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October 29, 2021

Marketplaces Poised for Further Gains as Open Enrollment Begins

By Tara Straw

The Affordable Care Act's (ACA) health insurance marketplaces recently experienced a period of unprecedented growth: enrollment climbed to a record 12.2 million people as of mid-August, when a six-month, pandemic-related special enrollment period ended. The November 1 re-opening of enrollment presents a renewed opportunity to connect people, many of them now uninsured, with comprehensive coverage that can help improve their health, access to care, and financial security.

Marketplace enrollment gains will likely continue to build in the upcoming open enrollment period, when people sign up for and renew plans for 2022. The American Rescue Plan's premium tax credit increases will continue to make people's premiums more affordable in 2022. And the Biden Administration has implemented policies — enhancing outreach efforts, investing in one-on-one consumer assistance, and giving people more time to enroll — that will likely lead to additional gains.

The upcoming enrollment period is an opportunity for additional gains in covering uninsured people, building on the recent uptick in coverage. The ACA cut the number of uninsured, non-elderly adults by roughly 40 percent, but 25 million remain, many of whom are eligible for financial assistance in the marketplace or for Medicaid.[1] Extending the temporary Rescue Plan premium tax credit enhancements and closing the Medicaid coverage gap, as Congress is now considering doing in economic recovery legislation, would help make these coverage gains even more significant and long-lasting. If Congress acts, the portion of uninsured people in the U.S. could reach a historic low.

Rescue Plan Improvements Make Marketplace Coverage More Affordable Than Ever

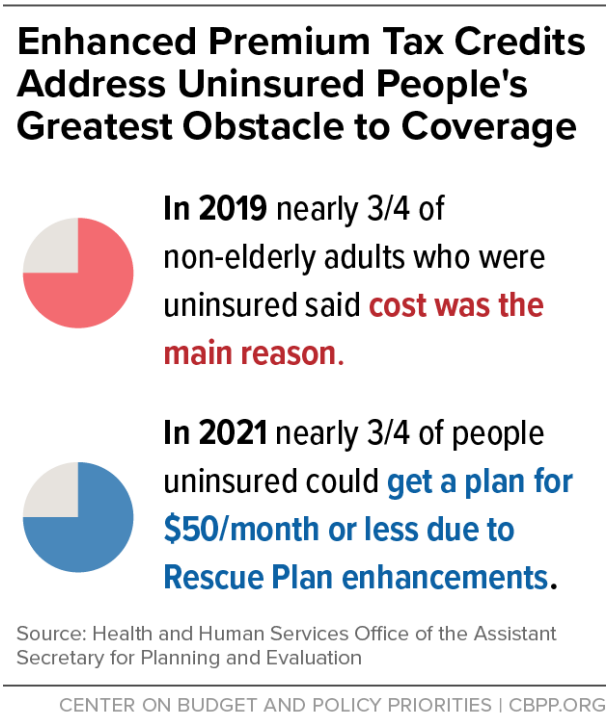
The Rescue Plan increased the premium tax credit to reduce premiums across the board in the health insurance marketplaces. Already-eligible people with incomes below 400 percent of the federal poverty line pay less than before, with people with incomes up to 150 percent of the poverty line paying no upfront premium, and people at the upper end of subsidy eligibility paying no more than 8.5 percent of their income toward premiums. The law also newly extended the premium tax

[1] CBPP calculations using American Community Survey for 2013, 2016, and 2019.

credit to people with incomes over 400 percent of the poverty line, who sometimes face exorbitant premiums, especially if they are older or live in high-cost areas. In addition, people who received or were approved to receive unemployment compensation became eligible for a premium tax credit whose amount was set as if their income was 138 percent of the poverty line, regardless of their year-end income.

Lowering premiums increased enrollment to record levels in 2021. More than 2 million people enrolled in the federal marketplace (called HealthCare.gov) and, when counting state-run exchanges, a total of 2.8 million signed up nationwide.[2] In addition, at HealthCare.gov, 2.7 million people who were already enrolled in marketplace plans updated their applications to claim the additional discounts, and another 2.6 million people who did not act had their premium tax credit automatically redetermined on September 1 to get additional savings upfront. All enrollees will see their higher premium tax credit when they reconcile the credit on their 2021 tax return.

FIGURE 1



Higher premium tax credits had a substantial impact on affordability, addressing uninsured people's top reason for not enrolling in coverage. In 2019, nearly three-quarters of uninsured adults aged 18-64 cited cost as their main reason for remaining uninsured.[3] (See Figure 1.) With the Rescue Plan enhancements, nearly 3 in 4 uninsured people in 2021 could get a plan for $50 or less per month, and 62 percent have access to a plan without any net premium.[4] Consumers, particularly those with lower incomes, took advantage of these discounts. Forty-five percent of people who enrolled during the 2021 special enrollment period (which the Biden Administration implemented to help people enroll during the pandemic) had incomes under 150 percent of the poverty level, qualifying them for zero-premium benchmark plans due to the Rescue Plan changes.[5]

[2] Department of Health and Human Services, "2021 Final Marketplace Special Enrollment Period Report," October 20, 2021, https://www.hhs.gov/sites/default/files/2021-sep-final-enrollment-report.pdf. In 2021, 14 states and the District of Columbia run their own health insurance marketplaces rather than relying on HealthCare.gov.

[3] Amy E. Cha and Robin A. Cohen, "Reasons for Being Uninsured Among Adults Aged 18–64 in the United States, 2019," NCHS Data Brief No. 382, September 2020, https://www.cdc.gov/nchs/products/databriefs/db382.htm.

[4] Office of the Assistant Secretary for Planning and Evaluation (ASPE), "Access to Marketplace Plans with Low Premiums on the Federal Platform: Availability Among Uninsured Non-Elderly Adults under the American Rescue Plan," U.S. Department of Health and Human Services, March 31, 2021, https://aspe.hhs.gov/reports/access-marketplace-plans-low-premiums-uninsured-american-rescue-plan.

[5] 2021 Final Marketplace Special Enrollment Period Report.

And consumers who enrolled in marketplace coverage are highly likely to stay in it. Four in five people who enrolled in the marketplace during 2021's annual open enrollment period were re-enrollees, with a majority of those actively returning to the marketplace to update their income and household information and shop for new coverage.[6] Three-quarters of enrollees report that they are satisfied with their marketplace coverage.[7]

Expanded Outreach Will Enroll More Uninsured People

Marketing and outreach efforts in this open enrollment period will likely reach an all-time high, with the combination of a broad federal marketing campaign and targeted local efforts to get coverage to more eligible people. During the 2021 special enrollment period, the Centers for Medicare & Medicaid Services (CMS) spent $100 million on advertising and marketing nationwide, and that number is expected to rise for this open enrollment period.[8]

Outreach works.[9] For example, CMS determined that 37 percent of HealthCare.gov enrollments during the open enrollment period for 2017 coverage were driven by outreach.[10] Covered California, the state's marketplace, found that outreach and marketing reduced premiums for Californians and the federal government by 6 to 8 percent in 2015 and 2016 — a 3-to-1 return on investment. This is because marketing nudges into coverage healthier people who are less inclined to purchase insurance, lowering the marketplace's risk profile, which translates into lower premiums and higher enrollment overall.[11] Kentucky's television advertising was also credited with 40 percent of the unique visitors and web-based applications in Kentucky for plan years 2014 and 2015.[12] Government advertising is also more effective than private advertising when it comes to new enrollment. One study found that government advertising was more likely to expand enrollment,

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[6] Centers for Medicare & Medicaid Services, "Health Insurance Marketplaces 2021 Open Enrollment Report," Department of Health and Human Services, April 21, 2021, https://www.cms.gov/files/document/health-insurance-exchanges-2021-open-enrollment-report-final.pdf.

[7] Karen Pollitz *et al.*, "Consumer Assistance in Health Insurance: Evidence of Impact and Unmet Need," Kaiser Family Foundation, August 7, 2020, https://www.kff.org/health-reform/issue-brief/consumer-assistance-in-health-insurance-evidence-of-impact-and-unmet-need/.

[8] Tara Straw, "HealthCare.gov Enrollment Climbs With Biden Administration Actions," CBPP, June 14, 2021, https://www.cbpp.org/blog/healthcaregov-enrollment-climbs-with-biden-administration-actions.

[9] ASPE, "Reaching the Remaining Uninsured: An Evidence Review on Outreach & Enrollment," U.S. Department of Health and Human Services, October 1, 2021, https://aspe.hhs.gov/reports/reaching-remaining-uninsured-outreach-enrollment.

[10] This included a combination of television, radio, direct response (text messaging, email, and autodial), internet search buys, and paid digital ads, and reflected the results of a partial open enrollment period. Centers for Medicare & Medicaid Services, "Preliminary OE4 Lessons Learned," https://downloads.cms.gov/files/359411146-preliminary-oe4-lessons-learned.pdf.

[11] Peter V. Lee *et al.*, "Marketing Matters: Lessons From California to Promote Stability and Lower Costs in National and State Individual Insurance Markets," Covered California, September 2017, https://hbex.coveredca.com/data-research/library/CoveredCA_Marketing_Matters_9-17.pdf.

[12] Paul R. Shafer *et al.*, "Television Advertising and Health Insurance Marketplace Consumer Engagement in Kentucky: A Natural Experiment," *Journal of Medical Internet Research*, October 2018, https://www.jmir.org/2018/10/e10872/PDF.

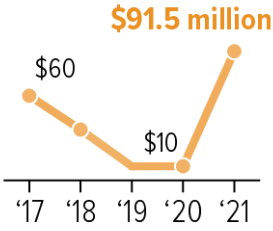
with health plan advertising tending to reach only existing customers.[13] At least one state study has also borne this out.[14]

Other nudges can also be effective. For example, a randomized trial in which the IRS mailed letters to 3.9 million taxpayers who owed the individual responsibility penalty found the experimental group had both greater coverage take-up for the next two years as well as near-term reduced mortality.[15] A study in Colorado reinforced findings that outreach tools such as personalized mail and phone calls also increase enrollment,[16] and in California, personalized calls were particularly effective with Spanish speakers and people who began Medicaid applications.[17]

In addition, navigators play a key role in providing localized, targeted assistance in reaching uninsured and underserved populations. To receive federal funding, navigators must perform public education activities on the availability of marketplace coverage and must do so in a linguistically and culturally appropriate manner, among other requirements. These groups are trusted messengers in their communities, as are unfunded application assisters like community health center workers who are trained to help consumers. This trust can fuel enrollment. For example, one study on California's outreach techniques in Medicaid found that non-technology-based approaches resulted in a 12 percent increase in new enrollment.[18]

FIGURE 2

Navigators' Record Funding Has Them Poised to Ramp Up Health Coverage Outreach



Thanks to **$91.5 million** for open enrollment this year, after sharp cuts...

...Navigators will **quadruple** (to 1,500) and navigator programs will **double** (to 60).

Source: Centers for Medicare & Medicaid Services

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[13] Naoki Aizawa and You Suk Kim, "Public and Private Provision of Information in Market-Based Public Programs: Evidence from Advertising in Health Insurance Marketplaces," NBER Working Paper No. 27695, revised April 2021, https://www.nber.org/papers/w27695.

[14] Shafer *et al.*

[15] Jacob Goldin, Ithai Z Lurie, and Janet McCubbin, "Health Insurance and Mortality: Experimental Evidence from Taxpayer Outreach," *Quarterly Journal of Economics*, February 2021, https://academic.oup.com/qje/article/136/1/1/5911132.

[16] Keith M. Marzillio Ericson, "Nudging Leads Consumers In Colorado to Shop But Not Switch ACA Marketplace Plans," *Health Affairs*, February 2017, https://www.healthaffairs.org/doi/10.1377/hlthaff.2016.0993.

[17] Rebecca Myerson *et al.*, "The Impact of Personalized Telephone Outreach on Health Insurance Take-up: Evidence from a Randomized Controlled Trial," ASHEcon virtual conference, June 22, 2021, https://ashecon.confex.com/ashecon/2021/meetingapp.cgi/Paper/10422.

[18] Michael R. Cousineau, Gregory D. Stevens, and Albert Farias, "Measuring the Impact of Outreach and Enrollment Strategies for Public Health Insurance in California," *Health Services Research*, February 2011, https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3037785/.

One-on-One Consumer Assistance Will Reach Underserved Populations

Enrolling in insurance can be complicated, and many uninsured people say they need help to understand their options. Navigators are a critical source for helping consumers through the enrollment process, from determining eligibility through plan selection. Navigators' role is officially expanded this year by regulations that formalize the roles most navigators were already playing in helping consumers understand how to use their new coverage, file appeals, and how to reconcile their advance premium tax credits on their tax returns.

Navigators are especially well positioned this year because of CMS' record $91.5 million investment in the program which has helped double the number of programs funded (to 60) and quadruple the number of navigators (to 1,500) on the ground to assist consumers.[19] (See Figure 2.) And it follows sharp cuts by the Trump Administration that brought funding from $60 million in the 2017 plan year to only $36.2 million in 2018 and $10 million in 2019 and 2020.[20]

Assisters — navigators and unfunded application assisters — are key to reaching underserved populations. They are five times more likely than agents and brokers to report that their clients were previously uninsured, according to a 2016 national survey by the Kaiser Family Foundation.[21] Nine in ten assister programs helped eligible individuals enroll in Medicaid or the Children's Health Insurance Program (CHIP), compared to fewer than half of brokers. Brokers are also significantly less likely than assisters to perform public education and outreach activities or to help Latino clients, people who have limited English proficiency, or people who lack internet at home.

New Rules Promote New Enrollment and Retention

Several new marketplace policies finalized in September will encourage enrollment and retention, especially among low-income enrollees. First, the federal marketplace will extend the open enrollment period by 30 days, to January 15; state marketplaces can do the same or open a different enrollment period that runs at least from November 1 to December 15. This brings the federal marketplace more in line with the longer enrollment periods it had in its early years. People had five months to enroll for 2014, the first year the marketplaces began, and three months for several years after that, with open enrollment closing at the end of January or in mid-February. A November 1–January 31 open enrollment period was in place in 2016 and 2017, before being cut back to just six weeks for the 2018 plan year.[22]

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[19] Centers for Medicare & Medicaid Services, "Biden-Harris Administration Quadruples the Number of Health Care Navigators Ahead of HealthCare.gov Open Enrollment Period," Press Release, August 27, 2021, https://www.cms.gov/newsroom/press-releases/biden-harris-administration-quadruples-number-health-care-navigators-ahead-healthcaregov-open.

[20] ASPE, "Reaching the Remaining Uninsured."

[21] Karen Pollitz, Jennifer Tolbert, and Ashley Semanskee, "2016 Survey of Health Insurance June 2016 Marketplace Assister Programs and Brokers," Kaiser Family Foundation, June 2016, https://files.kff.org/attachment/2016-Survey-of-Marketplace-Assister-Programs-and-Brokers.

[22] CBPP, "Reviving Longer Open Enrollment Periods Could Enable More to Gain Coverage," April 19, 2021, https://www.cbpp.org/reviving-longer-open-enrollment-periods-could-enable-more-to-gain-coverage.

Research shows that December, a time of mental and financial stress and the month when the open enrollment period ended in recent years, is the "worst time of the year to require complex enrollment decisions."[23] As such, giving people more time to enroll and stretching open enrollment into the early part of 2022 could be a successful strategy to boost the number of people covered.

Other policies could bolster enrollment during the year. Notably, recent rule changes allow people with incomes at or below 150 percent of the poverty line to enter the marketplace in any month starting in 2022, rather than needing to have a separate life event to qualify for a special enrollment period (or SEP; this is distinct from the recent six-month, pandemic-related SEP). For people who need coverage but miss the annual open enrollment period, qualifying for a SEP is the only way to access a marketplace plan.

Many events trigger a SEP, such as having a baby or losing other health coverage. But enrolling during one is complicated, and people may not know they are eligible or have the wherewithal to enroll while they are experiencing a significant life change. As a result, few of the people who could use SEPs do so: estimates suggest a range of 5 to 15 percent of those eligible.[24] The new SEP allows people with low incomes to enroll in any month in 2022, and in other years when financial assistance allows them to enroll without any contribution toward premiums, as is the case under the Rescue Plan for people at this income level (at or below 150 percent of poverty).

September's policy changes also expand the role of navigators to include post-enrollment supports such as helping people understand how to use their coverage, assisting with getting tax forms to reconcile their premium tax credit, and helping with appeals, all of which will help not just enrollment but retention. In addition, the Trump Administration's deep cut to the health insurer user fee — a per-enrollee charge to insurers to fund marketplace operations — was reversed to give the marketplace additional funds to devote to navigators, marketing, application and website functionality, the call center, and other needed investments.

Legislative Proposals Would Solidify and Extend Unprecedented Gains

Congress has an opportunity in the economic recovery bill under consideration to make recent coverage gains even more meaningful and long-lasting, by extending the premium tax credit enhancements, which end after 2022, and closing the Medicaid coverage gap (comprising those with incomes too low to qualify for marketplace assistance but ineligible for Medicaid because their state

[23] Katherine Swartz and John A. Graves, "Shifting the Open Enrollment Period for ACA Marketplaces Could Increase Enrollment and Improve Plan Choices," *Health Affairs*, July 2014, https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2014.0007.

[24] Matthew Buettgens, Stan Dorn, and Hannah Recht, "More than 10 Million Uninsured Could Obtain Marketplace Coverage through Special Enrollment Periods," Urban Institute, November 2015, http://www.urban.org/sites/default/files/publication/74561/2000522-More-than-10-Million-Uninsured-Could-Obtain-Marketplace-Coverage-through-Special-Enrollment-Periods.pdf. Laurel Lucia, "How Do We Make Special Enrollment Periods Work?" Health Affairs Blog, February 16, 2016, https://www.healthaffairs.org/do/10.1377/hblog20160216.053180/full/.

hasn't expanded it). Extending the Rescue Plan premium savings would cover an additional 3.6 million people in the marketplace, the Congressional Budget Office estimates.[25]

Closing the Medicaid coverage gap in states that have refused to expand Medicaid is an essential step toward covering more uninsured people and one of the most important ways the economic recovery legislation can advance health equity.[26] Roughly 2.2 million uninsured adults with incomes below the poverty line (less than $13,000 for a single person) — 60 percent of whom are people of color — would newly qualify for comprehensive coverage if the coverage gap were closed.[27] Not only would closing the coverage gap provide crucial health protections for low-income adults, it is also an important step in undoing racist policies that have long affected people's health and well-being. It would allow people in the coverage gap to afford and access health services, improve their health outcomes, and increase their financial security and protection from medical debt, while improving the stability of rural and safety net hospitals — all issues that affect low-income people and are a particular burden to people of color.[28]

[25] Congressional Budget Office, Letter to Honorable Jason Smith, October 19, 2021, https://www.cbo.gov/system/files/2021-10/Letter_Honorable_Jason_Smith.pdf. This analysis of additional annual enrollment was based on the House Ways and Means Committee proposal for a permanent extension of expanded premium tax credits.

[26] Judith Solomon, "Federal Action Needed to Close Medicaid 'Coverage Gap,' Extend Coverage to 2.2 Million People," CBPP, May 6, 2021, https://www.cbpp.org/research/health/federal-action-needed-to-close-medicaid-coverage-gap-extend-coverage-to-22-million.

[27] Judith Solomon, "Build Back Better Legislation Would Close the Medicaid Coverage Gap," CBPP, September 13, 2021, https://www.cbpp.org/research/health/build-back-better-legislation-would-close-the-medicaid-coverage-gap.

[28] Laura Harker, "Closing the Coverage Gap a Critical Step for Advancing Health and Economic Justice," CBPP, October 4, 2021, https://www.cbpp.org/research/health/closing-the-coverage-gap-a-critical-step-for-advancing-health-and-economic-justice.