ACA Exchange Enrollment in the COVID-19 Era, and Its Implications

EXECUTIVE SUMMARY AND OVERVIEW

Millions of Americans have lost their jobs as a result of COVID-19, often losing their health insurance simultaneously. When individuals lose their employer-based minimum essential coverage, they qualify for a special enrollment period (SEP), and can enroll in individual market plans through the ACA exchanges. Given that at least 3 million and possibly 5-6 million workers lost their employer-provided insurance between February and May, we would expect to see a dramatic increase in exchange plan enrollment, particularly through state-run exchanges that established special enrollment periods for precisely this population.

However, in comparing estimates of workers losing coverage with enrollment in the state-specific SEPs, we find the estimated number of people who become uninsured is 4 to 19 times larger than the number of people enrolling in exchange plans. It seems relevant to also compare enrollment in state-specific SEPs with the increase in food stamp enrollment in those states during the same period. Food stamp enrollment would likewise be expected to rise dramatically during the worst economic downturn since the Great Depression. The increase in food stamp enrollment is 4 to 15 times the enrollment in the state-specific SEPs, with states that saw modest SEP enrollment, such as Nevada, experiencing sharp increases in food stamp enrollment.

SEP enrollment through the federal exchange has been similarly modest. Enrollment in the federal exchange through the loss of coverage SEP increased by about 150,000 from March to May (relative to March to May 2019).

The vast gap between unemployment claims and the estimated number of workers becoming uninsured on the one hand and the levels of SEP enrollment on the other suggests that exchange plans do not perform a safety net function comparable to food stamps.

This raises the question of how exchange plans are perceived by potential enrollees, ten years after enactment of the ACA and almost six years after exchange implementation. It is possible that many laid-off workers – particularly those not eligible for exchange premium subsidies – do not view exchange plan coverage as particularly valuable, perhaps due to the large deductibles for silver and especially bronze plans.

Given the experience of the past three months, policymakers may consider whether changes to exchange plans, i.e. increasing subsidies and reducing cost-sharing, would be sufficient to allow exchange plans to play a significant safety net role, or whether a change in direction is warranted. For example, a number of the Democratic Presidential candidates called for automatic enrollment of unemployed workers in a Medicare or other public option. The limited enrollment in exchange plans during the pandemic raises the broader question of whether the individual market is the most effective vehicle for increasing access to health insurance going forward.

Sections include:

I. INTRODUCTION

Millions of Americans have lost their jobs as a result of COVID-19, often losing their health insurance simultaneously. When individuals lose their employer-based minimum essential coverage, they qualify for a special enrollment period (SEP), and can enroll in individual market ACA exchange coverage. According to the Bureau of Labor Statistics, unemployment grew by an unprecedented 20.7 million people from March 2020 to April 2020. In May, this number increased by another 2.5 million people. Though the unemployment rate has dropped from its record high of 14.7 percent in April, it was still 13.3 percent in May and 10.2 percent in July. Not all of these individuals filing for unemployment have lost coverage. 97% of those surveyed by the Bureau of Labor Statistics in April reported that their job loss was temporary. As such, many of these individuals may have retained their employer-sponsored health care coverage. This theory is consistent with a recent survey conducted by Mercer in which 55% of employers surveyed reported they would continue to provide health benefits for laid off employees[i]. In addition, some workers may have elected to keep their coverage through COBRA (likely a small number, since under COBRA the individual has to pay both the employee and employer share of the premium).

In a recent study with the National Center for Coverage Innovation, Families USA estimates that between February and May, "5.4 million laid-off workers became uninsured."[ii] This estimate does not appear to consider that, per the Mercer survey, a much higher percentage of employers than is typical may maintain coverage for laid-off employees. It is unclear, however, how long such employers will be able to continue providing coverage if their revenue does not increase substantially from current levels.

Even under the most conservative assumptions, it seems likely that at least 3 million workers lost their employer-provided insurance between February and May.

Consumers Can Utilize Special Enrollment Periods If They Experience One of Six Types of Qualifying Life Events

1. The individual or someone in their household lost qualifying minimum essential health coverage. This most often occurs through job loss and resulting loss of employer-sponsored coverage. It can also occur if an individual loses coverage via Medicaid/CHIP, Medicare, individual or group health plan coverage, or loss of coverage under a parent's health plan (i.e. turning 26 and losing coverage).
2. The individual experiences a change in household size, including getting married, having a baby, or otherwise gaining or becoming a dependent.
3. The individual experiences a change in primary residency. This includes moving to a home in a new zip code or moving to the US from a foreign country.
4. The individual or someone in their household experiences a change in eligibility. This includes a change that impacts the ability to pay for coverage, becoming newly eligible by a moving to a different state, following incarceration, or by becoming a citizen.
5. The individual or someone in the household experiences an enrollment or plan error, including being enrolled in the wrong plan because of technical errors or misinformation.
6. Other situations. These include having newly gained access to an HRA and proving exceptional circumstances that prevented the individual from previously enrolling in coverage.

In anticipation of the job losses surrounding COVID-19, state exchanges, as well as CMS, took a number of actions to ensure individuals losing healthcare coverage would have multiple routes of gaining minimum essential coverage. Individuals in states that use HealthCare.gov to run their exchanges have the option of utilizing a special enrollment period to enroll in exchange coverage. All but one (Idaho) of the states that run their own exchanges established state-specific special enrollment periods after the start of the pandemic. Most of these state-specific SEPs have concluded, but two states and the District of Columbia have SEPs that are still active; DC's ends September 15, New York's on August 15, and Vermont's on August 14. With the potential for a second wave of unemployment surges, states may choose to reopen these special enrollment periods, following in the path of Maryland. Maryland extend its SEP (which originally ended July 15) through December 15.

II. ENROLLMENT DURING STATE-SPECIFIC SPECIAL ENROLLMENT PERIODS, COMPARED TO UI CLAIMS AND ESTIMATES OF COVERAGE LOSSES

Given that at least 3 million and possibly 5-6 million workers lost their employer-provided insurance between February and May, we would expect to see a dramatic increase in exchange plan enrollment – particularly through state-run exchanges that established special enrollment periods for precisely this population.

State-Specific Special Enrollment Periods Have Seen Varying Degrees of Enrollment; More Data Is Likely to Emerge

State	SEP	Unemployment Rate May 2020	Unemployment Insurance Claims	SEP Enrollment
California	Ended 7/31	16.4%	From March 20-May 20: 3.5 million initial claims	As of 5/20, 123,000 enrollees via the SEP. This is 2.5 times more than in 2019. By July 25, this was up to 320,000 enrollees, which is double last year's figure.
Colorado	Ended 4/30	13.3%	From March 20-April 30: ~260,000 initial claims	14,263 enrollees from March 20-April 30
Connecticut	Ended 4/17	9.4%	March 19-April 4: ~100,000 claims	1,400 enrollees in the first two weeks. 4,425 total enrollees: 2,608 through qualifying life events and 1,817 previously uninsured.[v]
DC	Ended 8/15	8.9%		2,072 enrollees in general exchange programs from mid-March to April 19

State	SEP	Unemployment Rate May 2020	Unemployment Insurance Claims	SEP Enrollment
Maryland	Ended 7/15, extended to 12/15	10.0%	From March 16-April 15, the state had around 250,000 unemployment claims	21,500 enrollees from March 16- April 15, 54,000 enrollees total
Massachusetts	Ended 6/23	16.0%	From March 11-April 30, 780,000 residents applied for unemployment insurance	45,000 enrollees from March 11- April 30
Minnesota	Ended 4/21	9.9%	During the SEP period, around 470,000 residents submitted unemployment insurance claims	23,000 residents sought insurance during the period; 9,500 enrolled in exchange plans
Nevada	Ended 5/15	25.3%	During the SEP period, the state had around 425,000 residents submit unemployment insurance claims	5,500 residents through the COVID-SEP and 600 residents through loss of MEC
New York	Ended 5/15	14.5%		Unknown
Rhode Island	Ended 4/30	16.4%		Unknown
Vermont	Ended 8/14	12.8%		From March 20-May 11, 373 COVID-19 SEP enrollees
Washington	Ended 5/8	15.1%	From March 10-May 8, the state had over 1 million unemployment insurance claims	19,500 total enrollees: 7,000 through the COVID-19 SEP and 12,500 through qualifying life event SEPs

With the exception of Maryland, the number of enrollees during these state-specific special enrollment periods did not significantly exceed 5% of the total number of unemployment insurance claims reported for those months[iii]. For example, while the number of SEP enrollees in California through May 20, 123,000, was 2.5 times the number for the previous year, it represents just 3.5% of unemployment insurance claims filed in California during that period. For Massachusetts the percentage was 5.8%, but for states such as Nevada and Washington, the percentage was much lower: between 1 and 2%.

As discussed above, the number of unemployment claims is likely significantly greater than the number of workers losing employer-provided coverage. This is because not all workers have employer-sponsored insurance, and a majority of employers indicated that they would maintain (or at least intend to maintain) coverage for laid-off workers, for some period of time.

The state-by-state estimates in the Families USA study reflect the assumption that a percentage of laid-off workers will enroll in exchange plans rather than become uninsured; this percentage is based on data from 2014 to 2018 (i.e., since the implementation of the ACA exchanges).[iv] It is possible that a higher percentage of laid-off workers have enrolled in exchange plans than would at other times, due to concerns about contracting COVID-19; if so, the Families USA figures could be high.

Comparing the Families USA figures to enrollment in the state-specific SEPs, we find a smaller but still substantial gap, with the estimated number becoming uninsured still four to 19 times the number enrolling in exchange plans (again, except for Maryland).

State	Workers Becoming Uninsured between February and May 2020 (Families USA Estimate)	SEP Enrollment
California	689,000	As of 5/20, 123,000 enrollees via the SEP. This is 2.5 times more than in 2019. By July 25, this was up to 320,000 enrollees, which is double last year's figure
Colorado	74,000	14,263 enrollees from March 20-April 30
Connecticut	49,000	1,400 enrollees in the first two weeks. 4,425 total enrollees: 2,608 through qualifying life events and 1,817 previously uninsured
DC	8,000	2,072 enrollees in general exchange programs from mid-March to April 19
Maryland	75,000	21,500 enrollees from March 16-April 15, 54,000 enrollees total
Massachusetts	159,000	45,000 enrollees from March 11-April 30
Minnesota	56,000	23,000 residents sought insurance during the period; 9,500 enrolling in exchange plans

State	Workers Becoming Uninsured between February and May 2020 (Families USA Estimate)	SEP Enrollment
Nevada	97,000	5,500 residents through the COVID-SEP and 600 residents through loss of MEC
New York		Unknown
Rhode Island		Unknown
Vermont	7,000	From March 20-May 11, 373 COVID-19 SEP enrollees
Washington	103,000	19,500 total enrollees: 7,000 through the COVID-19 SEP and 12,500 through qualifying life event SEPs

III. COMPARISON OF STATE-SPECIFIC SEP AND FOOD STAMP ENROLLMENT

Finally, it seems relevant to compare enrollment in state-specific SEPs with the increase in food stamp enrollment in those states during the same period. Food stamp enrollment would be expected to rise dramatically during the worst economic downturn since the Great Depression. The comparison is not exact -- many workers who have lost their jobs and employer-provided insurance still have incomes too high to qualify for food stamps (e.g., due to a working spouse or other household member, or receipt of unemployment insurance benefits, including the $600 federal supplement). On the other hand, food stamps are available to self-employed or other individuals who don't qualify for the state-specific SEP because they did not have employer-provided coverage.

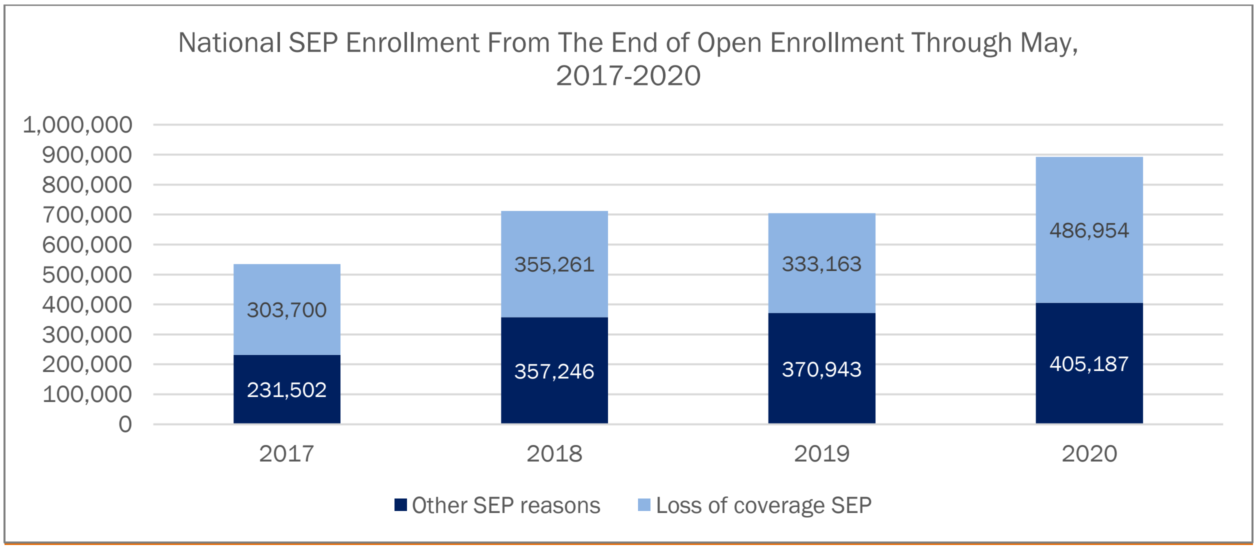
State	Unemployment Insurance Claims	SEP Enrollment	Increase in Food Stamp Enrollment, Feb.-May 2020[v]
California	From March 20-May 20: 3.5 million initial claims	As of 5/20, 123,000 enrollees via the SEP. This is 2.5 times more than in 2019. By July 25, this was up to 320,000 enrollees, which is double last year's figure	635,000
Colorado	From March 20-April 30: ~260,000 initial claims	14,263 enrollees from March 20-April 30	93,000

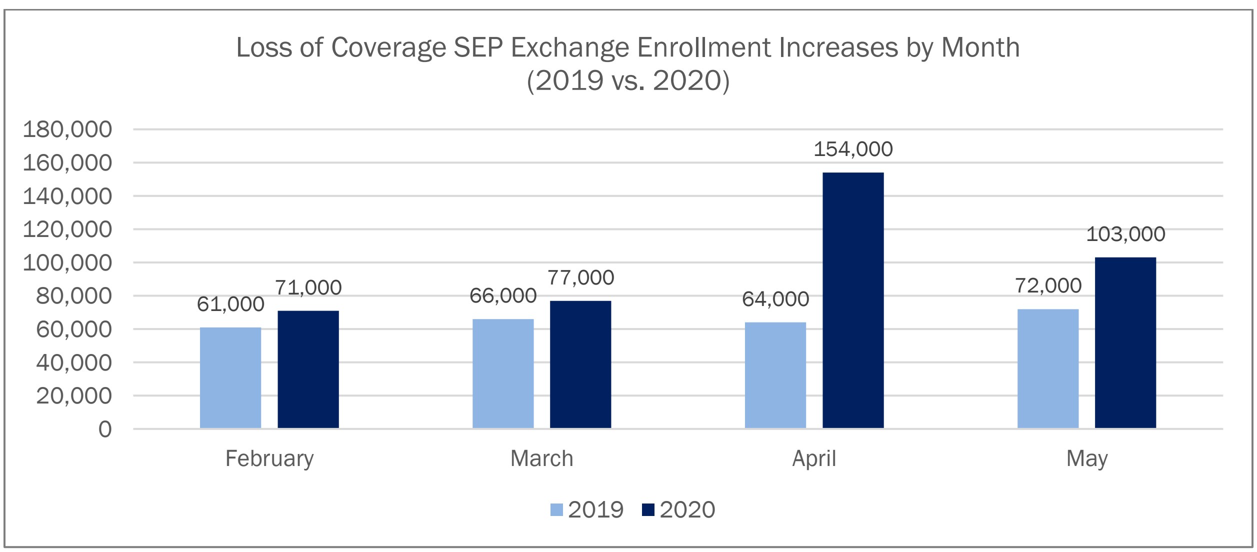
State	Unemployment Insurance Claims	SEP Enrollment	Increase in Food Stamp Enrollment, Feb.-May 2020[v]
Connecticut	March 19-April 17: ~100,000 claims	1,400 enrollees in the first two weeks. 4,425 total enrollees: 2,608 through qualifying life events and 1,817 previously uninsured	27,000
DC		2,072 enrollees in general exchange programs from mid-March to April 19	
Maryland	From March 16-April 15, the state had around 250,000 unemployment claims	21,500 enrollees from March 16- April 15, 54,000 enrollees total	
Massachusetts	From March 11- April 30, 780,000 residents applied for unemployment insurance	45,000 enrollees from March 11- April 30	161,000
Minnesota	During the SEP period, around 470,000 residents submitted unemployment insurance claims	23,000 residents sought insurance during the period; 9,500 enrolled in exchange plans	54,000
Nevada	During the SEP period, the state had around 425,000 residents submit unemployment insurance claims	5,500 residents through the COVID-SEP and 600 residents through loss of MEC	100,000
New York		Unknown	
Rhode Island		Unknown	
Vermont		From March 20-May 11, 373 COVID-19 SEP enrollees	
Washington	From March 10- May 8, the state had over 1 million unemployment insurance claims	19,500 total enrollees: 7,000 through the COVID-19 SEP and 12,500 through qualifying life event SEPs	122,000

The increase in food stamp enrollment is 4 to 15 times the enrollment in the state-specific SEPs, with states such as Nevada and Connecticut, which saw modest SEP enrollment, experiencing significant increases in food stamp enrollment, 24 and 8% respectively.

Food is certainly a more urgent need than health insurance coverage; if you don't become seriously ill you can theoretically go without health insurance indefinitely with no serious adverse consequences. During a pandemic, however, the risk of becoming seriously ill is elevated. More to the point, *concern/anxiety* about becoming seriously ill is far more widespread and intense. Accordingly, we would expect laid-off workers to be more likely to enroll in exchange plans now than during a typical (i.e., non-pandemic-driven) economic downturn.

ENROLLMENT THROUGH THE FEDERAL EXCHANGE





The majority of individuals enrolling in the federal exchange through an SEP did so through the Loss of Minimum Essential Coverage SEP.

As shown here, SEP enrollment through the federal exchange (which covers 38 states -- 32 states are fully federally facilitated, while six others also use HealthCare.gov) has been similarly modest. Enrollment in the federal exchange through the loss of coverage SEP increased by about 150,000 from March to May (relative to March to May 2019), which is only slightly greater than enrollment in California's state-specific SEP (123,000) during the same period.

As discussed above, at least 3 million and possibly 5-6 million workers lost employer-provided coverage from February through May. National food stamp enrollment rose by an estimated 6.2 million over that period.

The Trump administration has scaled back ACA outreach and enrollment efforts; cutting funds provided to the navigators (i.e., to assist with enrollment) by 84%, from $63 million in 2017 to just $10 million in 2019 and 2020. The administration also rebuffed requests to establish a special coronavirus SEP.

On the other hand, states that run their own exchanges did establish such SEPs and, in some cases, launched outreach campaigns publicizing the opportunity to enroll in exchange plans (or Medicaid/CHIP through the exchange). Maryland shifted its marketing budget towards a COVID-19 response, while California launched a new ad campaign. Other state marketplaces targeted residents applying for unemployment insurance by providing health insurance enrollment information during the UI application process. New York went a step further, aiming its campaign at residents specifically identified as being at risk of losing their employer-sponsored insurance. A few state marketplaces – including Connecticut, New Mexico, and Oregon – and the District of Columbia are working with employers and small businesses to provide laid off employees with coverage options.[vi]

IV. CONCLUSION

The vast gap between unemployment claims and the estimated number of workers becoming uninsured on the one hand and the levels of SEP enrollment on the other suggests that exchange plans do not perform a safety net function (e.g., comparable to food stamps in the nutrition context). As discussed above, employers may have maintained coverage for a higher percentage of laid off workers than assumed for purposes of the Families USA estimates, and some workers may have elected to keep their coverage through COBRA.

The modest levels of SEP enrollment nonetheless raise the question of how exchange plans are perceived by potential enrollees, ten years after enactment of the ACA and almost six years after exchange implementation.

It is possible that many laid-off workers – particularly those not eligible for exchange premium subsidies – do not view exchange plan coverage as particularly valuable, possibly due to the large deductibles for silver and especially bronze plans. For an individual not eligible for subsidies, a bronze plan could cost $270 per month with a $7,500 deductible and 40% cost sharing after the deductible is met (see example below). Such a plan could cover as little as $1,500 of a $10,000 hospital bill. For an individual below 250% of the federal poverty level, who would be eligible for both premium subsidies and cost-sharing reductions that could reduce silver plan monthly costs by two-thirds, enrollment in an exchange plan is a much more financially attractive proposition.

Of the unemployed workers who became uninsured from February through May, it is not clear how many researched exchange plans and decided not to enroll, as opposed to those who didn't look into the possibility due to the high deductibles, and those who were not aware of special enrollment periods (or were not aware of exchange plans at all).

Given the experience (so far) during the first economic downturn since implementation of the exchanges, policymakers may consider whether changes to exchange plans such as increasing subsidies and reducing cost-sharing would be sufficient to allow exchange plans to play a significant safety net role, or whether a change in direction is warranted. Policymakers generally view Medicaid as the primary health care safety net program, but many workers losing employer-provided coverage will still have incomes too high to qualify for Medicaid, due to a working spouse or unemployment insurance payments, so there is clearly a role for exchange plans to play (particularly during the most severe recession in a century).

A provision in H.R. 1425, the House Democratic healthcare bill, would expand premium subsidies to people above 400% of the poverty level, but the high deductibles for silver and bronze plans may represent a greater barrier to exchange enrollment.

A number of the Democratic presidential candidates called for automatic enrollment of unemployed workers in a Medicare buy-in or other public option, which would represent a change in direction for congressional Democrats. This approach does seem more feasible than auto-enrollment of laid-off workers in exchange plans (it is unclear how an exchange plan would be selected under such a policy).

The limited enrollment in exchange plans during the pandemic raises the broader question of whether the individual market is the most effective vehicle for increasing access to health insurance going forward. Enrollment in an individual market plan requires individuals to be familiar with plans and exchanges, research and choose among plans, and determine if the best plan is worth the overall cost. Often, all of this must be done at a time of dislocation and high stress – after non-pandemic-related job loss, a divorce, graduation or otherwise leaving school, starting a business or work as an independent contractor, or any point during 2020.

V. APPENDIX

The Exchange Plan Enrollment Decision: An Illustrative Example

As an example, let's look at a 35-year-old single woman who has recently lost her job and employer-sponsored insurance. She does not qualify for subsidies. The figures in the table below are based on national averages for exchange plans.

Plan Tier	Monthly Premium	Deductible	Percentage Responsible for After Deductible	Maximum Out-of-Pocket	Worst Case Scenario
Bronze	$270	$7,500	40%	$8,550	$11,790
Silver	$350	$3,000	30%	$7,000	$11,200
Gold	$420	$1,000	20%	$3,500	$8,540

For an individual in the 48 continuous states and D.C., the 2020 federal poverty level (FPL) is $12,760; 200% of FPL is therefore $25,520, and 300% 38,280. The table below shows estimates of what an individual making different percentages of the federal poverty line would be expected to pay for a middle-tier silver plan. In states that have expanded Medicaid, anyone making under 138% of the poverty level can enroll in Medicaid, paying little or nothing out of pocket.

Income Level	Estimated Financial Help	Silver Plan Premium	Maximum Contribution
100% of FPL	95% of monthly costs	$22	2.06% of income
150% of FPL	85% of monthly costs	$68	4.27% of income
200% of FPL	68% of monthly costs	$141	6.65% of income
300% of FPL	13% of monthly costs	$312	9.78% of income

Historically, silver plans have been the most popular choice for enrollees. For 2017, 71% of enrollees in both HealthCare.gov and state-based exchanges chose silver plans; this dropped slightly to 63%

for 2018 and 59% for 2019. This popularity is largely due to cost-sharing reductions (CSRs), which apply only to silver plans. For 2021, individuals making less than $31,900 for a single person, or families of four making less than $65,000 qualify for CSRs (which reduce out-of-pocket costs). These amounts are equivalent to 250% of FPL.

Further Details on Enrollment in Certain State-Specific SEPs

Prior to the COVID-19 emergency, D.C. had an open-ended special enrollment period in place for residents who were unaware that the District had reinstated the ACA individual mandate penalty. In mid-March, D.C. opened a COVID-specific SEP which, after several extensions, is set to run through August 15. From mid-March to April 19, D.C. had 2,072 residents enroll in marketplace coverage. This represents a 66% increase from the same period in 2019. The unemployment rate for D.C. reached almost 9% in May.

Maryland ran a COVID-19 SEP from March 16 to July 15. In the first month, Maryland had 21,500 residents enroll through the SEP. While most states did not provide details on their enrollees, the Maryland Health Benefit Exchange released detailed data. Over the course of the COVID-19 special enrollment period, which began March 16, Maryland enrolled 54,028 residents. Of these enrollees, 35% purchased private plans and 65% enrolled in Medicaid. 90% of all enrollees received some form of cost-reduction. During this time, the state saw the unemployment rate reach 10% and had about 250,000 unemployment insurance claims submitted. Maryland subsequently extended the SEP through December 15 of this year.

Minnesota ran a COVID-19 SEP from March 23 to April 21. At the closure of the SEP, MNSure (the Minnesota exchange) announced that more than 23,000 residents sought insurance during the period. Of these, over 13,700 were determined to be qualified for public insurance. In addition, nearly 9,500 residents enrolled in exchange plans; the majority of these enrollees applied through the COVID-19 SEP with the remaining enrollees qualifying through a life event. During the SEP, the state had around 470,000 unemployment insurance claims submitted and reached an unemployment rate of almost 10%. [vii]

New York has repeatedly extended their COVID-19 special enrollment period. The SEP is currently set to expire on August 15. The state has yet to release any enrollment data for the period.

Rhode Island opened their COVID-19 SEP March 14 and concluded it on April 20. In the first 72 hours of the SEP in Rhode Island being opened, nearly 200 people signed up for coverage.

Vermont is currently running a COVID-19 SEP that began March 20 and is set to end August 14. From March 20 to May 11, the state enrolled 888 residents in marketplace coverage, including around 370 via the COVID-19 SEP. In May of 2020 the state had an unemployment rate of 12.8%.

About the Author

This article was prepared by Marwood Group Advisory Services. Drawing on the collective expertise of its seasoned healthcare professionals, Marwood leverages the team's 100+ years of combined experience in in healthcare services and policy to inform multi-dimensional analyses of a wide range of health care sectors, for investors and corporate strategists.

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[i] https://www.mercer.us/our-thinking/healthcare/poll-results-furloughs-lay-offs-and-health-benefit-decisions.html
[ii] https://www.familiesusa.org/wp-content/uploads/2020/07/COV-254_Coverage-Loss_Report_7-17-20.pdf
[iii] Some states have not yet reported claims for May, so the denominator is understated and exchange plan enrollees as a percentage of the unemployed is overstated in those instances
[iv] The Families USA estimates are based on historical data regarding the percentage of unemployed workers who become uninsured, so the estimates should be automatically adjusted for unemployed workers who maintain or obtain coverage through an employed spouse (for example)
[v] https://www.cbpp.org/research/food-assistance/boost-snap-to-capitalize-on-programs-effectiveness-and-ability-to-respond
[vi] https://www.commonwealthfund.org/blog/2020/during-covid-19-crisis-state-health-insurance-marketplaces-are-working-enroll-uninsured
[vii] https://www.mnsure.org/news-room/news/index.jsp?id=34-429411