



## Health Insurance Enrollment and Marketplace Estimates: December 2014 Insights

12/18/2014

by Mark Farrah Associates

An estimated 6.7 million people were enrolled in individual medical plans through the Marketplace as of October 2014, according to a recent research brief issued by ASPE (Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services). HHS is projecting that 9.0 to 9.9 million individuals will be enrolled through the Marketplace by year-end 2015. Reports that distinguish off-Marketplace from on-Marketplace membership and link enrollment to health plans are not yet available. However, the overall upward trend in individual enrollment as reported by health plans in statutory financial statements is significant. Mark Farrah Associates determined that the number of people enrolled in individual medical plans had increased by 5.3 million from 3<sup>rd</sup> quarter 2013 to 3<sup>rd</sup> quarter 2014.

This brief summarizes ASPE's 2015 Marketplace projections and provides insights about year-over-year enrollment trends in the individual market as well as other segments.

### ASPE – HHS Projected Changes in Marketplace Coverage

The ASPE brief *How Many Individuals Might Have Marketplace Coverage After the 2015 Open Enrollment Period* ([http://www.aspe.hhs.gov/health/reports/2014/Targets/ib\\_Targets.pdf](http://www.aspe.hhs.gov/health/reports/2014/Targets/ib_Targets.pdf)) provides a useful assessment of HHS's outlook for Marketplace enrollment starting with an estimate of the addressable market for new growth.

<b>Addressable Market for New Marketplace Growth</b>	
32 Million	Uninsured (post ACA estimate)
Less 17 Million	Uninsured Medicaid Eligible
15 Million	Uninsured Eligible for Marketplace QHP purchase
Plus 8 – 12 Million	Individual off-Marketplace Coverage
<b>23 – 27 Million</b>	<b>Current Marketplace Universe</b>

To calculate the addressable market, HHS starts with an estimated 32 million uninsured Americans, assuming approximately one-quarter of the uninsured already obtained coverage since ACA implementation. HHS analysts estimate about 17 million of the remaining uninsured may be eligible for Medicaid; as a result, this amount is deducted from the uninsured base. This leaves a balance of 15 million uninsured targets that may be eligible to purchase a Qualified Health Plan (QHP) through the Marketplace. In addition to the uninsured, HHS includes an estimated 8 to 12 million people who already have off-Marketplace coverage in the total addressable market. The assessment concludes there are currently 23 to 27 million prospects who might elect to buy policies through the Marketplace - - this comprises the current Marketplace universe.

The projection that 9.0 to 9.9 million individuals will be enrolled in the Marketplace by year-end 2015 is based in part on the assumption that 83% of those currently enrolled will renew (5.6 million based on the adjusted basis of 6.7 million currently enrolled). HHS then applied take up rates, based on demographics and first year Marketplace experience, to estimate how many brand new enrollees might possibly sign up in 2015. The HHS

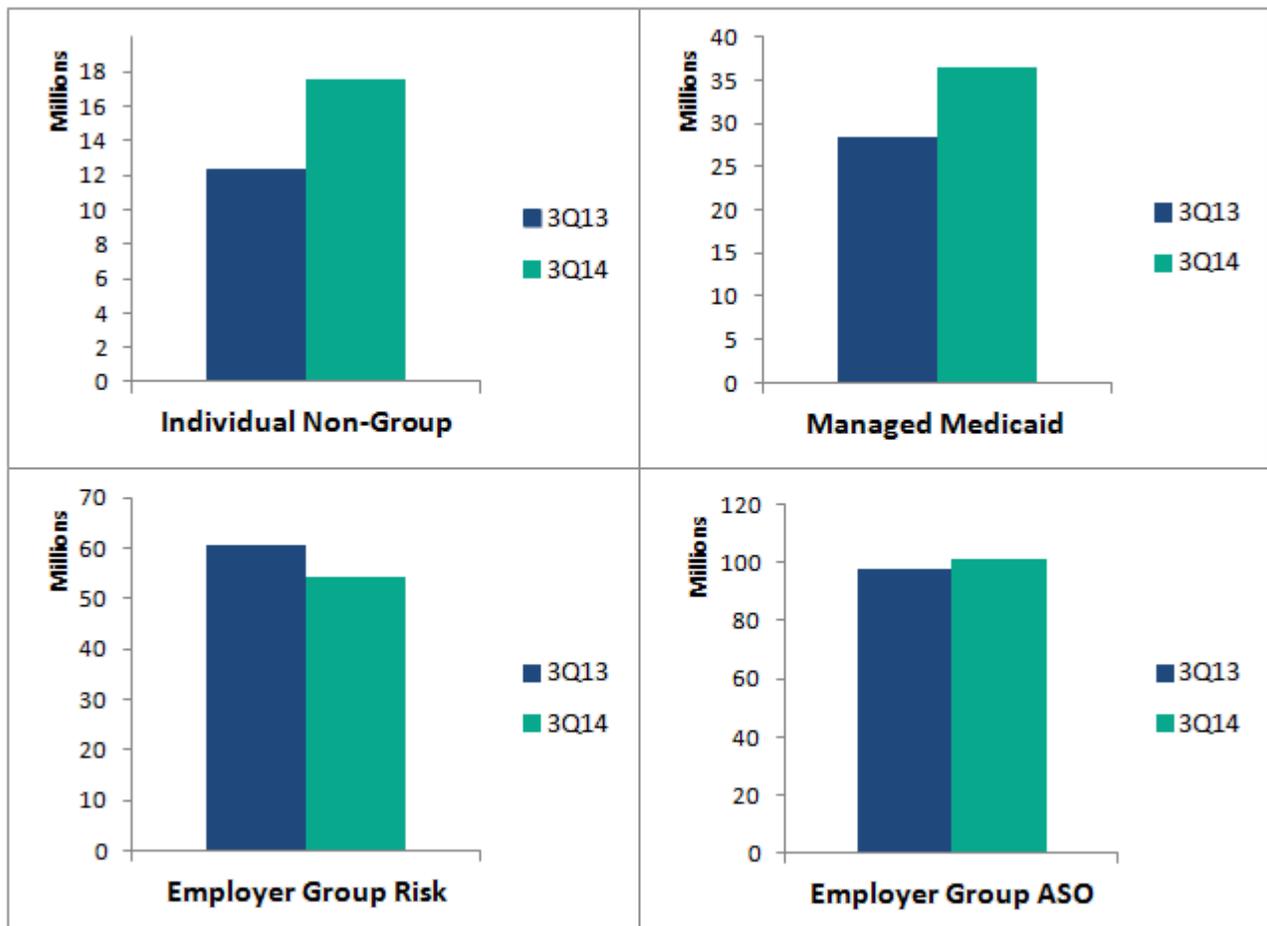
analysis suggests most new Marketplace enrollment for 2015 will come from the ranks of the uninsured, with approximately three or four previously uninsured new enrollees for every new enrollee attracted from the pool of people who already have off-Marketplace coverage. For more details about this logic, refer to the ASPE brief.

## **The Latest Enrollment Trends**

In order to provide insights about shifting enrollment trends and assess individual market growth in particular, Mark Farrah Associates (MFA) compared segment enrollment totals from 3<sup>rd</sup> quarter 2013 with 3<sup>rd</sup> quarter 2014 figures. Note these findings reflect enrollment totals for business in the 50 states and District of Columbia; U.S. territories were excluded. With the implementation of the ACA entering the second year, the shifts in carrier-reported enrollment are generally in line with overall industry assumptions. Both the individual and Medicaid segments have experienced significant growth year-over-year. Employer group risk membership continues to decline while employer self-funded ASO membership has experienced moderate growth.

- An estimated 17.6 million people currently have individual, non-group medical coverage. MFA's analysis found aggregate enrollment in the individual, major medical segment grew by 5.3 million members (44%) from 3<sup>rd</sup> quarter 2013 to 3<sup>rd</sup> quarter 2014.
- Year over year, managed Medicaid membership had increased by 8.1 million for a 3Q14 total of 36.5 million.
- Membership in Medicare Advantage plans increased from 15 million to 16.5 million year-over-year.
- Enrollment in group risk plans offered by employers dropped 6.3 million from September 2013 to September 2014. Although this segment has been on the decline in recent years, more than 54 million people still obtain coverage through their employers.
- According to MFA's recent estimates, employer group ASO (administrative services only for self-funded business) membership grew by 3.2 million members in the last year. MFA identified more than 101.1 million ASO covered lives by company. This supports accounts of growth in self-funded groups in recent years due in part to employer exemptions from many of the ACA's benefit mandates and requirements.
- It is important to note that MFA applied year-end 2013 enrollment figures for carriers that are not required to report health enrollment on a quarterly basis. This may have resulted in moderate understatement or overstatement of enrollment changes by segment.

### **Health Plan Enrollment Shifts by Segment 3Q13 to 3Q14**



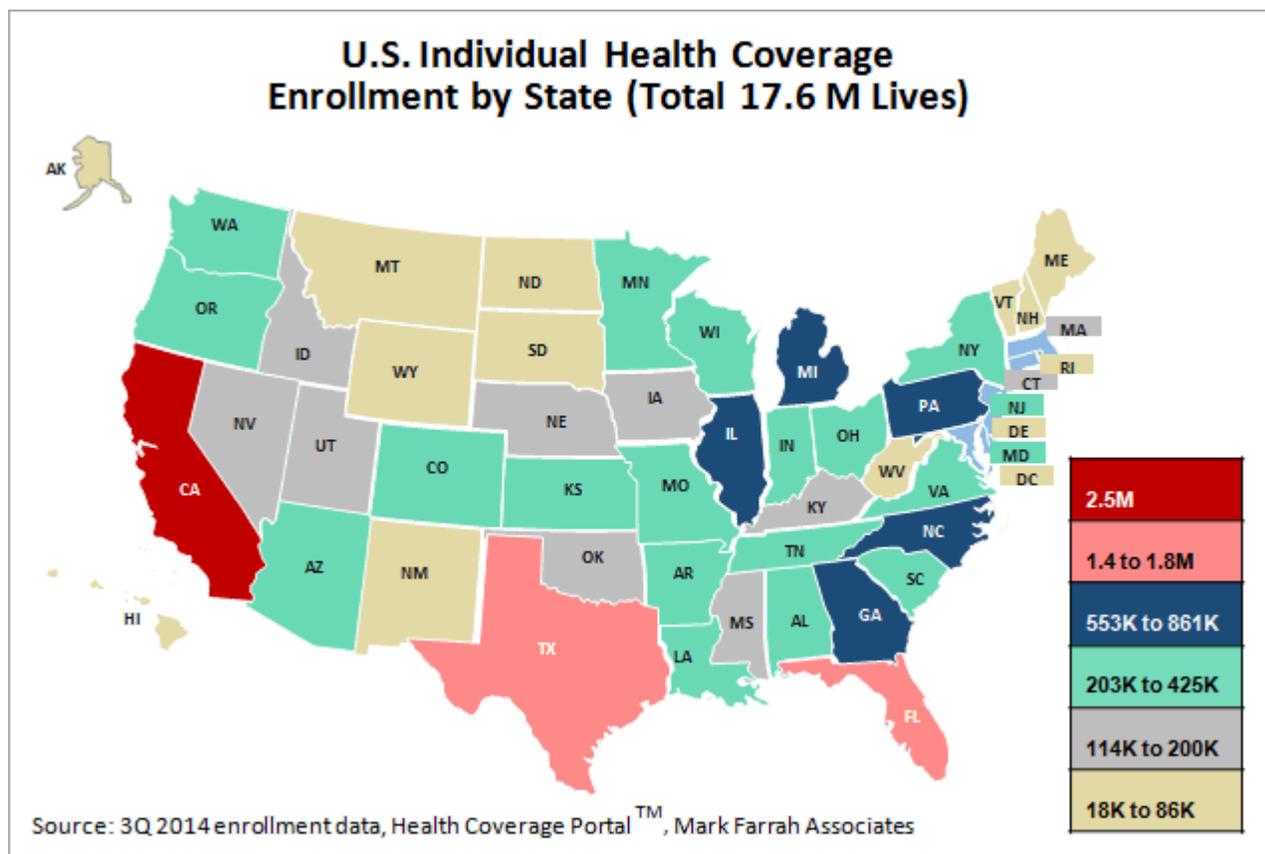
Source: Health Coverage Portal™, Mark Farrah Associates

Important data notes concerning this analysis: Enrollment figures for Life, Accident and Health plans as reported by segment as of year-end 2013 were used as 3Q14 estimates; managed Medicaid enrollment is "as reported" by insurance company and does not include non-insurer and other Medicaid medical membership; employer group ASO figures may be estimated by Mark Farrah Associates using credible company and industry resources.

## Individual Market Growth

Enrollment in individual, non-group medical plans grew by 5.3 million covered lives year-over-year for a total of 17.6 million as of September 2014. According to the latest enrollment data available from health plans, individual membership increased in every state, including the District of Columbia, except Massachusetts and New Jersey. Thirty-two states experienced 30% or higher growth rates in this segment year-over-year.

A significant enrollment decline (40%) in the Massachusetts individual market is likely a temporary situation attributed to hiccups within the state's Health Connector program this past year. As officials set out to fix technical and website problems, the state placed more than 300,000 people in a temporary, Medicaid program to make sure they would not lose coverage. Available New Jersey enrollment figures reflect a 2% year-over-year decline in the individual segment.



By far, California health plans are leading the market, with individual enrollment totaling about 2.5 million as of the 3rd quarter 2014. Florida follows with 1.768 million enrolled and Texas ranks third with 1.451 million individual plan members. Many less populous states with overall lower enrollment experienced significant percentage increases in the number of people enrolled in individual medical plans, year-over-year.

With respect to competition, industry leaders WellPoint, Health Care Service Corporation, Aetna, UnitedHealth and Humana all enrolled more than 1 million individual members in affiliate health plans, as of the 3<sup>rd</sup> quarter 2014. Kaiser, Blue Shield of California and Health Net experienced high year-over-year growth rates in the segment, primarily attributed to CA gains. In addition, many Blue Cross Blue Shield plans nationwide reported substantial gains in individual plan membership.

## Looking Forward

According to the latest reports about 2015 Marketplace activity, nearly 2.5 million people had selected a health plan through the federal exchange as of Friday, December 12<sup>th</sup>. Officials indicate 2015 enrollment has been more or less split between new customers and renewals. These figures reflect Marketplace enrollment across the 37 states that do not operate their own health insurance marketplace. Open enrollment figures for the state-based exchanges are not yet available but in recent press briefings HealthCare.gov CEO Kevin Counihan noted that 10 out of the 14 state-based exchanges extended their deadlines for the 2015 open enrollment period.

In addition to keeping an eye on Marketplace indicators, Mark Farrah Associates will continue monitoring enrollment changes to identify substantive shifts in coverage and membership trends.

## About Mark Farrah Associates (MFA)

Mark Farrah Associates (MFA) is a leading provider of health plan market data and analysis tools for the healthcare industry. If your company relies on accurate assessments of health plan market share to support business planning, we encourage you to [contact us \(/contact-us.aspx\)](/contact-us.aspx) to learn more about our products. Our

portfolio includes the Health Coverage Portal™, County Health Coverage™, Health Insurer Insights™, Medicare Business Online™, Medicare Benefits Analyzer™, and Health Plans USA™ - - [www.markfarrah.com \(/default.aspx/\)](http://www.markfarrah.com(/default.aspx/)).

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