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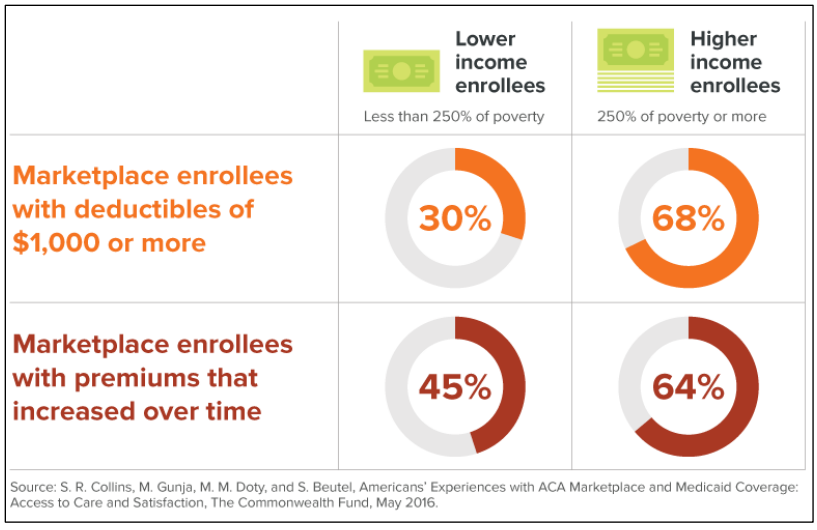
NEW ACA MARKETPLACE FINDINGS: SUBSIDIES FOR LOWER-INCOME ENROLLEES MAKE INSURANCE PREMIUM AND DEDUCTIBLE COSTS COMPARABLE TO EMPLOYER COVERAGE

Large Majority of Marketplace Enrollees Satisfied with Doctors Covered by Their Insurance

New York, NY, July 7, 2016—The Affordable Care Act's subsidies have made health insurance premium costs in the marketplaces more affordable for lower-income enrollees and nearly comparable to costs in employer-sponsored health plans, according to a new report from The Commonwealth Fund. Sixty-six percent of marketplace enrollees with annual incomes under $30,000 reported paying either nothing or less than $125 a month for individual coverage, compared to 60 percent of people in employer plans.

However, for enrollees with higher incomes, the phaseout of the marketplace tax credits means health care costs are greater compared to those in employer plans. Fifty-eight percent of marketplace enrollees with incomes above $30,000 paid more than $125 in monthly premiums compared to 34 percent of people with employer coverage, most of whom receive premium contributions from their companies regardless of income level.

Americans' Experiences with ACA Marketplace Coverage: Affordability and Provider Network Satisfaction, a new brief based on The Commonwealth Fund Affordable Care Act (ACA) Tracking Survey, February – April 2016, finds differences in the cost and cost protection that marketplace plans provide, depending on enrollees' incomes. Under the health care law, marketplace enrollees living under 250



Source: 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.

percent of the federal poverty level (just under $30,000 for a single person) are eligible for the most generous subsidies. But enrollees earning above that level, up to $47,000 annually, qualify for smaller tax credits and may face higher cost-sharing. Those with higher incomes pay the full premium for their coverage.

Because of the phaseout of subsidies as incomes climb, marketplace enrollees with lower incomes are less likely to have per-person deductibles of $1,000 or more compared to higher-income enrollees (30% vs. 68%). And while less than half (45%) of lower-income adults with marketplace coverage reported their premiums had grown over time, about two-thirds (64%) of higher-income adults reported paying increasing premiums.

“Affording health care remains a top concern for consumers,” said Sara R. Collins, Vice President for Health Care Coverage and Access at The Commonwealth Fund and one of the study’s coauthors. “The survey findings suggest that the law’s premium subsidies have been effective for people with lower and moderate incomes, who have been most at risk of being uninsured. We know from prior surveys that people are also getting the health care they need and using their insurance to get care they wouldn’t have been able to get before.”

Other key findings from the report:

- **Cost continues to be the primary factor in plan selection among marketplace enrollees.** Premiums and cost-sharing figured most prominently in people’s decisions regarding choice of marketplace plan. Six of 10 (62%) adults who either had enrolled in private plans through the marketplace for the first time or had switched health plans said that the amount of the premium (36%) or the amount of the deductible and copays (26%) was the most important factor in their decision. Additionally, more than one-quarter (28%) said the inclusion of their preferred doctors and hospitals in their plan’s network was the most important factor in choosing a plan.

- **Half of people in marketplace plans view their premiums as affordable.** Nearly half (49%) of marketplace enrollees said their premiums were very easy or somewhat easy to afford, compared with 75 percent of people with employer plans. This difference is partially due to income differences between those with employer and marketplace coverage. While about half (51%) of individuals with employer coverage had incomes above $47,000 ($97,000 for a family of four), only 19 percent of those in marketplace plans did. This means that higher-income consumers in marketplace plans are spending more on premiums, as a share of their income, than people with employer health benefits.

- **Four of 10 adults chose a “narrow network” plan when given the option.** Consumers were not averse to selecting a plan with a narrow provider network if it offered a lower price. More than half (54%) of people who switched plans or bought marketplace coverage for the first time had the option to pay less for a plan with fewer participating doctors or hospitals. Of those, 41 percent selected the limited network plan.

- **Most marketplace enrollees are satisfied with the doctors covered by their insurance.** Of people who had new marketplace coverage or switched plans, more than three-quarters (78%) reported they are very or somewhat satisfied with the doctors included in their plan's network. Nearly two-thirds (64%) said their plans included some or all of the doctors they wanted.

Moving Forward

The authors note that for next year's marketplace open enrollment period, it is likely that marketplace premium increases on average will be higher in 2017 than in 2016. The majority of enrollees have subsidies that will help shield them from paying the full premium increase. And consumers are also likely to shop for better deals, as they did in 2016. Still, efforts are needed to ensure that marketplace plans and health care are affordable over time.

"The Affordable Care Act was designed to ensure all Americans have access to affordable and comprehensive health insurance so they can get the health care they need," said Commonwealth Fund President David Blumenthal, M.D. "This survey shows that we will need to continue to monitor the affordability of marketplaces, especially as health care costs continue to rise and incomes remain flat."

When the embargo lifts, the study will be available at http://www.commonwealthfund.org/publications/issue-briefs/2016/jul/Affordability-and-Network-Satisfaction.

Methodology

The Commonwealth Fund Affordable Care Act Tracking Survey, February-April 2016, was conducted by SSRS from February 2-April 5, 2016. The survey consisted of 15-minute telephone interviews in English or Spanish and was conducted among a random, nationally representative sample of 4,802 adults, ages 19 to 64, living in the United States. Overall, 1,496 interviews were conducted on landline telephones and 3,306 interviews on cellular phones.

This survey is the fourth in a series of Commonwealth Fund surveys to track the implementation and impact of the Affordable Care Act. Like the prior waves of the survey, the February-April 2016 sample was designed to increase the likelihood of surveying respondents who had gained coverage under the ACA. Interviews in Wave 4 were obtained through two sources: (1) stratified RDD sample; and (2) households reached through the SSRS Omnibus where interviews were previously completed with respondents ages 19 to 64 who were uninsured, had individual coverage, had a marketplace plan, or had public insurance. As in all waves of the survey, SSRS oversampled adults with incomes under 250 percent of poverty.

The data are weighted to correct for the stratified sample design, the use of recontacted respondents from the omnibus survey, the overlapping landline and cellular phone sample frames, and disproportionate nonresponse that might bias results. The resulting weighted sample is representative of the approximately 189 million U.S. adults ages 19 to 64. The survey has an overall margin of sampling error of +/– 2.0 percentage points at the 95 percent confidence level.