



## Notable Enrollment Trends Since the Onset of ACA

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by Mark Farrah Associates

Since the 2014 Enrollment season opened in October of 2013, it is very clear that the Affordable Care Act (ACA) has had a substantial impact on health insurance membership. While it is evident that enrollment has increased since ACA implementation, material changes in product mix and company focus have resulted in some interesting trends. These trends are highlighted in this month's Healthcare Business Strategy report.

In this report, Mark Farrah Associates (MFA) assessed insurance company enrollment as reported by the NAIC and CA DMHC with the inclusion of MFA's ASO estimates for the 18 months since the onset of ACA, focusing on 6 month increments between reporting periods for 4Q13, 2Q14, 4Q14 and 2Q15.

Over the 18 month period between 4Q13 and 2Q15, Blues plans increased medical membership across all Commercial, Medicare and Medicaid segments. As illustrated in the table below, Blues plans gained over 2.3 million new commercial members. Commercial enrollment for Non-Blues plans dropped by .3%, over the same period.

Medicare membership has increased for both Blues and Non-Blues plans. Non-Blues have significantly increased their membership by 3.4 million members, equating to a 35.9% increase between December 2013 and June 2015. The Blues saw a 13.3% enrollment increase over the 18 month period.

<b>Total Commercial Enrollment</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>	<b>18Mo%Chng</b>
Blues	90,737,196	93,156,945	92,674,054	93,051,830	2.6%
Non-Blues	102,330,376	103,365,529	99,886,388	101,974,778	-0.3%
<b>Total Medicare Enrollment</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>	<b>18Mo%Chng</b>
Blues	2,434,633	2,729,022	2,821,664	2,757,459	13.3%
Non-Blues	9,458,926	11,462,853	11,739,198	12,853,734	35.9%
<b>Total Medicaid Enrollment</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>	<b>18Mo%Chng</b>
Blues	7,821,539	8,522,316	9,175,288	9,091,162	16.2%
Non-Blues	22,167,473	27,637,009	31,242,235	34,734,900	56.7%
<b>Total Health Enrollment</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>	<b>18Mo%Chng</b>
Blues	100,993,368	104,408,283	104,671,006	104,900,451	3.9%
Non-Blues	133,956,775	142,465,391	142,867,821	149,563,412	11.7%

Source: Mark Farrah Associates' Health Coverage Portal/Statutory Insurance filings

Notes: Commercial enrollment includes Individual, Group, ASO and FEHBP membership. Medicare enrollment excludes membership reported by Life, Accident & Health plans that may include stand-alone PDP lives.

The number of Medicaid enrollees has considerably increased primarily due to ACA regulations and expansion. In terms of sheer membership the Non-Blues increased Medicaid enrollment by 12.6 million between December 2013 and June 2015 which represents a 56.7% increase. Blues plans added approximately 1.3 million members.

Medicaid membership growth will be further discussed later in this brief.

With the recent changes in medical membership, it is important to look at ACA's impact to the overall mix of product among insurers over the past 18 months:

<b>Product Mix - Blues</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>
<b>Commercial</b>	89.8%	89.2%	88.5%	88.7%
<b>Medicare</b>	2.4%	2.6%	2.7%	2.6%
<b>Medicaid</b>	7.7%	8.2%	8.8%	8.7%
	100.0%	100.0%	100.0%	100.0%
<b>Product Mix - Non-Blues</b>	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>
<b>Commercial</b>	76.4%	72.6%	69.9%	68.2%
<b>Medicare</b>	7.1%	8.0%	8.2%	8.6%
<b>Medicaid</b>	16.5%	19.4%	21.9%	23.2%
	100.0%	100.0%	100.0%	100.0%

*Source: Mark Farrah Associates' Health Coverage Portal/Statutory Insurance filings*

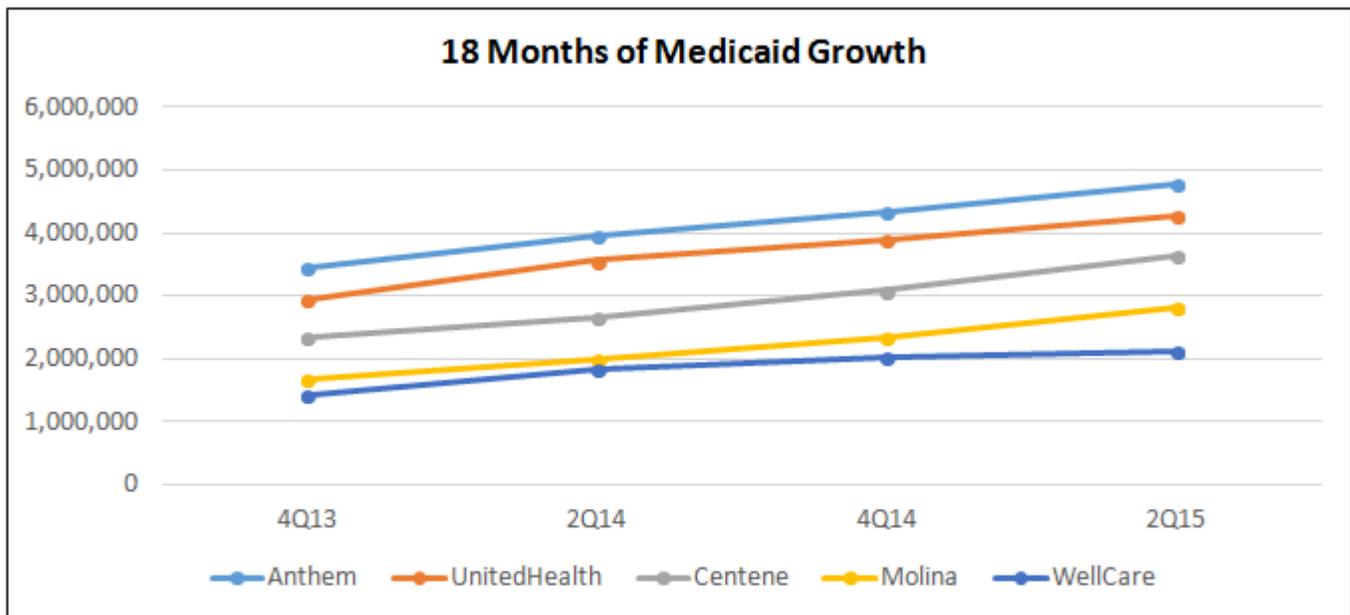
From an overall mix standpoint, Non-Blues have experienced the greatest levels of change due to the substantial increase in Medicaid membership, and to a lesser extent, increased Medicare members. The impact of Medicare and Medicaid growth is visible within the Blues, but to a far less extent due to their membership gains across all three business segments.

As previously noted, since the onset of the ACA, Medicaid membership has experienced the largest gains when compared to Commercial and Medicare enrollment changes. As of June 2015, total Medicaid membership for all companies with health business, as reported by the Centers for Medicare and Medicaid Services was 71.9 million. This is an increase of 13.1 million since October 2013. For June 30, 2015, health insurance companies that file NAIC statutory statements reported Medicaid membership of 43.8 million or 60.9% of the total U.S. market, up 13.8 million since December 2013. Note Medicaid plans that are not regulated by state insurance departments generally account for difference between NAIC and CMS reporting.

As illustrated in the chart below, the top 5 leaders with Medicaid business differs from the overall top 5 health insurers. While Anthem and UnitedHealth continue to be industry leaders for overall health care enrollment across all business segments, Centene, Molina and WellCare surpass Aetna, HCSC & Cigna in terms of Medicaid members. The top 5 leaders in Medicaid have added approximately 5.8 million members to their books equating to a 44% share of the total national growth in Medicaid enrollment over the 18 month period.

	<b>Medicaid Members</b>				
	<b>4Q13</b>	<b>2Q14</b>	<b>4Q14</b>	<b>2Q15</b>	<b>18Mo%Chng</b>
<b>Anthem</b>	3,456,160	3,955,786	4,335,471	4,771,517	38.1%
<b>UnitedHealth</b>	2,951,504	3,559,101	3,905,352	4,274,020	44.8%
<b>Centene</b>	2,343,230	2,671,215	3,090,757	3,644,704	55.5%
<b>Molina</b>	1,671,111	1,985,543	2,343,722	2,806,354	67.9%
<b>WellCare</b>	1,431,933	1,834,097	2,023,577	2,122,915	48.3%
	<b>11,853,938</b>	<b>14,005,742</b>	<b>15,698,879</b>	<b>17,619,510</b>	<b>48.6%</b>

*Source: Mark Farrah Associates' Health Coverage Portal/Statutory Insurance filings*



The average growth for NAIC reporting health insurers in Medicaid membership between December 2013 and June 2015 was approximately 46%. Centene and Molina have greatly exceeded this mark with growth rates of 55.5% and 67.9% respectively. Additionally, HCSC and Cigna have experienced large gains in Medicaid membership, far exceeding the NAIC average but remain smaller players overall in the Medicaid market. While below the NAIC average, Aetna has seen 24% growth in its Medicaid membership while outpacing UnitedHealth, Anthem, HCSC and Cigna Commercial growth.

Anthem has experienced the greatest overall change in product line mix with a shift towards Medicaid. As of June 2015, Medicaid's mix is 15.4% up from 11.8% at the end of 2013. UnitedHealth shows an increase in both Medicare and Medicaid, although not as significant. The product mixes for Aetna, HCSC & Cigna experienced less change over the 18 month period, but all reflect a small decline in Commercial mix, mostly in favor of Medicaid.

	Dec-13			Jun-15		
	Commercial	Medicare	Medicaid	Commercial	Medicare	Medicaid
<b>UnitedHealth</b>	80.9%	7.1%	12.1%	78.8%	8.6%	12.6%
<b>Anthem</b>	86.0%	2.2%	11.8%	82.8%	1.8%	15.4%
<b>Aetna</b>	92.1%	2.6%	5.3%	90.9%	3.1%	6.0%
<b>HCSC</b>	99.5%	0.1%	0.4%	97.0%	0.7%	2.4%
<b>Cigna</b>	96.2%	3.6%	0.2%	95.8%	3.7%	0.5%
<b>Centene</b>	8.2%	0.2%	91.6%	8.2%	0.6%	91.2%
<b>Molina</b>	3.1%	2.2%	94.7%	9.2%	2.1%	88.6%
<b>WellCare</b>	12.0%	10.5%	77.4%	5.6%	11.0%	83.4%

*Source: Mark Farrah Associates' Health Coverage Portal/Statutory Insurance filings*

As the Affordable Care Act continues to influence material changes in insurers' product and membership mixes, especially for Medicaid growth, Mark Farrah Associates will continue to assess performance observations to determine the full impact on the industry. Additionally, reported financial performance of insurance companies with health business will also provide more insight to these ACA driven trends. Details will be forthcoming in future MFA Healthcare Business Strategy reports as more information becomes available.

## Health Coverage Portal™

The data used in this analysis brief was obtained from Mark Farrah Associates' Health Coverage Portal™, database. MFA maintains financial data as well as enrollment and market share for the health insurance industry in the subscription-based Health Coverage Portal™.

For more information about these products, refer to the product videos and brochures available in the products section of our [website \(/contact-us.aspx\)](/contact-us.aspx) or call 724-338-4100.

### **About Mark Farrah Associates (MFA)**

Mark Farrah Associates (MFA) is a leading aggregator of health plan market data and provides analysis tools for the healthcare industry. Our products include Med Supp Market Data™, Medicare Business Online™, Medicare Benefits Analyzer™, Health Coverage Portal™, County Health Coverage™, Health Insurer Insights™, and Health Plans USA™.

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#### **Sources:**

*Centers for Medicare & Medicaid Services, "Medicaid & CHIP: June 2015 Monthly Applications, Eligibility Determinations and Enrollment Report August 31, 2015"*



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