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Record enrollments in government health plans and exchanges highlight issues for further attention

Week of January 16 - January 22, 2022

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<https://www.chartis.com/insights/record-enrollments-government-health-plans-and-exchanges-highlight-issues-further>

Financial Sustainability

The Buzz This Week

A record number of Americans, over 14 million, have enrolled in marketplace insurance coverage under the Affordable Care Act for 2022. Exact numbers following the January 15 deadline have not been announced but have already exceeded the 12 million who completed open enrollment for 2021, previously the highest enrollment year. Approximately 70% of sign-ups were through HealthCare.gov, with the remaining 30% through one of the 18 state-based marketplaces. Most sign-ups were returning enrollees. Only 15% of enrollment was new consumers. This was likely due to 2.8 million new enrollees who were eligible to sign up during the Biden Administration's 6-month COVID-19 special enrollment period earlier in 2021.

The increase in enrollment is likely a combination of increasing demand amidst the continuing global pandemic, investments in marketing and outreach to eligible consumers, and enhanced subsidies under the American Rescue Plan. In addition to premium subsidies, more than half of enrollees qualified for cost-sharing reductions (CSRs) through income requirements that reduced deductibles to \$1,000 or less.

At year end, the Department of Health and Human Services (HHS) also released updated enrollment numbers for Medicare, Medicaid, and the Children's Health Insurance Program (CHIP). Medicaid and CHIP programs have also seen increased enrollment, up nearly 18% since February 2020. The Medicare Payment Advisory Commission (MedPAC) shared findings following their meeting last week that Medicare Advantage (MA) enrollment continues to grow, with nearly half of Medicare enrollees now choosing MA plans. That number and proportion is expected to increase further in future years.

Why It Matters

COVID has impacted employment status and income for many Americans, leading to changes in insurance enrollment. Subsidies and cost-sharing support have increased in the pandemic through the American Rescue Plan, allowing many who previously did not qualify for financial support the ability to afford health insurance. Those subsidies are currently scheduled to expire at the end of this calendar year. If they are not extended, the exchange is likely to see a drop in enrollment next year, rather than another historic year.

MA enrollment is likely to continue its growth trend, with the expectation that over 50% of Medicare enrollees will select MA plans in the next few years. There are mixed opinions on the benefits of MA. MedPAC's analysis indicates that, in part due to findings of upcoding (billing a higher case weight diagnosis or procedure, which gives plans higher quality bonuses), MA has not led to savings over fee-for-service Medicare. Advocates argue that risk scores with the MA population are higher and that MA provides enhanced benefits, consumer savings, and better outcomes.

Despite growing numbers of enrollees through the exchange, Medicaid, and Medicare, 28 million Americans still remain uninsured—most of whom are eligible for some form of subsidized coverage on the healthcare marketplace. Surveys indicate that the majority of those who are eligible are simply not aware of the subsidies, indicating there is still additional outreach work to be done, especially if subsidies continue.

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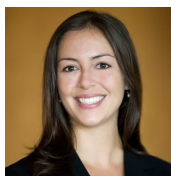
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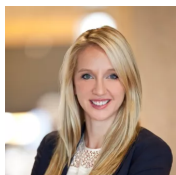
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Roger Ray, MD
Chief Physician Executive



Alexandra Schumm
Partner and Vice President of Research



Abigail Arnold
Associate Vice President of Research