



Avalere Analysis on Exchange Enrollment Data

Last week, the Department of Health and Human Services (HHS) announced that 8 million people enrolled in exchanges nationwide. Beneath the aggregate data linger critical details that will inform future policymaking and priorities for outreach and enrollment. Avalere's observations include:

- The federal government will bear a disproportionate burden of premium increases in states with high rates of subsidized enrollees. Nationwide, 85 percent of exchange enrollees are receiving financial assistance. This ranges from 16 percent in Washington, DC to 94 percent in Mississippi. Looking ahead, the burden of any premium increases could be borne primarily by the government, rather than consumers, in highly subsidized states. While this could dampen the need for plans to price premiums competitively, it could also lead HHS to consider a more active purchasing approach over time.
- Double digit premium increases are likely in many markets in 2014. Despite initial concerns about the age mix of exchange enrollees, the current age distribution appears to be close enough to plan projections to avoid driving major premium increases. However, secular increases in the cost of medical care and in utilization of services and new medical technology make it likely that exchange plans will need to increase their prices. While the exchange markets are likely to remain competitive, and the demographic mix of enrollees has been within tolerance limits, these factors will not compensate for increases in costs in health markets. Premium increases will vary geographically, and will depend in part on the competitiveness of provider markets.
- Age distribution among enrollees varies by state, which may influence plans' interest in each market. The key 18 to 34 age group has been central to the enrollment debate. While 28 percent of exchange enrollees fall between the ages of 18 and 34 nationwide, state figures continue to vary. Forty-five percent of DC's roughly 11,000 enrollees fall into that category, while the corresponding percentage in West Virginia is only 19 percent. Looking ahead to 2015, outreach efforts will need to ensure robust turn out of young adult enrollees in every state market.
- Age distribution is relatively consistent across metal levels. Intuitively, people with greater healthcare needs are older and more likely to buy plans with more generous benefits. Unexpectedly though, the data show individuals across the age spectrum are selecting plans at different metal levels at approximately the same rates. One reason may be that young families with children may be more likely to buy a plan in a higher metal level. While most enrollees have and will continue to enroll in Silver or Bronze plans, health plans will learn more about the risk profile of exchange enrollees and what

motivates people to purchase more generous coverage. However, complete information will only become available well after the 2015 pricing process is complete.

- While Hispanics make-up a disproportionate share of exchange eligibles, their enrollment lags behind other groups. While Asians and African Americans enrolled in exchanges at higher than expected rates relative to the subsidy-eligible, uninsured population, Hispanic enrollment lags behind. Even in California, where overall enrollment exceeded expectations, only 28 percent of enrollees are Latino compared to 63 percent* of the state's QHP-eligible population. While performance of Spanish-language websites varied across state-based and federally facilitated exchanges, 2015 enrollment efforts will need to emphasize alternative outreach efforts to attract Latinos.
- Women are outpacing men in exchange sign-ups. The gender divide among exchange enrollees has remained relatively constant throughout open enrollment. As of HHS' latest report, only 46 percent of exchange enrollees are men, even though they make up 55 percent* of eligibles. Higher enrollment by women could be driven by females being more likely to purchase available insurance, being more inclined to comply with the individual mandate, or having more regular contact with the healthcare system. Over time, outreach and enrollment efforts may need to double down on messages targeting uninsured men.
- Early signs show exchanges are succeeding at expanding coverage to previously uninsured individuals. According to the federal government, 87 percent of people who have enrolled in subsidized exchange coverage were previously uninsured. Furthermore, Gallup reported that the uninsured rate in April was down to 13.4 percent from 15.0 percent in March. These data counter early indications that most exchange enrollees were shifting into the market from other sources of insurance.

Avalere continues to analyze the implementation of exchanges nationwide and the impact on the health industry. Experts are available for comment. If you would like to talk with someone, please contact Frank Walsh at 202-745-5110 or fwalsh@gymr.com.

* Demographic information for subsidy-eligible, uninsured in 2012 based on Current Population Survey, 2013.