



# REALIZING HEALTH REFORM'S POTENTIAL

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## Factors Affecting Health Insurance Enrollment Through the State Marketplaces: Observations on the ACA's Third Open Enrollment Period

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### ABSTRACT

**Issue:** Nearly 12.7 million individuals signed up for coverage in the Affordable Care Act's (ACA) health insurance marketplaces during the third open enrollment period, and by the end of March there were 11.1 million consumers with active coverage. States that operate their own marketplaces posted a year-to-year enrollment gain of 8.8 percent. To maintain membership and attract new consumers, the state-based marketplaces must sponsor enrollment assistance programs and conduct consumer outreach. These marketplaces relied heavily on such efforts during the third enrollment period, despite declining funding. **Goal:** To learn which outreach strategies, assistance programs, and other factors marketplace officials viewed as having exerted the greatest influence on enrollment. **Methods:** Survey of officials representing each of the 17 state-based marketplaces (15 responses). **Key findings and conclusions:** The cost of coverage and low health insurance literacy pose significant barriers to enrollment for many consumers. Marketplaces sought to overcome them by encouraging consumers to obtain in-person enrollment assistance from ACA-created assistance programs and from insurance brokers, and by partnering with community organizations for outreach activities. Many marketplaces also enhanced their web portals to make them easier to navigate and to give consumers better tools with which to evaluate their coverage options.

### BACKGROUND

By the close of the third open enrollment period for the Affordable Care Act's (ACA) health insurance marketplaces, approximately 12.7 million individuals had signed up for or been reenrolled in a marketplace health plan.<sup>1</sup> This result fits comfortably within the range projected by the U.S. Department of Health and Human Services (HHS), which estimated enrollment of between 11.0 million and 14.1 million.<sup>2</sup> Nationwide, plan selections in the third open enrollment season surpassed those in the second by 8.5 percent.<sup>3</sup> Year-to-year gains by the states that manage their own

marketplaces (8.8 percent) slightly exceeded those experienced by the states that do not (8.3 percent), though these averages mask significant variation among states (Exhibit 1).

## Exhibit 1

## State-Based Marketplace Enrollment in the Third Open Enrollment Period

| State                                                                       | Individuals who selected a marketplace plan | Percent of plan selections by new enrollees | Percent of active renewals (as a share of total renewals)* | Percent of consumers receiving financial assistance | Percent change in enrollment from OEP2 |
|-----------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|------------------------------------------------------------|-----------------------------------------------------|----------------------------------------|
| California                                                                  | 1,575,340                                   | 27.0%                                       | 37.3%                                                      | 87.0%                                               | 11.6%                                  |
| Colorado                                                                    | 150,769                                     | 48.0%                                       | 75.9%                                                      | 61.0%                                               | 7.4%                                   |
| Connecticut                                                                 | 116,019                                     | 32.0%                                       | 19.7%                                                      | 78.0%                                               | 5.6%                                   |
| District of Columbia                                                        | 22,693                                      | 26.0%                                       | 17.9%                                                      | 6.0%                                                | 22.9%                                  |
| Hawaii                                                                      | 14,564                                      | 99.0%**                                     | 100.0%                                                     | 82.0%                                               | 15.4%                                  |
| Idaho                                                                       | 101,073                                     | 33.0%                                       | 31.1%                                                      | 83.0%                                               | 4.1%                                   |
| Kentucky                                                                    | 93,666                                      | 20.0%                                       | 73.1%                                                      | 67.0%                                               | -11.9%                                 |
| Maryland                                                                    | 162,177                                     | 30.0%                                       | 14.0%                                                      | 70.0%                                               | 35.0%                                  |
| Massachusetts                                                               | 213,883                                     | 22.0%                                       | N/A                                                        | 78.0%                                               | 52.2%                                  |
| Minnesota                                                                   | 83,507                                      | 45.0%                                       | N/A                                                        | N/A                                                 | 39.9%                                  |
| Nevada                                                                      | 88,145                                      | 47.0%                                       | 76.5%                                                      | 88.0%                                               | 19.8%                                  |
| New Mexico                                                                  | 54,865                                      | 45.0%                                       | 70.6%                                                      | 70.0%                                               | 4.8%                                   |
| New York                                                                    | 271,964                                     | 19.0%                                       | N/A                                                        | 54.0%                                               | -33.5%***                              |
| Oregon                                                                      | 147,109                                     | 45.0%                                       | 78.4%                                                      | 72.0%                                               | 31.3%                                  |
| Rhode Island                                                                | 34,670                                      | 22.0%                                       | 21.0%                                                      | 87.0%                                               | 10.6%                                  |
| Vermont                                                                     | 29,440                                      | 6.0%                                        | 10.0%                                                      | 69.0%                                               | -6.9%                                  |
| Washington                                                                  | 200,691                                     | 37.0%                                       | 37.8%                                                      | 70.0%                                               | 24.9%                                  |
| State-based marketplaces using state platforms (12 states and DC)           | 3,055,892                                   | 28.1%                                       | 37.2%†                                                     | 78.0%                                               | 7.7%                                   |
| State-based marketplaces using the HealthCare.gov platform (HI, NV, NM, OR) | 304,683                                     | 48.1%                                       | 76.3%                                                      | 76.7%                                               | 21.5%**                                |
| All state-based marketplaces (16 states and DC)                             | 3,360,575                                   | 29.9%                                       | 40.4%†                                                     | 77.9%‡                                              | 8.8%                                   |
| All federally facilitated marketplaces (34 states)                          | 9,321,299                                   | 41.7%                                       | 69.7%                                                      | 85.2%                                               | 8.3%                                   |
| Nationwide                                                                  | 12,681,874                                  | 38.6%                                       | 62.1%                                                      | 83.3%                                               | 8.5%                                   |

Note: Data reflect a reporting period of November 1, 2015, to February 1, 2016, with the exception of data for nine marketplaces—CA, DC, ID, KY, MD, NY, RI, VT, and WA—which reflect a reporting period of November 1, 2015, to January 31, 2016.

\* An “active renewal” refers to an individual with existing marketplace coverage during the third open enrollment period who returned to the marketplace to choose a health plan for 2016, whether renewing the same coverage or switching to a new plan. This renewal method contrasts with a “passive renewal”: the process by which an enrollee who did not return to the marketplace to select a plan by December 15, 2015, was automatically reenrolled in coverage. This column shows the percentage of total renewals that were active renewals.

\*\* Hawaii moved from a state enrollment and eligibility platform to HealthCare.gov for the third open enrollment period. As part of this transition, nearly all existing enrollees were required to reenroll with the marketplace and are classified for reporting purposes as new enrollees.

\*\*\* New York is one of two states (including Minnesota) to launch a Basic Health Program (BHP), a low-cost coverage option created by the ACA for consumers with limited incomes (less than 200 percent of the federal poverty level). New York’s BHP enrolled approximately 380,000 individuals, many of whom had marketplace coverage during the second open enrollment period and would have been eligible to remain in a marketplace plan in 2016, absent the new program.

† Excludes Massachusetts, Minnesota, and New York (no data reported).

‡ Excludes Minnesota (no data reported).

Sources: U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE); authors’ analysis.

The final enrollment tally suggests the marketplaces are on track to meet another HHS target, of 10 million enrollments by the close of 2016.<sup>4</sup> (The projection for the end of the calendar year is lower because it reflects attrition; some people who select a plan during open enrollment never take up coverage, while others move from their marketplace plan to other coverage sources as the year unfolds.<sup>5</sup>) Still, the total is notably less than what some observers had anticipated.<sup>6</sup> Researchers have attributed this divergence to the stability of employer-sponsored health insurance (the availability of employer coverage has not declined since the ACA's enactment, contrary to some expectations); the fact that many people have purchased individual insurance outside of the marketplaces; and ongoing concerns about the cost of coverage, among other factors.<sup>7</sup>

Studies of marketplace policies and enrollment assistance practices during the first and second open enrollment periods have identified a number of additional factors that likely influenced enrollment. For example, researchers at the Urban Institute found that marketplaces with comparatively strong enrollment during the second open season had highly collaborative outreach and enrollment assistance activities that leveraged the contributions of trusted messengers.<sup>8</sup> In marketplaces with lower enrollment, relatively high premiums for those at higher income levels made the problem of coverage affordability more acute. Meanwhile, difficulties with technology platforms and shortages of assistance personnel—the latter in part the result of funding limitations—soured public perceptions and made the enrollment process more burdensome.<sup>9</sup>

We sought to build on these analyses by examining the actions taken by state-based marketplaces to maximize enrollment and consumer assistance during the most recent open enrollment season. To do so, we asked marketplace officials to complete a confidential questionnaire that sought to identify what assistance and outreach strategies they viewed as most effective and what factors they identified as exerting important influence on sign-ups, positively and negatively. Fifteen of 17 marketplaces responded.<sup>10</sup> This brief explores key themes that emerged from those responses.

## KEY FINDINGS

### Personal Connections Forged by ACA Assisters, Community Partners, and Agents and Brokers Drive Enrollment

The state-based marketplace respondents were unanimous in suggesting that in-person outreach and enrollment assistance were critical to facilitating sign-ups during the third open enrollment period. One respondent conveyed the group's experience succinctly: "consumers like to talk to someone person to person. The easier it is for an individual to make a connection and get help, the higher your enrollment and the better the consumer feels." Marketplaces thus devoted considerable effort to fostering in-person connections—to educate consumers about health insurance and the existence and role of the marketplace, as well as to help those interested in enrolling in coverage navigate the sometimes complex decisions involved in doing so.

To these ends, several marketplaces established physical locations, often retail storefronts located in urban areas, staffed by trained enrollment assisters, marketplace customer support workers, and, sometimes, agents and brokers. Others created partnerships with well-regarded organizations—children's hospitals and clinics in one state, churches and civic groups in others—and with respected individuals whose long-standing relationships within their communities made them trusted voices for outreach and education.

While nearly all respondents noted the efforts of marketplace-certified enrollment assisters in helping to connect consumers—especially hard-to-reach populations—with coverage, most also emphasized the contributions of their state’s agent and broker communities. Several marketplaces described broker-led enrollment centers and advertising support, while one touted a pilot program that enabled authorized agents to receive, at a consumer’s request, a “warm transfer” from the marketplace’s call center so they could assist with enrollment. We did not survey brokers themselves and so cannot shed light on whether they shared this perception of fruitful coordination. Still, the responses suggest that marketplaces are giving increased attention to the services brokers can provide and are doing more to engage them in the enrollment process than what most observers and stakeholders reported in the first two sign-up periods.<sup>11</sup>

Frequently, marketplaces also leveraged their connections with community leaders and stakeholders to publicize and execute outreach and enrollment events. For example, two marketplaces highlighted their work with faith-based leaders, with whom they partnered to hold events at area churches, mosques, and synagogues, while another reported successful enrollment events jointly staffed by agents and assisters. One marketplace viewed enrollment fairs and outreach events as “pivotal” to its enrollment strategy in the wake of budget cuts that forced the closure of its walk-in center. Still another launched a statewide bus tour to promote enrollment at stops along the way and generate wider media coverage.

“We established walk-in centers in high-priority locations. We opened new full-service centers in four communities, three of them in community health centers. These were very successful.”

“I can’t stress enough the importance of agents and brokers. . . . They are a trusted resource throughout the state and they can help educate consumers as well as build a long-term relationship that will help build enrollment stability.”

### States Grapple with Affordability Concerns

Though personal assistance made signing up for coverage an easier task, most marketplaces reported that consumer decisions about whether to enroll and which plan to choose revolved to a large degree around perceptions of health plan cost. As one respondent stated: “affordability and the availability of premium tax credits continue to drive enrollment on the exchange.”

Two states that experienced double-digit increases in premium rates stressed the value of the ACA’s tax credits in insulating eligible consumers from the cost spike. Yet, particularly for those unaware of the subsidies or unclear about what they cover, worries about costs loomed large. And respondents acknowledged that consumers who are not eligible for financial assistance were less interested in enrolling through the marketplace.<sup>12</sup>

To grapple with the issue of affordability—what one respondent called “the major challenge”—many marketplaces sought to raise awareness of the availability of financial assistance, craft messages explaining how the subsidies work, and convey “a realistic expectation” of premiums. While

some states viewed such efforts as successful, others found it a “continual” challenge, made more difficult by what one marketplace argued was confusing coverage of premium rates by the media.

One marketplace, acknowledging the salience of concerns about cost, suggested it had helped its consumers by negotiating with prospective marketplace insurers to limit the size of their rate increases.<sup>13</sup> Though only one respondent highlighted this “active purchasing” approach, its mention is notable given that HHS officials have signaled a willingness to pursue a similar strategy for the federal marketplace in future years.<sup>14</sup>

“We find that consumers who enroll state the premium tax credits and price were key factors in their decision. Consumers who do *not* enroll cite the tax credits and affordability as the reason.”

### Improvements in Technology Systems Ease Consumer Frustration

By the third open enrollment period, the state-based marketplaces had moved beyond the early technological failures that plagued their enrollment systems at their launch in 2013. No states encountered prolonged technical issues during the sign-up window and several claimed notable strides in improving the functionality and experience of their online portals. While many respondents said that their websites and back-end technology played a positive role in influencing enrollment, several noted areas for continued improvement.

Among the states that reported a significant positive impact from their technology, three described adding consumer decision-support tools, such as a searchable provider directory and an out-of-pocket cost calculator to facilitate plan comparisons, and two said they had simplified the online application to create faster, easier-to-use services. Still another suggested its systems training program, held prior to open enrollment for agents, brokers, and assisters, was critical to avoiding consumer frustration. The same state also highlighted its capacity to identify unfinished applications, enabling it to issue targeted reminders to consumers to complete the process.

At the same time, several states identified a need for improvements to their platforms. A respondent from one marketplace, which uses the federal platform for eligibility and enrollment, reported that navigation of HealthCare.gov remained a challenge. Another

“The marketplace listened to its customers, redesigned the site and dropped the application process for the individual market from 28 screens to 11.”

official expressed similar concerns about their state-run platform, wishing for upgrades to the front-end of the marketplace website, which might, in turn, help alleviate “intense volume” at its call center.

### Funding for Outreach and Assistance Has Declined

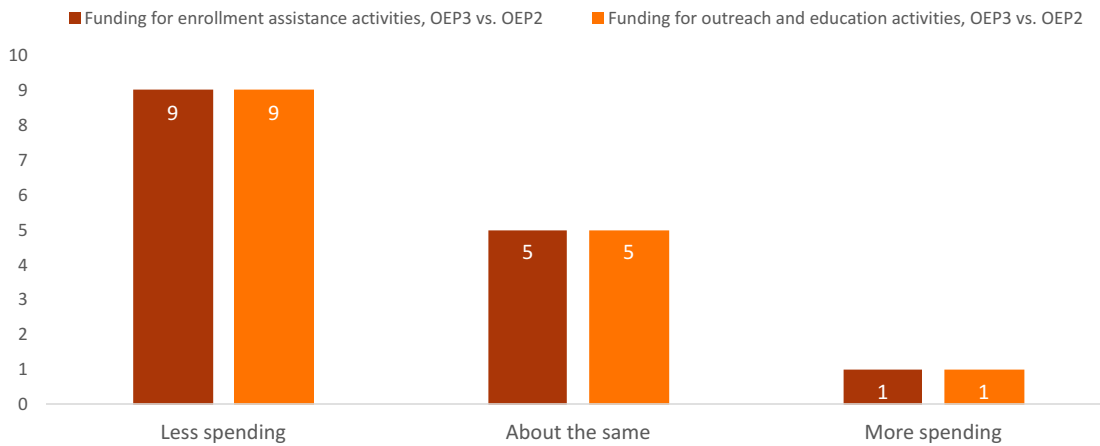
Development of the state-based marketplaces was financed largely through federal start-up grants authorized by the ACA.<sup>15</sup> These funding opportunities were time-limited, however.<sup>16</sup> As implementation has progressed and federal dollars have diminished, the marketplaces have had to tighten their budgets to compete with other state priorities. Two-thirds of respondents indicated that funding for enrollment assistance and outreach/education activities was lower for the third open enrollment

period than it had been for the second—most of this group said “much lower”—despite it being “harder to find and reach the remaining eligible uninsured” (Exhibit 2).

Exhibit 2

## State-Based Marketplace Survey: Funding for Enrollment and Outreach, Open Enrollment Period Year 3 vs. Year 2

*Number of marketplaces*



Data: Authors' analysis.

### Low Health Insurance Literacy Poses a Barrier

Health insurance is complicated, and people face well-documented difficulties understanding how coverage works both when shopping for a plan and, later, when attempting to use it.<sup>17</sup> While these challenges are one reason why the state marketplace sought to promote one-on-one help with the enrollment process, nearly half of respondents separately stressed the need to improve consumer understanding of the value and mechanics of health insurance or emphasized their ongoing efforts to do so. Several states saw consumer confusion about premiums, cost-sharing terms, and the ACA's tax credits as inhibiting enrollment and lamented the spread of misinformation on these topics. Another noted the challenge of ensuring that consumers have accurate information about plan quality and provider networks so they could make informed decisions when choosing plans.

## DISCUSSION

Marketplace enrollment continues to rise; along with other ACA reforms, these coverage gains have helped to reduce the uninsured rate by more than a third over the past two years.<sup>18</sup> At the same time, the rate of enrollment growth has not matched initial expectations. There is good reason to view marketplace enrollment levels in the context of broader coverage data: for example, when it comes to risk assessment and plan pricing, insurers must lump together all those who enrolled through the marketplaces with everyone who purchased an ACA-compliant plan outside of them.<sup>19</sup> This latter group, while difficult to quantify, may contribute an additional 4 million to the risk pool.<sup>20</sup>

Yet marketplace enrollment is, without doubt, important in its own right. If the first wave of marketplace enrollees has been relatively sicker and more expensive to treat than those with nongroup coverage prior to the ACA—when insurance companies regularly restricted benefits or denied coverage based on health status—there is some reason to expect that subsequent enrollments, including by people moving from plans that are not compliant with the ACA, could include a greater share of healthy individuals.<sup>21</sup> Steady growth of this sort could help blunt future premium increases and promote insurer participation in the marketplaces, ensuring consumers have a range of plans from which to choose.<sup>22</sup>

Accordingly, there is value in understanding the actions of, and obstacles faced by, marketplaces as they sought to facilitate enrollment during the most recent sign-up period. Our survey of the state-based marketplaces reveals several common strategies and experiences. Most common—in fact, universal—was the value respondents attached to in-person outreach and assistance. Though marketplaces described numerous barriers to enrollment, including consumers' lack of awareness about their insurance options and financial assistance and the complexities of choosing suitable coverage, they viewed efforts by assisters and other outreach partners to forge personal connections with consumers as crucial to overcoming those barriers.<sup>23</sup>

Notable too among the responses, if not altogether surprising, was the emphasis given by many marketplaces to technology improvements. These included advances in website functionality and the addition of features to support consumer decision-making. Such efforts, still a work in progress, demonstrate awareness of the need to simplify the enrollment process and provide consumers better tools with which to evaluate their coverage choices and costs. To the extent investment in these areas raises the value proposition of the marketplaces for consumers who are not eligible for subsidies, it also may spur enrollment by a group that so far has largely avoided the marketplaces.

If in-person assistance and technology upgrades were critical, so too was the funding that supported them. Yet most marketplaces reported that budget dollars for outreach and enrollment assistance have declined. Marketplaces have responded to decreased funding by employing strategies that were more targeted, and in some instances more reliant on promotional efforts and social media, than in the past.<sup>24</sup> Having less money for enrollment assistance may partially explain marketplaces' efforts to strengthen partnerships with agents and brokers (though their desire to compensate for perceived shortcomings in broker engagement during prior years likely also drove these initiatives). Should funding continue to diminish, marketplaces may find value in still greater collaboration with these and other stakeholders.

Yet, funding shortages cannot be offset by stronger stakeholder engagement alone. Findings from this survey and others suggest that brokers and assistance personnel tend to serve somewhat different constituencies, with assisters more likely to engage and enroll lower-income and vulnerable populations.<sup>25</sup> Given that many of the remaining uninsured fall into these categories, there is danger that further reductions in funding for outreach and enrollment assistance could materially weaken future enrollment growth.<sup>26</sup>

## ABOUT THIS STUDY

We proffered an eight-question questionnaire to marketplace officials in all 17 state-based marketplaces: California, Colorado, Connecticut, the District of Columbia, Hawaii, Kentucky, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, Oregon, Rhode Island, Utah, Vermont, and Washington. The questionnaire sought to identify: 1) marketplace practices or strategies related to enrollment assistance that were the most effective in facilitating enrollment during the third open enrollment period; 2) marketplace practices or strategies related to consumer outreach and education that were the most effective in facilitating enrollment; 3) other state- or market-specific factors that the marketplaces believed exerted the largest positive and negative effect on enrollment; and 4) the relative funding level for enrollment assistance and consumer outreach and education in the third open enrollment period compared with the second. The questionnaire was administered electronically and included six open-ended questions and two rating-scale questions, the responses to which have been anonymized for this publication. Fifteen state-based marketplaces responded; two marketplaces, Hawaii and New York, did not.

This brief occasionally quotes from states' questionnaire responses. These excerpts have been lightly edited for clarity and to preserve anonymity.

## NOTES

- <sup>1</sup> U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, *Health Insurance Marketplaces 2016 Open Enrollment Period: Final Enrollment Report* (ASPE, March 2016).
- <sup>2</sup> U.S. Department of Health and Human Services, *10 Million People Expected to Have Marketplace Coverage at End of 2016* (HHS, Oct. 15, 2015).
- <sup>3</sup> In fact, the true growth in plan selection is at least marginally higher, owing to a change in how HHS reports 2016 data. For 2016, data for the third open enrollment period reflect the total number of plan selections for all marketplaces (except DC and MN), excluding any cancellations or terminations that occurred during the open enrollment period. Last year, these cancellations were reflected only in subsequent reports. This means a larger number of cancellations because of the nonpayment of premiums have already been accounted for. One observer has estimated that the purge amounted to approximately 300,000 cancellations. See C. Gaba, "[Final OE3 ASPE Report Released](#)," ACASignups.net, March 11, 2016.
- <sup>4</sup> U.S. Department of Health and Human Services, *10 Million People Expected to Have Marketplace Coverage at End of 2016* (HHS, Oct. 15, 2015).
- <sup>5</sup> By March 31, 2016, there were about 11.1 million consumers with active coverage through the marketplaces. Measured against the number of plan selections at the close of open enrollment (12.7 million), the March effectuated enrollment total represents a retention rate of about 87 percent. This figure is in line with the expectations of HHS officials, who continue to project that the marketplaces will have about 10 million active enrollments at the close of 2016. U.S. Department of Health and Human Services, "[March 31, 2016 Effectuated Enrollment Snapshot](#)," June 30, 2016.



- <sup>6</sup> In March 2015, the Congressional Budget Office estimated that an average of about 21 million people would have marketplace coverage in any given month in 2016. See Congressional Budget Office, “[Insurance Coverage Provisions of the Affordable Care Act—CBO’s March 2015 Baseline](#)” (CBO, March 2015). Projections from other researchers, offered around the time of the marketplaces’ launch in 2014, also have proved to be high. See, e.g., L. Blumberg, J. Holahan, G. Kenney et al., *Measuring Marketplace Enrollment Relative to Enrollment Projections: Update* (Urban Institute, May 2014).
- <sup>7</sup> See generally L. Levitt, G. Claxton, A. Damico et al., *Assessing ACA Marketplace Enrollment* (Henry J. Kaiser Family Foundation, March 2016). A leading reason why uninsured adults who have heard of the marketplaces choose not to visit them is that they do not think their health insurance options will be affordable. S. R. Collins, P. W. Rasmussen, M. M. Doty, and S. Beutel, *Americans’ Experiences with Marketplace and Medicaid Coverage—Findings from the Commonwealth Fund Affordable Care Act Tracking Survey, March–May 2015* (The Commonwealth Fund, June 2015); see also S. R. Collins, M. Gunja, P. W. Rasmussen, M. M. Doty, and S. Beutel, *Are Marketplace Plans Affordable? Consumer Perspectives from the Commonwealth Fund Affordable Care Act Tracking Survey, March–May 2015* (The Commonwealth Fund, Sept. 2015).
- <sup>8</sup> J. Wishner, I. Hill, S. Benatar et al., *Factors that Contributed to High Marketplace Enrollment Rates in Five States in 2015* (Urban Institute, Oct. 2015). See also S. R. Collins, M. Gunja, M. M. Doty, and S. Beutel, *To Enroll or Not to Enroll? Why Many Americans Have Gained Insurance Under the Affordable Care Act While Others Have Not* (The Commonwealth Fund, Sept. 2015); and J. Tolbert, M. Perry, S. Dryden et al., *Connecting Consumers to Coverage: Lessons Learned from Assistors for Successful Outreach and Enrollment* (Henry J. Kaiser Family Foundation, Sept. 2014).
- <sup>9</sup> J. Holahan, L. Blumberg, E. Wengle et al., *Factors that Contributed to Low Marketplace Enrollment Rates in Five States in 2015* (Urban Institute, Oct. 2015).
- <sup>10</sup> For more information regarding the questionnaire, see “[About This Study](#).”
- <sup>11</sup> S. Corlette, L. Blumberg, and E. Wengle, *Insurance Brokers and the ACA: Early Barriers and Options for Expanding Their Role* (Robert Wood Johnson Foundation, Feb. 2015). See also J. Tolbert, M. Perry, S. Dryden et al., *Connecting Consumers to Coverage: Lessons Learned from Assistors for Successful Outreach and Enrollment* (Henry J. Kaiser Family Foundation, Sept. 2014); and S. Goodell, “[Health Policy Brief: Navigators and Assistors](#),” *Health Affairs*, Oct. 31, 2013.
- <sup>12</sup> Overall, state-based marketplace enrollees were more than three times as likely to be receiving financial assistance as not. See [Exhibit 1](#).
- <sup>13</sup> When a marketplace conditions insurer participation on the results of negotiations over rates or other criteria, it is often said to be behaving as an “active purchaser.” See S. Corlette and J. Volk, *Active Purchasing for Health Insurance Exchanges: An Analysis of Options* (Georgetown University/ National Academy of Social Insurance, June 2011).
- <sup>14</sup> Center for Consumer Information and Insurance Oversight, “[2017 Letter to Issuers in the Federally-Facilitated Marketplaces](#)” (CCIIO, Feb. 29. 2016).
- <sup>15</sup> From 2010 to 2014, the state-based marketplace states received approximately \$4.8 billion in exchange planning, establishment, and early innovator grants. See A. Mach and C. Redhead, *Federal Funding for Health Insurance Exchanges* (Congressional Research Service, Oct. 2014).
- <sup>16</sup> The ACA prohibited the award of new exchange grants after January 1, 2015, and required marketplaces to be self-sustaining after that date, though states had limited flexibility to wind down open projects and seek extensions for certain types of funded work. See Pub. L. 111–148, 124 Stat. 782 (2010) §§1311(a)(4), 1311(d)(5) (codified at 42 U.S.C. §§ 18031(a)(4), 18031(d)

- (5)). For guidance on marketplace flexibility to seek extensions of funded projects, see Centers for Medicare and Medicaid Services, “[FAQ on the Use of 1311 Funds and No Cost Extensions](#)” (CMS, March 14, 2014).
- <sup>17</sup> For a helpful overview, which includes a scan of recent literature on the topic, see Z. Parragh and D. Okrent, *Health Literacy and Health Insurance Literacy: Do Consumers Know What They Are Buying?* (Alliance for Health Reform, Jan. 2015).
- <sup>18</sup> According to the Gallup-Healthways Well-Being Index, the uninsured rate in the United States declined 6.1 percentage points between the fourth quarter of 2013, immediately before the ACA’s largest reforms to the insurance markets took effect, and the first quarter of 2016. See S. Marken, “[U.S. Uninsured Rate at 11.0%, Lowest in Eight-Year Trend](#),” *Gallup*, April 7, 2016. Other surveys have measured similar reductions. See, for example, S. R. Collins, M. Gunja, M. M. Doty, and S. Beutel, *Americans’ Experiences with ACA Marketplace and Medicaid Coverage: Access to Care and Satisfaction* (The Commonwealth Fund, May 2016); R. Cohen, M. Martinez, and E. Zammitti, *Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, 2015* (Centers for Disease Control and Prevention, May 2016); and M. Karpman, S. Long, and S. Zuckerman, *Taking Stock: Health Insurance Coverage under the ACA as of March 2016* (Urban Institute, May 2016).
- <sup>19</sup> Pub. L. 111-148, 124 Stat. 782 (2010) § 1312(c) (codified at 42 U.S.C. § 18032(c)).
- <sup>20</sup> A Kaiser Family Foundation survey of nongroup market health insurance enrollees, conducted in February and March 2016, found that about 64 percent of enrollees had coverage through the marketplaces, while at least 19 percent were enrolled in ACA-compliant plans purchased outside of the marketplaces. L. Hamel, J. Firth, L. Levitt et al., *Survey of Non-Group Health Insurance Enrollees, Wave 3* (Henry J. Kaiser Family Foundation, May 2016). Extrapolating from these market shares and the reported total number of marketplace plan selections at the end of the third open enrollment period (12.7 million), we can estimate that approximately 3.8 million individuals were enrolled in ACA-compliant plans outside of the marketplaces in the spring of 2016. Projections of this market’s size have varied substantially, however. One close observer has estimated that, of all nongroup plans purchased outside the marketplaces, the volume of ACA-compliant plans equals about 6 million. C. Gaba, “[Show Your Work: Healthcare Coverage Breakout for the Entire U.S. Population in 1 Chart](#),” ACASignups.net, March 28, 2016. McCue and Hall suggest that this market is in fact smaller—perhaps less than 3 million—though their market estimates are likely low, as they do not account for all sources of off-marketplace enrollment in ACA-compliant coverage. M. J. McCue and M. A. Hall, *Promoting Value for Consumers: Comparing Individual Health Insurance Markets Inside and Outside the ACA’s Exchanges* (The Commonwealth Fund, June 2016). For overall projections of nongroup coverage purchased outside the marketplaces, including ACA-compliant, grandfathered, and “grandmothered” or transitional plans, see also Congressional Budget Office, *Federal Subsidies for Health Insurance Coverage for People Under Age 65: 2016 to 2026* (Washington D.C.: CBO, March 2016).
- <sup>21</sup> Blue Cross Blue Shield Association, *Newly Enrolled Members in the Individual Health Insurance Market After Health Care Reform: The Experience from 2014 and 2015* (BCBSA, March 2016). See also M. Sanger-Katz, “[New Health Insurance Customers Are Sicker. Should We Be Surprised?](#)” *New York Times*, March 31, 2016.
- <sup>22</sup> L. Levitt, G. Claxton, A. Damico et al., *Assessing ACA Marketplace Enrollment* (Henry J. Kaiser Family Foundation, March 2016).
- <sup>23</sup> The perceived value of personal assistance is substantiated by surveys seeking to understand the experiences of consumers who shopped for coverage through the marketplaces. Findings from the Commonwealth Fund’s ACA tracking survey reveal, for example, that marketplace shoppers who

received personal assistance were significantly more likely to obtain coverage than those who did not (78 percent vs. 56 percent, respectively). S. R. Collins, M. Gunja, M. M. Doty, and S. Beutel, *To Enroll or Not to Enroll? Why Many Americans Have Gained Insurance Under the Affordable Care Act While Others Have Not* (The Commonwealth Fund, Sept. 2015). Other researchers have found that nearly 80 percent of consumers who sought help from an in-person assister program did so because they lacked confidence to apply for coverage on their own. K. Pollitz, J. Tolbert, and A. Semanskee, *2016 Survey of Health Insurance Marketplace Assister Programs and Brokers* (Henry J. Kaiser Family Foundation, June 2016).

- <sup>24</sup> Targeted outreach is not intrinsically problematic. In the view of many marketplaces, a focused, tailored approach enabled them to maximize their impact with the uninsured or other special populations.
- <sup>25</sup> See, e.g., K. Pollitz, J. Tolbert, and A. Semanskee, *2016 Survey of Health Insurance Marketplace Assister Programs and Brokers* (Henry J. Kaiser Family Foundation, June 2016); K. Pollitz, J. Tolbert, and R. Ma, *2015 Survey of Health Insurance Marketplace Assister Programs and Brokers* (Henry J. Kaiser Family Foundation, Aug. 2015).
- <sup>26</sup> L. Blumberg, M. Karpman, M. Buettgens et al., *Who Are the Remaining Uninsured, and What Do Their Characteristics Tell Us About How to Reach Them?* (Urban Institute, March 2016); and T. Schmidt, “Enrolling Hard-to-Reach Populations in Health Coverage Calls for Creative Outreach,” *Families USA Blog*, Jan. 21, 2016.

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