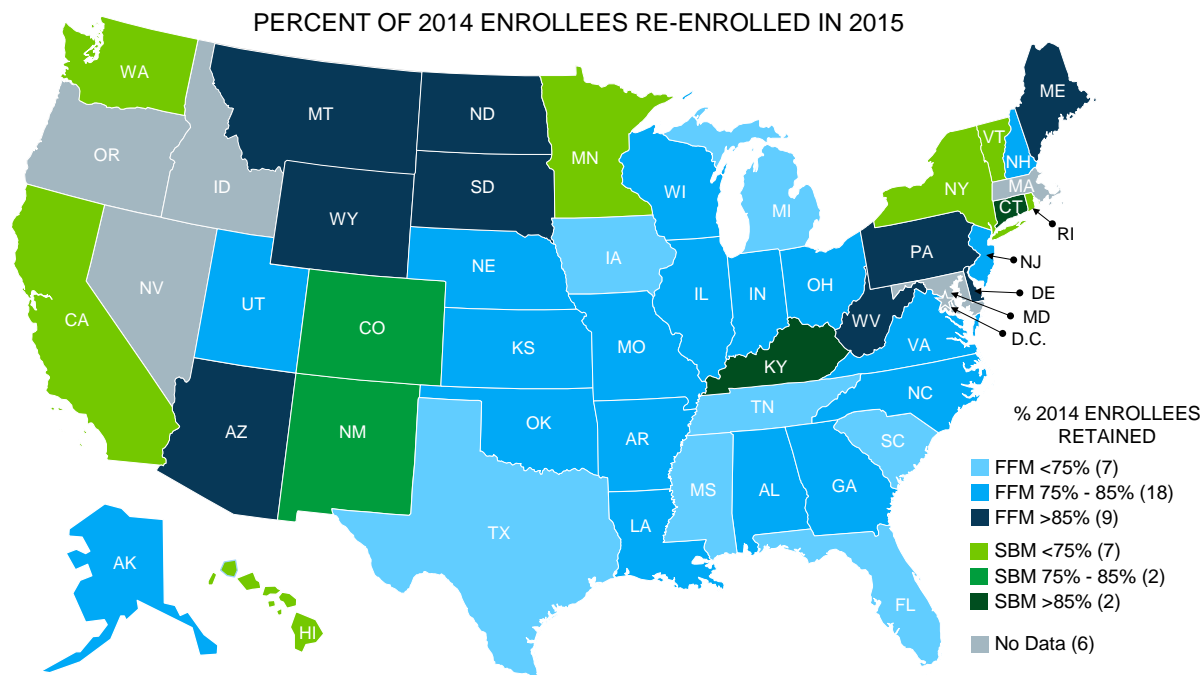




State-Based Exchanges Saw Higher Attrition from 2014 to 2015 Than Federally-Facilitated Exchanges

Exchanges run by the federal government both retained a higher percentage of 2014 enrollees and enrolled a higher percentage of new enrollees in 2015 than states that run their own exchanges, according to a new Avalere analysis.

Federally-facilitated exchange states reenrolled 78 percent of their 2014 enrollees in 2015, on average. In state-run exchange states¹, that percentage drops to 69 percent of 2014 enrollees. California, the state with the highest enrollment in 2014, only retained 65 percent of their 2014 enrollees (Table 1)



It is unclear why state-based exchanges saw higher year-over-year attrition among their enrollees. One possibility is that state exchanges had more enrollees who over-reported income in 2014. For instance, California shifted about 200,000 exchange enrollees into Medicaid for 2015. However, it is unclear why state-run exchanges would have disproportionately experienced such corrections.

In part, this difference explains some of the discrepancies in 2015 enrollment growth between federally-facilitated and state exchanges. "State-run exchanges lost more ground with enrollment in 2015, making it even harder to achieve annual goals for enrollment growth," said Elizabeth Carpenter, director at Avalere.

¹ Idaho, Maryland, Massachusetts, Nevada, and Oregon did not report renewal rates and are not included in this analysis.

In total, federally-facilitated exchange enrollment in 2015 increased by 61 percent from 2014, rising to 8.8M. By contrast, state-run exchange enrollment only increased by 12 percent, to 2.8M. Large federally-facilitated states like Florida and Texas increased enrollment by 62 percent and 64 percent respectively. Conversely, large enrollment state-run exchanges like California and New York increased enrollment by 1 percent and 10 percent respectively.

“Federally-facilitated exchange states significantly outperformed their state-run counterparts in 2015.,” said Caroline Pearson, senior vice president at Avalere. “Some of the higher 2015 enrollment may be attributed to initial technological issues with HealthCare.gov that may have depressed 2014 enrollment, however, that alone does not explain why state-run exchanges did so poorly, relative to the federally-facilitated exchange states.”

Methodology

Avalere relied on data from the March ASPE Issue Brief on *Health Insurance Marketplaces 2015 Open Enrollment Period: March Enrollment Report*. To determine the percentages, Avalere used the 2015 enrollment breakouts from the report on the percentage of enrollees who were new or returning enrollees. Then, Avalere used the percentage of returning enrollees to calculate the percentage of 2014 enrollees retained in 2015.

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TABLE 1: Exchange Enrollment Increases and Retention in 2015

States ²	Exchange Model ³	Percent of 2014 Enrollees Retained	New 2015 Enrollees as a Percent of 2014 Enrollment	Total 2015 Enrollment Percent Growth Over 2014
Alabama	FFE	80.7%	95%	75%
Alaska	FFE	79.2%	86%	65%
Arizona	FFE	89.1%	82%	71%
Arkansas	FFE	84.7%	67%	51%
California	SBE	65.3%	35%	1%
Colorado	SBE	80.6%	31%	12%
Connecticut	SBE	85.3%	53%	39%
Delaware	FFE	87.1%	91%	78%
Florida	FFE	73.0%	89%	62%
Georgia	FFE	76.9%	94%	71%
Hawaii	SBE	36.7%	110%	47%
Illinois	FFE	80.3%	80%	61%
Indiana	FFE	82.8%	83%	66%
Iowa	FFE	72.8%	82%	55%
Kansas	FFE	81.0%	88%	69%
Kentucky	SBE	94.4%	34%	29%
Louisiana	FFE	76.9%	106%	83%
Maine	FFE	89.6%	79%	69%
Michigan	FFE	72.6%	53%	25%
Minnesota	SBE	49.2%	74%	23%
Mississippi	FFE	74.8%	95%	70%
Missouri	FFE	79.9%	87%	66%
Montana	FFE	87.5%	61%	48%
Nebraska	FFE	81.1%	91%	73%
New Hampshire	FFE	79.0%	53%	32%
New Jersey	FFE	81.7%	75%	57%
New Mexico	SBE	80.0%	83%	63%
New York	SBE	72.3%	38%	10%
North Carolina	FFE	76.8%	80%	57%
North Dakota	FFE	94.3%	77%	71%
Ohio	FFE	80.3%	71%	52%
Oklahoma	FFE	83.8%	98%	82%
Pennsylvania	FFE	87.7%	61%	49%
Rhode Island	SBE	74.8%	35%	10%
South Carolina	FFE	74.7%	103%	78%
South Dakota	FFE	86.5%	77%	63%
Tennessee	FFE	71.9%	81%	53%
Texas	FFE	70.6%	94%	64%
Utah	FFE	84.8%	81%	66%
Vermont	SBE	71.9%	11%	-17%
Virginia	FFE	81.9%	96%	78%
Washington	SBE	62.0%	36%	-2%
West Virginia	FFE	85.8%	82%	68%
Wisconsin	FFE	83.0%	65%	48%
Wyoming	FFE	91.6%	85%	76%

² District of Columbia, Idaho, Maryland, Massachusetts, Nevada, and Oregon did not report full data and are not included.

³ The state exchange options are federally-facilitated exchange (FFE) or state-based exchange (SBE).

