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4 factors driving increased ACA enrollment and implications of continued marketplace subsidies

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<https://www.chartis.com/insights/4-factors-driving-increased-aca-enrollment-and-implications-continued-marketplace>

The Buzz This Week

With 2 weeks left in the annual open enrollment period, Health Insurance Marketplace enrollment for 2023 has exceeded the record-breaking number of 2022. Last year, more than 14.5 million Americans selected a marketplace plan during the 2022 open enrollment period. This year, data from the Centers for Medicare and Medicaid Services (CMS) shows that nearly 3.4 million people have signed up for 2023 marketplace insurance coverage—representing a 17% increase compared to the same time last year, with enrollee growth on HealthCare.gov showing especially strong growth with a 39% increase.

The increase can be attributed to multiple factors. In 2021 and 2022, millions of people received premium tax credits that eliminated or greatly reduced out-of-pocket premiums through the American Rescue Plan, which was set to expire in 2022. However, the Inflation Reduction Act passed in August ensures that the tax credits will remain in place through 2025, preventing many enrollees from experiencing significant premium hikes. Additionally, subsidies driving marketplace participation have led to key industry players expanding their offerings. For example, Cigna is expanding offerings through marketplace plans in 3 new states, and both UnitedHealthcare and CVS' Aetna are expanding into 4 new states for the 2023 open enrollment period. Continued marketplace subsidies reducing premiums for most consumers, making coverage more affordable and enticing health insurers to expand, has been a contributing factor in the increase in early enrollment.

Another factor has been fixing the “family glitch,” making more consumers eligible for tax credits. An estimated 5.1 million people were ineligible for marketplace subsidies because the marketplace previously prevented individuals from securing coverage for their dependent family members. If a dependent's access to self-only coverage, not the premium required to cover dependents, was less than a threshold of

household income, then family members were considered to have affordable coverage and were locked out of marketplace subsidies. New rules now in place have changed eligibility determinations to measure affordability based on worker premium contribution for family coverage. An estimated 1 million more people are expected to receive subsidies over the next 10 years due to this change.

Additionally, certain eligibility requirements have been relaxed to make it easier for people to enroll for 2023. Previously, insurance companies were allowed to refuse enrollment to people behind on their premium payments from the previous year. This is no longer the case, so people who fell behind or have lapsed coverage due to nonpayment will still be able to enroll in a 2023 policy offered by their insurer. Also, the low-income special enrollment period (SEP) first offered in 2022 for consumers with income no more than 150% of the federal poverty line will remain available in 2023, allowing people with low income who missed the open enrollment period to enroll in marketplace plans year-round.

Marketplace improvements have made the sign-up process easier to navigate. Enrollees shopping on Healthcare.gov will be able to see plans with the same cost-sharing charges for specific services no matter what insurance company is offering them, allowing for easier plan comparison. Also, CMS has invested \$98.9 million in grant funding for 59 navigator organizations to assist individuals with picking a plan through the marketplace. This is more than the \$80 million given for the 2022 coverage year, far exceeding the \$10 million given from 2018 to 2020. Trained enrollment experts certified by the marketplace will now have more resources available to them for providing free help to consumers.

Why it Matters

26 million uninsured Americans is an all-time low, largely as a result of the Affordable Care Act (ACA) and improvements made in recent years—an encouraging trend since a high rate of uninsured patients in a population can negatively affect the availability and quality of care for all patients. However, a coverage gap still exists. The good news is most people who remain uninsured are eligible for coverage and financial assistance through the marketplace or Medicaid, but they have limited awareness of the options available to them. Many consumers have limited understanding of ACA requirements and benefits, have difficulty understanding health insurance terms and concepts, and are unaware of marketplace subsidies. One thing healthcare organizations can do to benefit from increased healthcare marketplace enrollment is learn from the outreach strategies implemented by state-based marketplaces (SBMs) in 2021 to reduce the uninsured population in their communities.

Two key drivers of higher enrollment in SBMs during 2021 were advertising the affordability of health plans and conducting targeted outreach to underserved populations. Communicating to consumers the cost savings through subsidy expansion led to increased open enrollment participation. For example, the SBMs of Colorado and Maryland centered their messaging around the fact that subsidy expansion made coverage affordable for the first time for many people, and they saw new enrollee increases of approximately 20% and approximately 50%, respectively.

Similarly, marketplaces successfully increased new enrollees by using data to target uninsured populations. Strategies to reach uninsured populations included sharing targeted information with people in geographic areas with high numbers of uninsured residents, including flyers, brochures, and customized advertising. They took into account preferred communication mediums and population demographics as part of these tactics.

With the right outreach strategies, healthcare organizations can benefit from the increased utilization of the healthcare marketplace and reduce the uninsured population in their communities.

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Floyd Pitts

Research Associate