



Trends in Subsidized and Unsubsidized Enrollment August 12, 2019

Key Findings

This report provides data on individual health insurance market enrollment trends for people who purchase health insurance with and without advanced payments of the premium tax credit (APTC) subsidies.

- During two successive years of declining enrollment from 2016 to 2018, unsubsidized enrollment declined by 2.5 million people, representing a 40 percent drop nationally. At the state level, the percent change in unsubsidized enrollment over this period ranged from a 0.4 percent drop in Rhode Island to a 91 percent drop in Iowa.
- The most recent year of enrollment data shows average monthly enrollment across the entire individual market decreased by 7 percent nationally between 2017 and 2018 at the same time premiums increased by 26 percent.
- The decrease in enrollment between 2017 and 2018 occurred entirely among people who did not receive APTC subsidies. Unsubsidized enrollment declined by 24 percent, compared to a 4 percent increase in APTC subsidized enrollment.
- Since 2014, average monthly enrollment in the subsidized portion of the market has grown substantially larger than in the unsubsidized market. The subsidized portion of the market was 122 percent larger than the unsubsidized portion in 2018, up from 61 percent larger in 2017.
- Reviewing state-level data shows that declining enrollment trends began from 2015 to 2016 for 10 states. Declining enrollment expanded to 44 states from 2016 to 2017, and 43 states continued to experience declining enrollment from 2017 to 2018.
- Declining enrollment was larger and more widespread among the unsubsidized portion of state markets. From 2015 to 2016, unsubsidized enrollment declined in 23 states. Declining enrollment expanded to 43 states from 2016 to 2017 and then expanded to 47 states from 2017 to 2018. From 2017 to 2018, nine states lost over 40 percent of their unsubsidized enrollment.

Introduction

This report provides data on enrollment trends for people who purchase on- and off-Exchange individual market health insurance plans, both with and without federal advanced payments of the premium tax credit (APTC) subsidies. These data are based on an analysis of individual market plans that participate in the risk adjustment program established under section 1343 of the Patient Protection and Affordable Care Act (PPACA). The data provided in this report include state-specific, average monthly enrollment covering plan years 2014 to 2018. Over that period, average monthly enrollment peaked in 2016, reaching 14.5 million. In 2017, enrollment declined by 10 percent, followed by another decline of 7 percent in 2018. Enrollment among the unsubsidized, who do not receive APTC subsidies, also saw a precipitous decline of 24 percent from 2017 to 2018, compared to an increase of 4 percent in APTC subsidized enrollment. From its peak in 2016 to 2018, unsubsidized enrollment declined by 2.5 million people, a 40 percent drop nationwide. Over this two-year period, unsubsidized enrollment declined by more than 70 percent in Arizona, Georgia, Iowa, Nebraska, Oklahoma, and Tennessee.

Data and Methodology

The enrollment trends in this report cover individual health insurance market plans that participate in the HHS-operated risk adjustment program. These include individual health insurance market plans sold on- and off-Exchange, but exclude grandfathered plans, transitional plans, excepted benefit plans, and student health insurance plans.¹ The analysis excludes data on plans from Massachusetts and Vermont, because both states have merged their individual and small group markets for purposes of the risk adjustment program.²

To derive enrollment trends for people who purchase coverage with and without APTC subsidies, this report uses data from the risk adjustment program and Exchange effectuated enrollment data. The risk adjustment program provides data on the total enrolled member months in all risk adjustment covered plans. Enrolled member months are the total number of months during the plan year for all members enrolled in a health plan.³ Effectuated Exchange enrollment data provides comparable enrollment data for people enrolled in coverage with APTC subsidies. Non-APTC enrollment, referred to as unsubsidized enrollment in this report, is derived by subtracting APTC subsidized enrollment from enrollment in all risk adjustment covered plans. Total enrolled member months is divided by 12 to establish the average monthly enrollment, or the average number of people enrolled during any given month.

Note that state-level enrollment can be strongly impacted by changes in state Medicaid and Basic Health Programs. State actions to expand Medicaid eligibility to 138 percent of the federal poverty level (or make available a Basic Health Plan) can substantially reduce the number of

¹ See the definition for “risk adjustment covered plan” at 45 C.F.R. § 153.20.

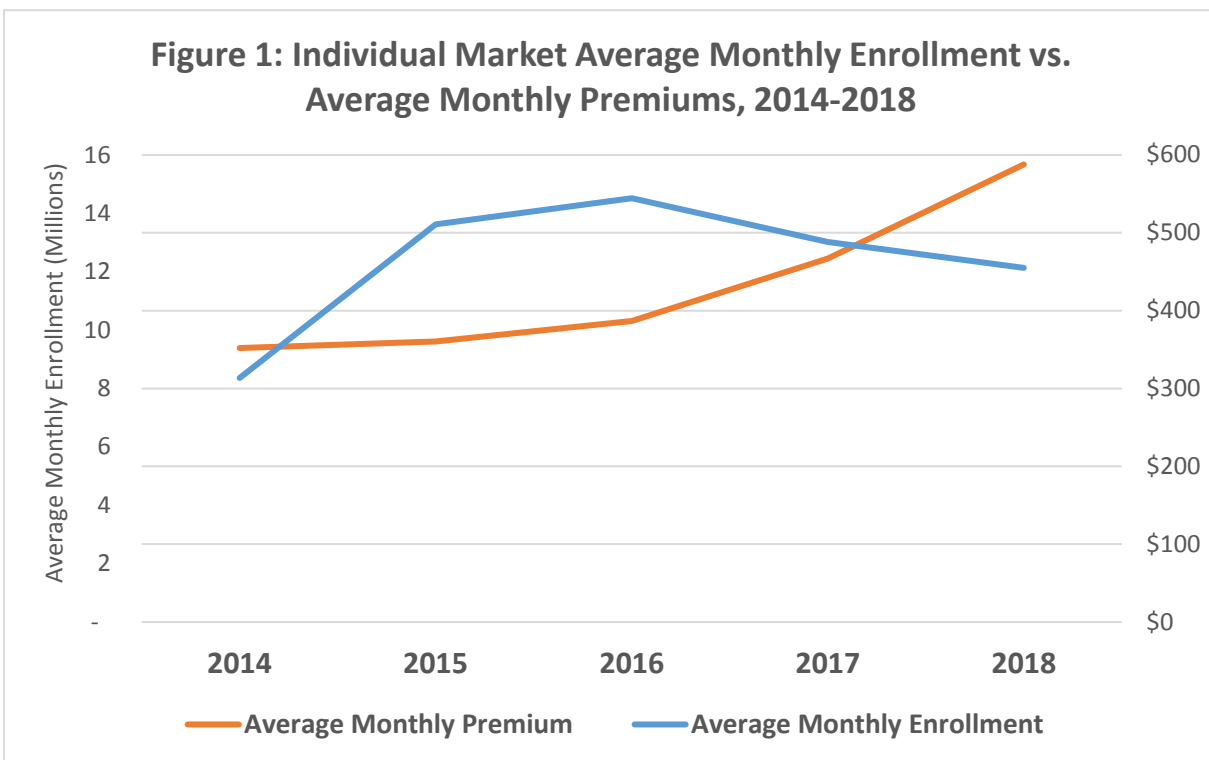
² https://www.regtap.info/uploads/library/RA_GuidanceMergedMarkets2017_030118_5CR_030118.pdf

³ Note that for purposes of comparison with Exchange data, enrolled member months used for this analysis differ slightly from the billable member months used for risk adjustment and for other reporting on the risk adjustment program.

people enrolling *with* APTCs from one year to the next. In addition, people who enroll in an Exchange *without* APTCs can include people who enroll through Medicaid premium support programs.⁴ Thus, Medicaid expansion through premium support could increase enrollment for people without APTCs.

National Enrollment Trends

When APTCs first became available in 2014, average monthly enrollment in the individual market was about 8.4 million members, of which 4.6 million enrolled with APTC subsidies and 3.7 million enrolled without APTCs. Enrollment rose by 63 percent in 2015 to 13.6 million members, and rose another 7 percent in 2016 to 14.5 million members. However, this trend reversed from 2016 to 2017, when enrollment declined by 10 percent. Enrollment declined another 7 percent from 2017 to 2018. As Figure 1 shows, the decline in enrollment in 2017 and 2018 is occurring at the same time as sharp increases in average monthly premiums. In 2018, average monthly premiums increased by 26 percent, following a 21 percent increase in 2017 and a 7 percent increase in 2016.

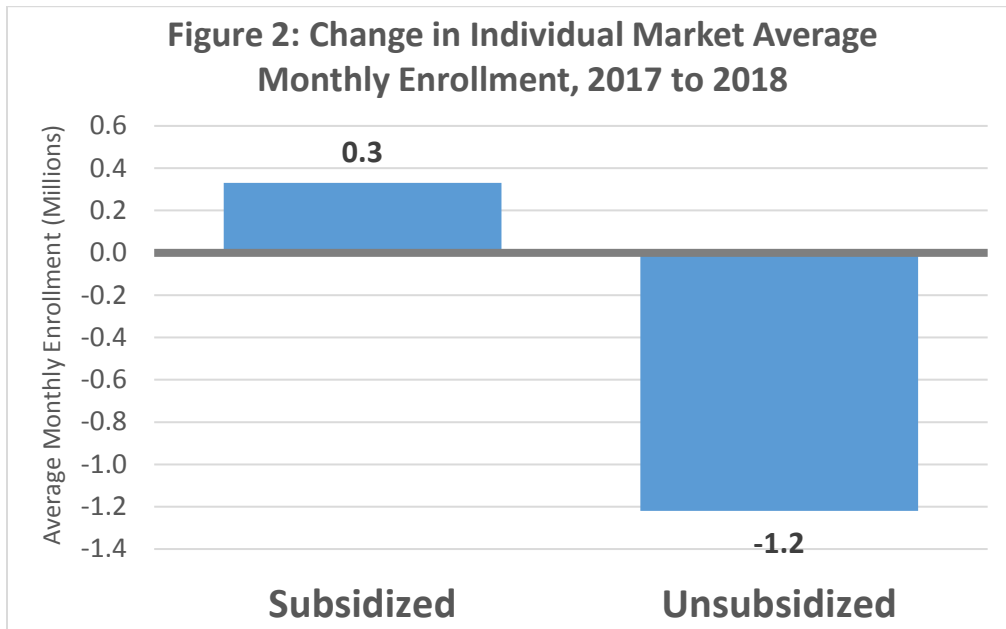


Source: 2014-2018 Risk Adjustment Data

From 2016 to 2017, enrollment declined among both the subsidized and the unsubsidized, with the unsubsidized representing 85 percent of the decline in enrollment. For 2018, the unsubsidized represent the entire drop in enrollment and is offset by a small increase in

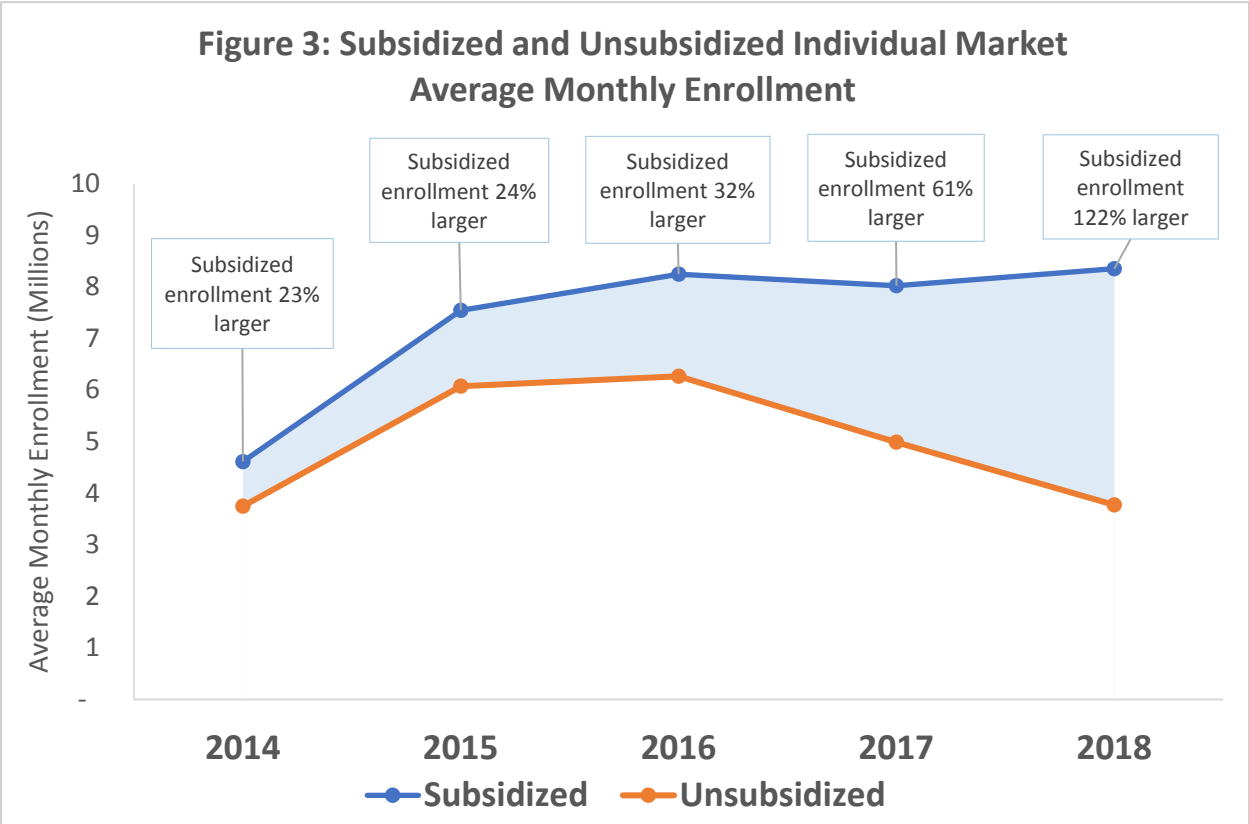
⁴ Arkansas, Iowa, and New Hampshire have all provided Medicaid premium support at some point during the period reported.

subsidized enrollment. In 2018, as shown in Figure 2, average monthly unsubsidized enrollment declined by 1.2 million (24 percent) compared to an increase in subsidized enrollment of 330,000 (4 percent).



Source: 2017-2018 Risk Adjustment Data and 2017-2018 Exchange Effectuated Enrollment and Payment Data

The gap between subsidized and unsubsidized average monthly enrollment in the individual market has grown larger since 2014. The larger decrease in unsubsidized enrollment and the slight increase in subsidized enrollment between 2017 and 2018 substantially increased this trend. Figure 3 shows the enrollment trend in the subsidized and unsubsidized portion of the markets between 2014 and 2018. The shaded area shows that the APTC subsidized market has been growing larger relative to the non-APTC unsubsidized market between 2014 and 2018. In 2014, the subsidized portion of the market was 23 percent larger than the unsubsidized portion, a difference that has grown markedly since. In 2018, the subsidized enrollment was more than double the unsubsidized enrollment.



Source: 2014-2018 Risk Adjustment Data and 2014-2018 Exchange Effectuated Enrollment and Payment Data

State-Level Enrollment Trends

At the state level, there is a continuing trend of declining enrollment across most states. While every state experienced growth in average monthly enrollment between 2014 and 2015, ten states began to see declines from 2015 to 2016, including a 17.6 percent decline in Alaska and a 13.5 percent decline in Minnesota. By 2017, the number of states experiencing declining individual market enrollment grew to 44, and in 2018, 43 states continued to experience declining enrollment.

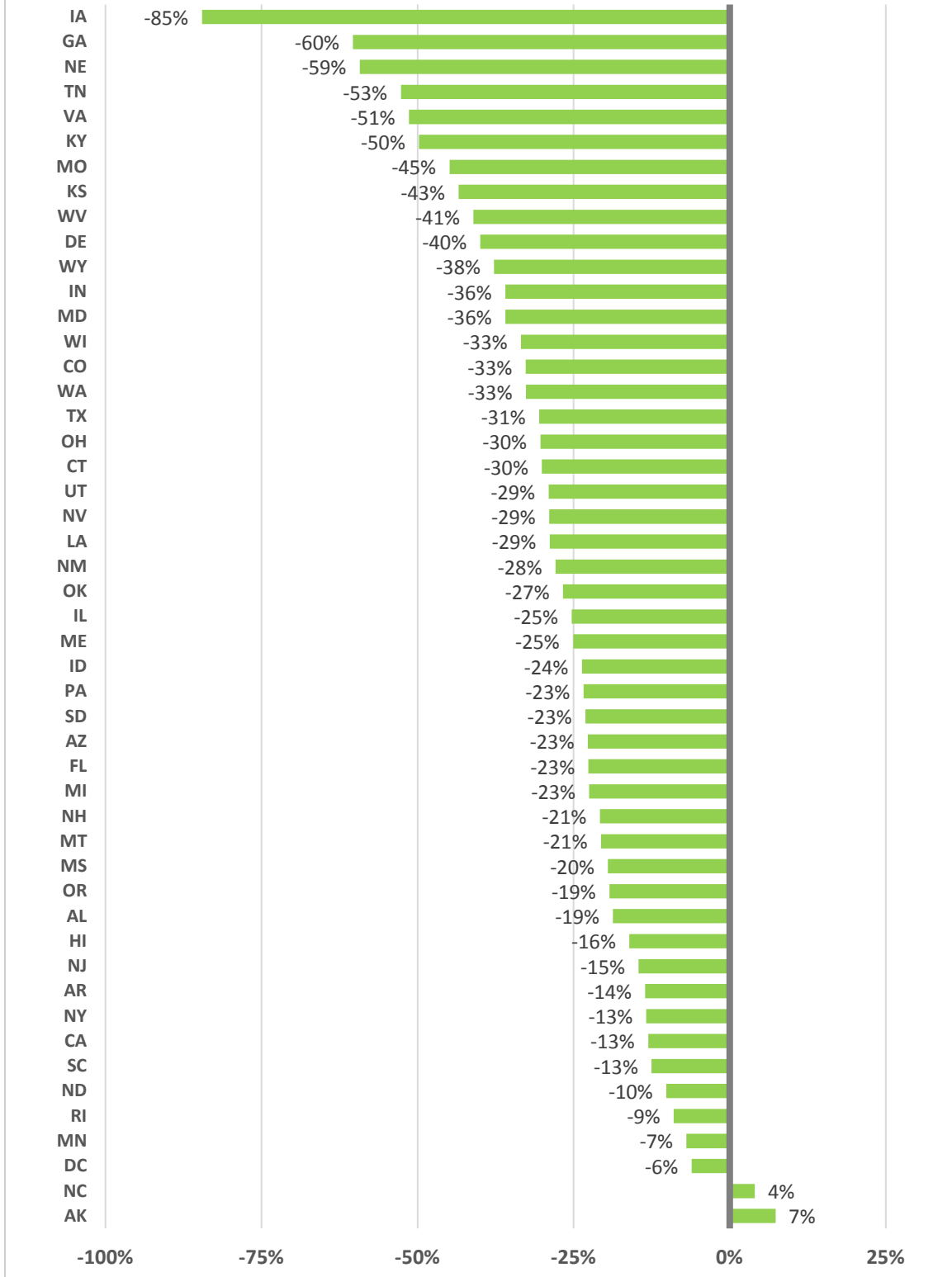
Declining enrollment between 2015 and 2016 was more widespread in the unsubsidized portion of state markets. Over that period, 23 states experienced a decline in unsubsidized enrollment, with 10 states experiencing unsubsidized enrollment percentage declines in the double-digits. From 2016 to 2017, declines in unsubsidized enrollment expanded to 43 states, 38 with double-digit decreases. The five states experiencing the largest declines in unsubsidized enrollment from 2016 to 2017 included Arizona (-73 percent), Oklahoma (-60 percent), Minnesota (-53 percent), Tennessee (-49 percent), and Nebraska (-47 percent).

Figure 4 provides a state-by-state look at unsubsidized average monthly enrollment changes from 2017 to 2018. During this period, the number of states with declining enrollment in the unsubsidized market grew to 47, with nine states losing over 40 percent of their unsubsidized enrollment. Changes in unsubsidized enrollment ranged from a 7 percent gain in Alaska to an 85

percent decline in Iowa. The five states experiencing the largest declines include Iowa (-85 percent), Georgia (-60 percent), Nebraska (-59 percent), Tennessee (-53 percent) and Virginia (-51 percent).

Two successive years of declining enrollment from 2016 to 2018 resulted in a 40 percent drop in unsubsidized enrollment nationally, which represents a decline from 6.3 million to 3.8 million average member months. During this two-year period, some states experienced declines that were far more substantial. At the extreme, unsubsidized enrollment dropped by 91 percent between 2016 and 2018 in Iowa. Over this period, in addition to Iowa, unsubsidized enrollment declined by more than 70 percent in Arizona (-79 percent), Nebraska (-78 percent), Tennessee (-76 percent), Georgia (-71 percent), and Oklahoma (-71 percent).

Figure 4: Percent Change in Unsubsidized Enrollment, 2017 to 2018



Source: 2014-2018 Risk Adjustment Data and 2014-2018 Enrollment and Payment Data

*The analysis excludes data on plans from Massachusetts and Vermont, because both states have merged their individual and small group markets for purposes of the risk adjustment program.

Individual Health Insurance Market APTC Subsidized and Unsubsidized Average Monthly Enrollment, 2014 to 2018										
State	2014		2015		2016		2017		2018	
	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized
AK	8,283	4,461	14,451	6,906	14,065	3,531	13,442	2,456	14,125	2,636
AL	62,238	93,722	115,213	92,683	132,648	77,700	139,996	50,681	138,233	41,202
AR	27,869	145,728	44,139	228,450	51,509	282,235	46,711	291,884	49,431	252,345
AZ	62,472	60,181	109,874	116,920	119,755	115,523	119,467	31,571	119,495	24,396
CA	864,652	768,764	1,104,101	954,032	1,141,457	1,013,307	1,129,187	971,296	1,196,566	844,535
CO	55,925	83,553	61,935	151,359	85,334	188,231	91,335	152,930	100,869	102,960
CT	47,624	48,342	67,844	97,086	73,501	99,867	70,071	75,502	74,045	52,785
DC	961	6,871	1,287	13,031	1,128	16,004	886	16,937	966	15,904
DE	8,151	7,173	16,785	16,105	19,330	15,268	18,028	10,789	17,032	6,477
FL	603,303	173,265	1,094,336	324,165	1,240,296	361,558	1,229,240	314,501	1,371,754	243,292
GA	185,250	85,273	340,487	184,319	363,833	213,915	338,217	158,333	330,535	62,773
HI	2,481	17,101	11,274	23,777	10,886	22,968	13,583	19,584	13,729	16,433
IA	17,221	40,337	31,115	51,501	38,778	43,539	37,011	26,706	37,164	4,129
ID	49,484	27,396	71,647	40,525	77,665	41,541	73,142	33,022	76,425	25,203
IL	118,752	154,711	211,553	274,792	231,892	271,089	230,265	165,646	240,510	123,730
IN	80,848	31,387	134,373	70,485	124,333	80,283	101,588	66,031	92,956	42,294
KS	32,811	26,507	61,244	62,093	68,798	62,054	70,441	41,765	71,108	23,632
KY	45,374	27,471	59,760	45,503	57,877	48,569	54,449	39,264	58,204	19,714
LA	55,125	34,956	112,975	63,476	141,299	67,753	90,846	42,942	76,250	30,563
MD	39,900	64,001	77,739	163,908	95,084	160,476	98,261	128,946	110,632	82,595
ME	30,920	6,801	56,845	15,817	63,402	18,756	57,984	19,913	57,883	14,918
MI	145,220	102,939	239,332	155,916	238,431	172,593	215,804	157,664	210,416	122,135
MN	13,811	223,772	25,292	252,637	42,631	197,681	61,932	92,539	62,832	86,111
MO	92,598	41,525	172,128	83,155	199,238	89,722	175,662	61,527	174,062	33,921
MS	35,858	13,404	62,735	26,765	60,959	30,138	57,172	23,691	64,178	19,070
MT	24,500	32,469	38,138	42,323	39,605	35,995	38,625	22,099	35,760	17,542
NC	228,142	76,311	386,157	122,230	426,753	115,214	407,524	76,602	406,670	79,664
ND	6,976	13,588	10,004	29,494	16,012	26,318	16,399	25,221	16,893	22,660
NE	28,029	31,549	53,228	42,080	66,354	41,257	66,602	21,978	73,513	8,956
NH	21,958	11,960	27,370	23,089	30,451	65,667	27,844	69,095	30,065	54,735
NJ	95,269	82,490	165,220	137,104	186,444	150,161	185,258	157,645	178,312	134,611
NM	16,769	18,347	29,181	47,476	29,731	42,209	31,066	34,492	33,803	24,874
NV	22,754	26,257	45,984	69,971	63,748	66,549	59,514	56,091	62,054	39,870
NY	184,288	155,325	244,393	229,000	112,922	246,104	120,407	216,111	133,154	187,229
OH	89,201	60,809	143,087	106,060	157,136	119,429	145,792	104,961	143,676	73,131
OK	38,062	29,806	78,783	81,673	103,199	65,769	109,723	26,281	120,156	19,263
OR	46,555	98,818	68,098	136,180	87,436	137,234	95,919	114,465	98,489	92,410

Individual Health Insurance Market APTC Subsidized and Unsubsidized Average Monthly Enrollment, 2014 to 2018										
State	2014		2015		2016		2017		2018	
	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized	Subsidized	Unsubsidized
PA	194,532	144,563	290,771	295,186	286,907	284,844	289,737	204,355	299,649	156,498
RI	20,334	14,477	25,783	15,512	27,652	17,970	23,376	19,657	26,394	17,892
SC	66,374	23,594	135,801	49,536	160,746	56,115	157,420	44,497	162,859	38,926
SD	8,876	12,905	15,728	23,660	20,671	20,876	23,796	12,226	24,684	9,399
TN	79,926	55,167	140,103	110,012	178,488	118,944	167,618	60,367	175,560	28,569
TX	381,158	213,528	698,768	491,960	804,423	446,661	778,233	276,431	807,405	192,075
UT	38,951	48,140	103,938	60,965	135,947	64,127	143,625	54,376	156,607	38,605
VA	121,241	61,955	246,856	158,010	286,524	157,547	281,606	136,781	277,453	66,466
WA	99,453	193,648	114,164	197,260	113,719	199,058	112,775	181,823	128,435	122,448
WI	92,181	39,090	151,723	60,601	174,641	72,071	166,310	62,992	164,999	41,935
WV	12,272	8,931	23,113	20,327	26,063	17,143	22,799	10,676	19,390	6,294
WY	8,686	5,004	14,901	7,489	19,138	7,137	19,273	7,054	20,869	4,392
TOTAL	4,613,617	3,748,369	7,549,756	6,072,605	8,248,839	6,268,703	8,025,959	4,992,392	8,356,247	3,772,200

Source: 2014-2018 Risk Adjustment Data and 2014-2018 Exchange Effectuated Enrollment and Payment Data

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