

## Research



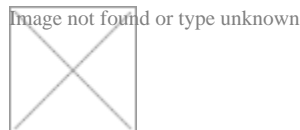
# The American Action Forum's Affordable Care Act Monthly Enrollment Report for January

CHRISTOPHER HOLT, CONOR RYAN | FEBRUARY 12, 2014

Wednesday afternoon, the Department of Health and Human Services (HHS) released nationwide enrollment data for the Affordable Care Act's (ACA) health insurance exchanges through the first four months of the program. As of February 1<sup>st</sup>, 3.3 million individuals enrolled in health insurance coverage through the state and federally run exchanges. The following is the American Action Forum's monthly analysis of the enrollment data released by HHS, evaluating the numbers in the context of possible enrollment trends and the administration's goal of enrolling 7 million individuals by the end of March 2014.

## Analysis

Our enrollment trajectory chart compares Wednesday's enrollment numbers to three benchmarks: a trajectory based on HHS' own goals prior to October 1<sup>st</sup>, an enrollment trajectory similar to that of Medicare Part D's first open enrollment period, and a steady enrollment trajectory. We also examine the composition of the exchange enrollees in terms of age, plan choice, and subsidy eligibility. This information is available through the HHS enrollment report for the first time this month and is compared against administration goals and Congressional Budget Office (CBO) estimates. [1]



## HHS Goal Trajectory

An internal HHS memo, from September 2013, outlines monthly enrollment targets for the ACA's first open enrollment period.[2] While the projection was never confirmed as official by HHS, it represents a possible path to the administration's goal. In the month of January, 1.1 million Americans enrolled in the health insurance exchanges, exceeding for first time the monthly enrollment predicted in the HHS memo. However, the total enrollment of 3.3 million, over the first four months of implementation, is only 75 percent of the 4.4 million total enrollee goal set by HHS.

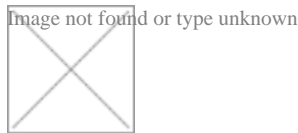
## Medicare Part D Trajectory

Using enrollment in Medicare Part D stand-alone drug plans when the program began in 2006, we can better account for spikes and lulls. Part D had a similar timeline: enrollment began in November of 2005, with a peak in sign-ups before the New Year and another surge before open enrollment closed in the spring.[3] While the monthly enrollment exceeded that assumed by the Medicare Part D trajectory, a total of 4.9 million people

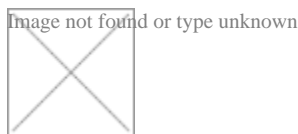
would need to be signed up after the first four months of the program in order to meet the administration's goal of 7 million total enrollees, still nearly 50 percent greater than actual enrollment to date.

## Steady Enrollment Trajectory

The steady enrollment trajectory assumes there will be consistent, unvarying monthly enrollment throughout the six month enrollment period. This method has obvious limitations; it cannot account for fewer early sign-ups due to rollout problems or high enrollment in the weeks leading up to important deadlines. However, as open enrollment continues, highs and lows can be expected to even out. Assuming a linear enrollment trend, 4.8 million people would need to be signed up by the end of January—roughly 45 percent more than the actual enrollment reported by HHS—in order to meet the targeted 7 million.



Generally healthy and frequently uninsured young adults—ages 18 through 34—are crucial to the success of the exchanges. The administration has specifically identified 2.7 million, or 39 percent of total membership, as their target for young adult enrollment in 2014. After four months, only 25 percent of exchange participants are aged between 18 and 34 years old. This group includes the 9 percent of total enrollees aged between 18 and 26 who are eligible to receive coverage through plans purchased by their parents. If this trend continues and the exchanges meet the administrations total enrollment goal, young adult enrollment will be short by roughly 1 million.<sup>[4]</sup>



According to the HHS enrollment report, 62 percent of exchange enrollees are electing to enroll in a Silver plan. This large enrollment could be caused by the cost-sharing provisions of the ACA that grant generously low deductibles and out-of-pocket spending to low-income families who enroll in Silver plans. The enrollment report notes that 93 percent of Silver plan enrollees are eligible for financial assistance. The next most popular plan is the lower-cost Bronze plan, garnering 19 percent of all enrollees.



In their May, 2013 cost-estimate, the Congressional Budget Office estimated that roughly 86 percent of exchange enrollees would receive federal premium subsidies. Higher enrollment of subsidized members could

result in higher costs for the federal government, and lower enrollment could conversely result in cost savings. Through the first four months of open enrollment, 82 percent of enrollees are supported with financial assistance. The current enrollment trend is well within the margin of error for the original CBO projections.

[1] In a recent budget outlook report, the Congressional Budget Office revised their projected enrollment down to 6 million. The report can be found here: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45010-Outlook2014.pdf>