NIHCM Webinar: “Health Insurance Marketplaces – Race to the Deadline”
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The State Exchange Landscape and Implications for Coverage

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Day Health Strategies
What do Exchange customers want?

Source: MA Health Connector 2009 and 2010 Annual Reports to Legislature
In MA, consumers liked the simplicity...
... and outreach was key

- “I got it” advertising campaign
- Grassroots efforts
- Postcards from the Department of Revenue
- Strategic partnerships, including...

...the ultimate corporate sponsorship in Massachusetts!
Price matters: 60% buy lowest cost plans

Status of State Exchange Decisions: May 2, 2013

SOURCE: Kaiser Family Foundation (as of 5-2-2013)
Key design choices will have important implications for the competitive landscape on exchanges

<table>
<thead>
<tr>
<th>Decision</th>
<th>Implications / examples</th>
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</table>
| Active Purchaser versus Open Market models    | • Big decision impacting competitive environment  
• States could add further requirements on metal tiers and in off-exchange markets |
| Individual versus SHOP exchanges             | • Some states may require insurers to offer plans in both (address concern that plans will only participate in Individual) |
| Consumer experience on exchanges             | • States design own websites, with significant implications for how information is displayed |
| Medicaid plans                                | • Some states (e.g., NV) requiring Medicaid MCOs to offer plans on the exchange         |
Majority of State-based exchanges will be an “open market” model

<table>
<thead>
<tr>
<th>Contracting Approach</th>
<th>States</th>
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<tbody>
<tr>
<td>Active Purchaser/Selective Contractor</td>
<td>• 6 States: CA, MA, NY, OR, RI, VT</td>
</tr>
<tr>
<td>Open Market</td>
<td>• 10 States: CO, CT, DC, HI, ID, MD, MN, NV, UT, WA</td>
</tr>
<tr>
<td>Not Yet Determined</td>
<td>• 2 States: KY, NM</td>
</tr>
</tbody>
</table>

SOURCE: Kaiser Family Foundation (as of 5-2-2013)
Most public exchange members will be individuals; 80% will be subsidized

Exchange Membership: Income Level Estimates

- 52%: 139 - 250% FPL
- 27%: 250 - 399% FPL
- 21%: 400+% FPL

Source: Analysis of Kaiser Family Foundation data on the uninsured (Jan, 2012)
Potential customers are currently uninformed

✓ **42%** of the general public is unaware that the ACA is still the law of the land
  ✓ 12% believe the law has been **repealed** by Congress
  ✓ 7% believe it has been **overturned** by the Supreme Court

✓ **49%** say they **do not have enough information** about the health reform law to understand how it will impact their own family

✓ Uninsured and low-income individuals are the groups likely to benefit the most, but are the groups lacking proper information

Source: Kaiser Family Foundation April 2013 Tracking Poll
Member turnover ("churn") will be a challenge

- **30%** of people eligible for Medicaid or an Exchange subsidy in a given year will churn (Urban Institute, June 2012)

- **50%** of all adults with family incomes below 200% FPL will have a change in income within one year that will move them between Medicaid and the Exchange (Health Affairs, Feb 2011)
Additional challenges experienced in MA

- Enrollee churn

- Online conversion is a challenge – less than 1 in 18 active MA exchange shoppers (who don’t need a subsidy) completes enrollment

- Shopping for insurance online is a multi-visit process

- Even among those “very likely to buy,” most plan to use the phone or buy elsewhere
In MA, churn in the unsubsidized population is high – only 55% of subscribers remain after 12 months

<table>
<thead>
<tr>
<th>Subscription Length</th>
<th>Months</th>
<th>1-6</th>
<th>6-12</th>
<th>12-18</th>
<th>18-24</th>
<th>24-30</th>
<th>&gt;30</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Total Subscribers Remaining</td>
<td>79%</td>
<td>55%</td>
<td>31%</td>
<td>20%</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

- Young adults account for disproportionate share of churn
- Churn rate does not vary by plan type (i.e., gold/silver/bronze)
- 60% cancel after obtaining insurance from employer, family member, or public plan (e.g., MassHealth) – 16% become uninsured due to inability to pay

1 Normalized to 1000 subscribers; actual # of subscribers as of July 2007 is 2,071

SOURCE: MA Health Connector
### Health Reform Outcomes: MA vs. US

*Also, expect significant variations by state*

<table>
<thead>
<tr>
<th></th>
<th>MA</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Insured After Reform</td>
<td>97+%</td>
<td>93+% (assumed full Medicaid expansion)</td>
</tr>
<tr>
<td>Individual Premiums</td>
<td>Prices went down initially</td>
<td>Prices may go up</td>
</tr>
<tr>
<td>Employer Sponsored Insurance</td>
<td>Increase in % offering</td>
<td>Likely decrease in % offering</td>
</tr>
<tr>
<td>Medicaid Expansion</td>
<td>Done</td>
<td>Will vary by state</td>
</tr>
</tbody>
</table>
States involved in running their exchanges are more likely to support Medicaid expansion

<table>
<thead>
<tr>
<th>Type of Exchange</th>
<th>Number of States</th>
<th>% of States supporting Medicaid expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>State-Based Exchange</td>
<td>18</td>
<td>83%</td>
</tr>
<tr>
<td>State-Partnership Exchange</td>
<td>7</td>
<td>86%</td>
</tr>
<tr>
<td>Federally-Facilitated Exchange</td>
<td>26</td>
<td>27%</td>
</tr>
</tbody>
</table>

- State-Based Exchange: 2 states oppose, 1 weighing options
- State-Partnership Exchange: 1 state opposes
- Federally-Facilitated Exchange: 17 states oppose, 2 weighing options

SOURCE: Kaiser Family Foundation  (as of 5-2-2013)
Coverage Projections: Landscape in 2017

• In 2017, the ACA will decrease the number of uninsured by 27 million
  ✓ 26 million people will be enrolled in exchanges
  ✓ 7 million fewer people will have health insurance through their employer

• In 2017, the ACA will increase the number of people enrolled in Medicaid by 11 million
  ✓ This number will vary, depending on the number of states that choose to expand Medicaid

Medicaid expansion decision is key to reducing the uninsured population

Number of Uninsured with and without ACA and Medicaid Expansion, 2022

- No ACA Baseline: 53.3
- ACA with No States Expanding Medicaid: 38.2
- ACA with All States Expanding Medicaid: 25.3

28% reduction in # uninsured
48% reduction in # uninsured

Questions & Discussion

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APPENDIX
Online conversion is a challenge – less than 1 in 18 active CommChoice shoppers completes enrollment

1,100,000
Annual Visits to Connector Website
200,000
Active CommChoice Shoppers
11,000
Enroll in CommChoice

SOURCE: Health Connector web usage data, Jan 1- Dec 31, 2009; fireclick.com; Simmons online access survey, winter 2009
Shopping for insurance online is a multi-visit process

Thousands of Visits (2009)

- 610 visits (1 visit)
- 167 visits (2 visits)
- 161 visits (3-5 visits)
- 52 visits (6-8 visits)
- 115 visits (9+ visits)

>40% of shoppers who exit website cite need for greater time and support prior to purchase closure

SOURCE: CommChoice web usage data Jan 1- Dec 31, 2009, CommChoice exit survey
Even among those “very likely to buy” most plan to use the phone or buy elsewhere

Not shopping for insurance right now
- 152
  - CommChoice website: 29%
  - Phone call to MA Health Connector: 23%
  - Not sure yet: 16%
  - Insurance company website: 10%
  - Other: 6%
  - Phone call to insurance company: 6%
  - Alternate comparison site (e.g., eHealthInsurance.com): 4%
  - Through an insurance agent: 4%
  - Through my employer: 3%

Not likely to buy insurance in next 3 months
- 31

Very likely to buy insurance in near future
- 102
- 19