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TO THE POINT
Quick Takes on Health Care Policy and Practice

States That Leaned In on the Affordable Care Act Have Much to Lose

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The Affordable Care Act (ACA) created health insurance marketplaces to make it easier for consumers to shop for and compare plan options in one place. As of December 24, 2016, over 11.5 million (https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-01-10.html) people had signed up for coverage through the marketplaces, and the U.S. Department of Health and Human Services projects that 13.8 million (http://www.hhs.gov/about/news/2016/10/19/13-8-million-americans-expected-to-select-marketplace-plans-during-the-upcoming-open-enrollment.html) consumers will have selected a plan for 2017 by the close of this open enrollment period.

However, our new president and Congress are committed to the repeal of the ACA. Repeal could cause as many as 30 million (http://www.urban.org/sites/default/files/publication/86236/2001013-the-implications-of-partial-repeal-of-the-aca-through-reconciliation.pdf) to lose coverage, 9.3 million of whom receive federal premium assistance through the marketplaces. Nearly one-third of these enrollees reside in the 17 states that embraced the chance to set up and manage their own ACA marketplace.[1] All but one of these states also expanded (http://www.commonwealthfund.org/interactives-and-data/maps-and-data/medicaid-expansion-map) their Medicaid program and most (http://www.commonwealthfund.org/publications/fund-reports/2014/jan/implementing-the-affordable-care-act) incorporated the ACA's consumer protections into their own state insurance laws, effectively adopting them as their own. These states not only embraced the ACA's vision of improving access to affordable, quality health coverage, but also took full advantage of the flexibility for states provided under the law to design an insurance market to meet local needs.[2]

Within days of the ACA's enactment, legislators, agency staff, and health care stakeholders from these states began working to develop the policy and operational infrastructure needed to build and maintain a sustainable health insurance marketplace. Doing so not only gave these states greater autonomy and flexibility to manage their insurance markets, but also allowed them to tailor public education and outreach efforts to their local population.

Exhibit 1
Enrollment in the State-Based Marketplaces: Open Enrollment I-III

State	Total enrolled, Open Enrollment I (2013-2014)	Total enrolled, Open Enrollment II (2014-2015)	Total enrolled, Open Enrollment III (2015-2016)	Percent change in enrollment, Open Enrollment I to Open Enrollment III
California	1,405,102	1,412,200	1,575,340	12.1%
Colorado	125,402	140,327	150,769	20.2%
Connecticut	79,192	109,839	116,019	46.5%
District of Columbia	10,714	18,465	22,693	111.8%
Hawaii**	8,592	12,625	14,564	69.5%
Idaho	76,061	97,079	101,073	32.9%
Kentucky	82,747	106,330	93,666	13.2%
Maryland	67,757	120,145	162,177	139.4%
Massachusetts	31,695	140,540	213,883	574.8%
Minnesota	48,495	59,704	83,507	72.2%
Nevada	45,390	73,596	88,145	94.2%
New Mexico	32,062	52,358	54,865	71.1%
New York	370,451	408,841	271,964	-26.6%***
Oregon	68,308	112,024	147,109	115.4%
Rhode Island	28,485	31,337	34,670	21.7%
Vermont	38,048	31,619	29,440	-22.6%
Washington	163,207	160,732	200,691	23.0%
All state-based marketplaces (16 states and DC)****	2,681,708	3,087,761	3,360,575	25.3%
All federally facilitated marketplaces (34 states)	5,338,055	8,600,313	9,321,299	74.6%
Nationwide	8,019,763	11,688,074	12,681,874	58.1%

Notes: Data reflect plan selections made during the first, second, and third open enrollment periods, respectively. Data are reported for each of the state-based marketplaces in operation during the first three open enrollment periods; across all 17 state-based marketplaces; and across the 34 states using the federally facilitated marketplace. Arkansas is operating a state-based marketplace for the 2017 benefit year. However, because the state used a federally facilitated marketplace model during the time period covered by this exhibit, its enrollment data are not separately identified.

** Hawaii transitioned to a federally facilitated marketplace for the 2017 benefit year.
*** New York's Basic Health Program enrolled roughly 380,000 individuals, many of whom had marketplace coverage during the second open enrollment period and, absent the new program, would have been eligible to remain in a marketplace plan in 2016.
**** Totals include all state-based marketplaces that have, at times, used the federal technology platform for enrollment, including: Hawaii, Idaho, Nevada, New Mexico, and Oregon. Totals do not include Arkansas, which was a federally facilitated marketplace during the first three open enrollment periods.
Source: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE); and authors' analysis.

Dramatic Coverage Gains in State-Based Marketplaces Will Likely Be Lost

Moreover, several state-based marketplaces report early success in the most recent enrollment period, meeting or exceeding enrollment targets. For example, in Colorado (http://connectforhealthco.com/connect-health-colorado-reports-increase-healthcare-plan-selections-2017-coverage-2/), enrollment has been tracking 18 percent ahead of last year's benchmark, while in Minnesota (https://www.mnsure.org/news-room/news/index.jsp#/detail/appId/1/id/268590), over 54,000 residents have so far enrolled in private coverage, more than double the previous year's pace.

Improved Access to Care and Financial Security at Risk

Early data suggest that consumers are not only generally happy with their new coverage options, they are using it to get and stay healthy. The Commonwealth Fund's national surveys (http://www.commonwealthfund.org/publications/issue-briefs/2016/may/aca-tracking-survey-access-to-care-and-satisfaction) of marketplace enrollees find that three-quarters of enrollees are satisfied with their health insurance, and many (~/media/e0d89115be1244558959cb02e1a96dd4.ashx) are accessing care they wouldn't have been able to obtain otherwise. A handful of the state-based marketplaces have conducted their own surveys and the findings are similar. Eighty-two percent of Washingtonians (http://www.wahbexchange.org/wp-content/uploads/2016/08/HBE_ES_151203_2015_Consumer_Survey.pdf) are satisfied with their marketplace insurer, 79 percent of Vermonters (http://info.healthconnect.vermont.gov/sites/hcexchange/files/VHC Spring 2015 Customer Experience Survey_Executive Summary.pdf) say their health plan meets their needs, and two-thirds of Minnesota's (http://stmedia.startribune.com/documents/mnsure+report.pdf) marketplace enrollees say they would re-enroll in the same plan.

In addition, evidence is emerging (https://www.cdc.gov/nchs/data/nhis/earlyrelease/probs_paying_medical_bills_jan_2011_jun_2016.pdf) that expanded coverage is helping people obtain needed care and lower medical debt. For example, since 2013, California (http://www.chcf.org/aca-411/explore-the-data#trend%2Caccesstocare%2Cbarrierstocare%2Creasonforgo%2CPies%20(Reasonforgone)%2C2014%2Ccostreason) has witnessed a reduction in the number of people who forgo necessary care because of cost. Kentucky (https://www.healthy-ky.org/res/images/resources/FINAL-Sept-2016-Semi-Annual-report.pdf) had a 20 percent drop from 2012 to 2014 in the number of residents who reported problems paying medical bills.

Relatively Stable Markets Face Potential Chaos

Though many insurers reported losses on their marketplace (or exchange) business and some have scaled back marketplace participation in 2017, state-based marketplace officials have had relative success encouraging stable insurer participation. Fourteen of the original state-based marketplaces have the same number or only one insurer less compared to when they first launched (Exhibit 2).[3] Among the 12 states experiencing a net decrease in the number of insurers since 2016, nearly half are a result of one company's exit (UnitedHealthcare).

Exhibit 2
Insurance Company Participation in the State-Based Marketplaces, 2014-2017

State	2014 total	2015 total	2016 total	2017 total	Change from 2014
Arkansas*	3	4	4	3	None
California	11	10	12	11	None
Colorado	10	10	8	7	-3
Connecticut	3	4	4	2	-1
District of Columbia	3	3	2	2	-1
Hawaii**	2	2	2	2	None
Idaho	4	5	5	5	+1
Kentucky	3	5	7	3	None
Maryland	4	5	5	3	-1
Massachusetts	10	11	11	10	None
Minnesota	5	5	5	4	-1
Nevada	4	5	3	3	-1
New Mexico	5	6	4	4	-1
New York	16	16	15	14	-2
Oregon	11	10	10	6	-5
Rhode Island	2	3	3	2	None
Vermont	2	2	2	2	None
Washington	8	10	11	9	+1
State-based marketplace average***	6.1	6.6	6.4	5.4	-0.7
Federally facilitated marketplace average****	4.5	5.9	5.4	4.0	-0.5

Notes: Counts take into consideration state-reported feedback regarding the number of licensees and subsidiaries under a parent company.

* Arkansas transitioned to a state-based marketplace from a federally facilitated model in preparation for the 2017 benefit year.
** Hawaii transitioned to a federally facilitated marketplace for the 2017 benefit year.
*** Averages account for state transitions between marketplace models, so that the state-based marketplace average includes data from Hawaii during the 2014-16 period (but not in 2017); and includes data from Arkansas in 2017 (but not in 2014-16).
**** Data reflect authors' analysis of C. Cox, M. Long, A. Semanskee et al., *2017 Premium Changes and Insurer Participation in the Affordable Care Act's Health Insurance Marketplaces* (Henry J. Kaiser Family Foundation, Oct. 2016). Averages account for state transitions between marketplace models, so that the federally facilitated marketplace average includes data from Arkansas during the 2014-16 period (but not in 2017); and includes data from Hawaii in 2017 (but not in 2014-16).
Source: Authors' analysis of annual rate approvals and state-reported participation.

Looking Forward

This relative stability is unlikely to continue if Congress repeals the ACA's individual mandate and premium tax credits. Not only will millions lose coverage, these provisions of the law are essential (https://www.supremecourt.gov/opinions/14pdf/14-114_qol1.pdf) to bringing healthy individuals into the insurance market. Without those healthy enrollees, insurers will need to raise rates dramatically (http://actuary.org/files/publications/HPC_letter_ACA_CSR_120716.pdf) to cover the costs of a sicker population or exit the market entirely, leaving consumers with fewer and less affordable options. If this happens, many of the state-based marketplace states will work hard to stabilize their markets and keep people covered, but they cannot succeed without federal support and financing. Those states that embraced the law, leaned in to tailor its reforms to meet local needs, and saw dramatic progress in reducing the numbers of uninsured now face the prospect of that progress being reversed.

Notes

[1] For the purposes of this analysis, we count the District of Columbia as a state. Enrollment includes Hawaii, which recently transitioned to the federal marketplace with the state maintaining plan management responsibilities, and does not include Arkansas, which transitioned to a state marketplace using the federal platform for the 2017 benefit year.

[2] One of these states, Massachusetts, adopted market reforms and created a marketplace prior to enactment of the ACA. Its efforts provided a model for the ACA's coverage expansion provisions.

[3] Data reflect issuer participation in a state-based marketplace; they do not reflect decisions by insurers to expand or contract their service areas within states.