
Back to school events
Salvation Army
Small businesses

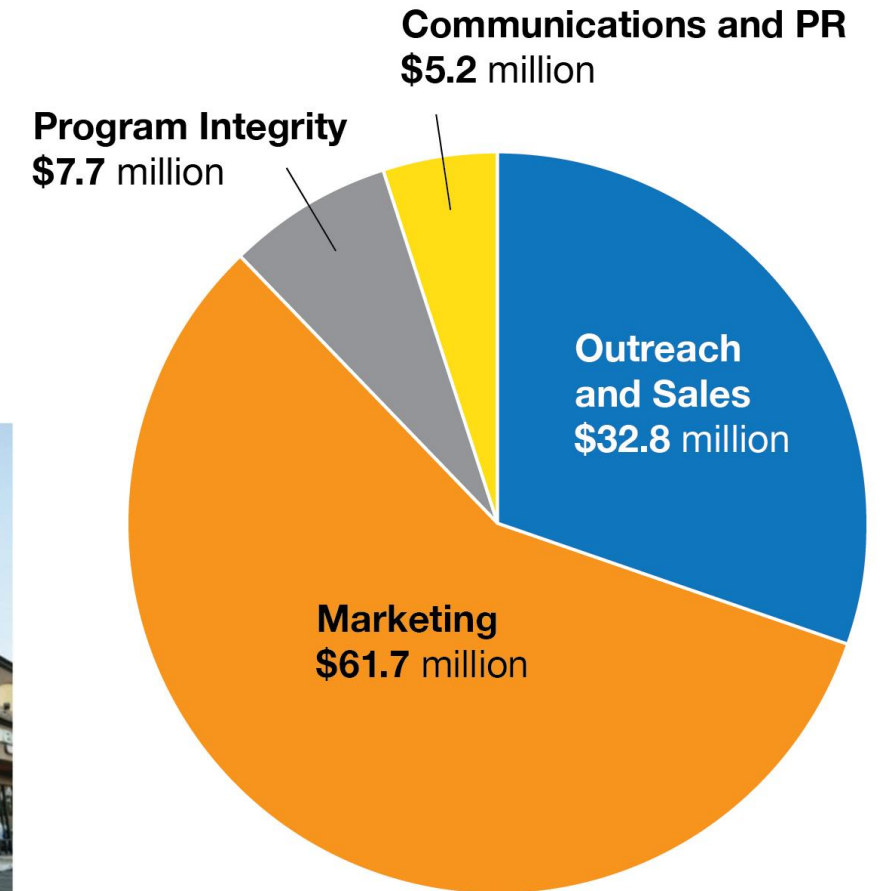


Outreach in California: Outreach and Marketing Matters in California to Achieve A Healthier Risk Mix and Lower Premium

Outreach and marketing efforts reflect a range of evidence-based activities including paid advertising/marketing, funding a community navigator program, supporting certified agents and promotion through earned media.

The \$107.4 million spend is about one-third of Covered California's budget and reflects about 1.1 percent of on-exchange premium revenue.

Covered California's 2018-19 Outreach and Marketing Investments \$107M (out of total \$340M budget)



References

For examples of marketing, enrollment and other state-based strategies pursued by California, Massachusetts, and Washington, and an early analysis of 2019 open enrollment results, see:

- Gasteier, et al. (2018). “Why Massachusetts Stands Out In Marketplace Premium Affordability.” *Health Affairs Blog* (September 4, 2018): <https://www.healthaffairs.org/doi/10.1377/hblog20180903.191590/full/>
- Washington Health Benefit Exchange (2019). *1 in 4 Washington: Benefits of the ACA in Washington state*. <https://1in4wa.com>.
- Covered California (2017). “Marketing Matters.” https://hbex.coveredca.com/data-research/library/coveredca_marketing_matters_9-17.pdf.
- Bingham, et al. (2018). “National vs. California Comparison: Detailed Data Help Explain The Risk Differences Which Drive Covered California's Success.” *Health Affairs Blog* (July 11, 2018): <https://www.healthaffairs.org/doi/10.1377/hblog20180710.459445/full/>
- Covered California (2019). “Covered California 2019 Open Enrollment Early Observations and Analysis.” https://hbex.coveredca.com/data-research/library/CoveredCA_2019_Open_Enrollment_Early_Analysis.pdf

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