

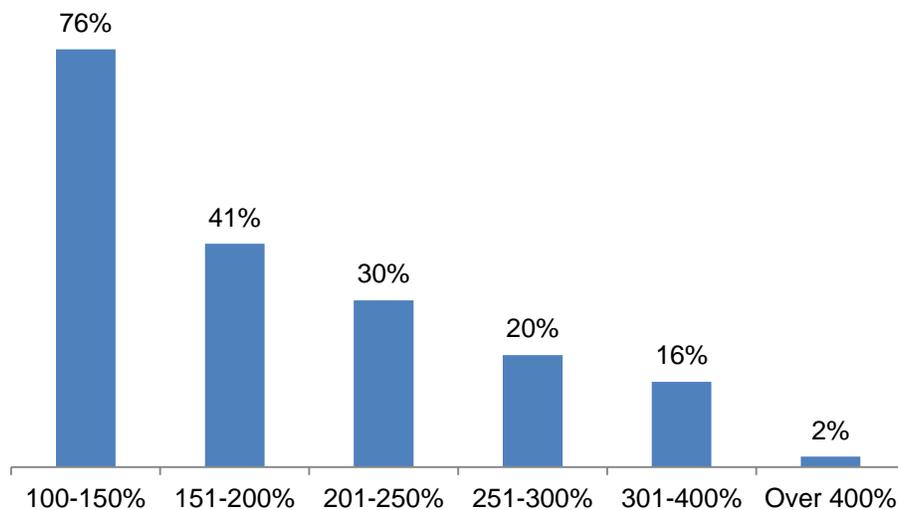


## Exchanges Struggle to Enroll Consumers as Income Increases

New analysis from Avalere finds that while exchanges have succeeded in enrolling very low-income individuals, they continue to struggle to attract middle and higher income enrollees. Specifically, as of the close of the 2015 open enrollment period, exchanges using HealthCare.gov had enrolled 76 percent of eligible individuals with incomes between 100 and 150 percent of the federal poverty level (FPL) or \$11,770 to \$17,655. However, participation rates declined dramatically as incomes increase and subsidies decrease. For instance, only 16 percent of those earning 301 to 400 percent FPL picked coverage through an exchange, even though they may be eligible for premium subsidies.

“People receiving more generous subsidies are expected to enroll in the exchanges at higher rates. However, participation levels decline as incomes increase, even among individuals who would be eligible for both premium subsidies and cost-sharing reductions,” said Elizabeth Carpenter, director at Avalere.

**Percentage of Eligible Individuals Enrolled in Exchange Plans, by Income<sup>1</sup>**



According to data released earlier in March by the Department of Health and Human Services, approximately 83 percent of 2015 exchange enrollees earn less than \$29,425 a year for an individual, or 250 percent of FPL and lower.<sup>2</sup> These consumers have the greatest incentive to enroll in coverage, since they benefit from higher subsidies and more generous coverage.

“Exchanges will need to attract higher income consumers to ensure enrollment continues to grow over time,” said Caroline Pearson, senior vice president at Avalere. “So far, tax credits do not appear to be enough to entice participation, so greater emphasis on individual mandate penalties may be needed to help increase enrollment among low- and middle-income individuals.”

<sup>1</sup> Number of potential eligible exchange enrollees determined using 2013 American Community Survey data on the Uninsured and Non-group populations prior to implementation of the health insurance exchanges. Analysis is limited to the 37 states relying on healthcare.gov in 2015.

<sup>2</sup> Department of Health and Human Services. Health Insurance Marketplaces 2015 Open Enrollment Period: March Enrollment Report. March 10, 2015. [http://aspe.hhs.gov/health/reports/2015/MarketPlaceEnrollment/Mar2015/ib\\_2015mar\\_enrollment.pdf](http://aspe.hhs.gov/health/reports/2015/MarketPlaceEnrollment/Mar2015/ib_2015mar_enrollment.pdf).

**Distribution of 2015 Healthcare.gov Exchange Enrollees, by Income**

<100% FPL <sup>3</sup>	101% - 150% FPL	151% – 200% FPL	201% - 250% FPL	251% - 300% FPL	301% - 400% FPL	Over 400% FPL
3%	40%	25%	15%	8%	8%	2%

**Methodology**

Analysis includes Department of Health and Human Services reported income distribution for the 2015 exchange population in states using HealthCare.gov (37 states). To determine the percentage of available individuals enrolled, Avalere compared exchange enrollment by income bracket to the number of uninsured and non-group market enrollees in states using HealthCare.gov, based on American Community Survey (ACS) 2013 data, prior to the implementation of the Affordable Care Act’s (ACA) coverage expansions.

*Avalere Health is a strategic advisory company whose core purpose is to create innovative solutions to complex healthcare problems. Based in Washington, D.C., the firm delivers actionable insights, business intelligence tools and custom analytics for leaders in healthcare business and policy. Avalere’s experts span 180 staff drawn from Fortune 500 healthcare companies, the federal government (e.g., CMS, OMB, CBO and the Congress), top consultancies and nonprofits. The firm offers deep substance on the full range of healthcare business issues affecting the Fortune 500 healthcare companies. Avalere’s focus on strategy is supported by a rigorous, in-house analytic research group that uses public and private data to generate quantitative insight. Through events, publications and interactive programs, Avalere insights are accessible to a broad range of customers. For more information, visit [avalere.com](http://avalere.com), or follow us on Twitter @avalerehealth.*

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<sup>3</sup> Individuals earning less than 100 percent of poverty are typically not eligible for exchange subsidies.