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Changes in Health Insurance Enrollment Since 2013

Evidence from the RAND Health Reform Opinion Study

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Summary

RAND's Health Reform Opinion Study (HROS), a survey conducted using the RAND American Life Panel, allows us to estimate how many people have become enrolled in all sources of health care coverage since the implementation of the Affordable Care Act (ACA). The analysis presented here examines changes in health insurance enrollment between September 2013 and March 2014; overall, we estimate that 9.3 million more people had health care coverage in March 2014, lowering the uninsured rate from 20.5 percent to 15.8 percent. This increase in coverage is driven not only by enrollment in health insurance marketplace plans, but also by gains in employer-sponsored insurance and Medicaid. Enrollment in employer-sponsored insurance plans increased by 8.2 million and Medicaid enrollment increased by 5.9 million, although some individuals did lose insurance. We also found that 3.9 million people are now covered through the state and federal marketplace—the so-called insurance exchanges—and less than 1 million people who previously had individual-market insurance became uninsured during the period in question. While the survey cannot tell if the people in this latter group lost their insurance due to cancellation or because they simply felt the cost was too high, the overall number is very small, representing less than 1 percent of people between the ages of 18 and 64.

Over the past few months, there has been intense focus on the number of sign-ups in the new health insurance marketplaces established under the Affordable Care Act (ACA).[1] But marketplace enrollment is only a small piece of the puzzle: The ACA seeks to achieve nearly universal health insurance coverage using all sectors of the health insurance market. First, the law makes coverage more affordable for people with low and moderate incomes by providing health insurance subsidies for individuals lacking affordable employer insurance and by encouraging states to expand their Medicaid programs. Second, the law makes coverage more accessible to those in poor health through insurance-rating reforms that prohibit insurers from basing premiums on health status and from denying coverage to older and sicker people. Third, the law includes an individual mandate that penalizes people if they do not enroll in coverage (ultimately, mid- and large-sized businesses will also be penalized if they do not offer affordable coverage to their workers). The ACA's individual mandate creates a new incentive for individuals to enroll in health insurance coverage, regardless of whether they are eligible for subsidies on the marketplaces. Medicaid expansion in participating states, along with the "welcome-mat" effect created by increased awareness of the program, may similarly encourage enrollment in Medicaid both among newly eligible people and among previously eligible people who were not already enrolled.

RAND's Health Reform Opinion Study (HROS)[2] allows us to estimate how many people have become enrolled in all sources of coverage since January 2014, the date when many of the ACA's coverage expansion reforms took effect. Based on our analyses of responses to HROS, between September 2013 and March 2014, the number of adults with health insurance coverage increased by about 9.3 million, the result of a mixture of increases in

employer-sponsored insurance (ESI), Medicaid enrollment, and the marketplaces.

The HROS is conducted using the RAND American Life Panel, a nationally representative panel of individuals who regularly participate in surveys. More than 350 surveys have been fielded with the panel to date on a wide variety of topics. The HROS has been fielding monthly surveys with the panel since November 2013, contacting the same group of individuals each month. In addition to asking respondents about their opinions of the ACA, each month we collect information about enrollment in health insurance, including ESI, Medicaid, Medicare, insurance purchased on a marketplace, and other insurance purchased on the individual market. We can identify the health insurance status of HROS respondents in September 2013 by linking them to data previously collected through the RAND American Life Panel, allowing us to estimate the number of individuals transitioning from one source of coverage to another.

This detailed information about insurance coverage combined with the fact that we survey the same individuals each month provides us with a unique ability to track how insurance coverage has changed since the implementation of the ACA. We are able to observe changes in uninsurance, enrollment in Medicaid, enrollment through marketplaces, changes in employer coverage, and other changes in coverage in one comprehensive data source. This allows us to look at gross and net changes in insurance coverage. In other words, we can look at the number of people gaining coverage, the number of people losing coverage, and the overall net impact. Transitions in health insurance coverage are common in the United States, and they occur for a variety of reasons, including losing or gaining employment, family transitions, and aging in and out of eligibility for certain programs.[3] Of the transitions we observe in HROS, we cannot say for certain which are due to the ACA and which resulted from one of these background factors, although we can draw some limited conclusions.

A total of 2,641 individuals ages 18 to 64 responded to the survey in March of 2014. Our sample is based on the 2,425 of these individuals (91.8 percent) who also reported a valid insurance coverage status in September of 2013.[4] Although our data were collected through March 28, 2014, most responded earlier in the month, and some may have made new insurance choices since participating in our survey. However, we will survey respondents again in April 2014 and update our figures once this new data is available.

We extrapolated from our sample to estimate the number of people in the population as a whole in each insurance category, as discussed in more detail below. We use sample weights to ensure that our sample is representative of the population, benchmarking to the Current Population Survey, a large national survey conducted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics.[5] We then use the weighted percentage of respondents from our survey multiplied by the total population between the ages of 18 and 64 (198.5 million) to extrapolate to the national level.[6] For example, 5 percent of respondents in our survey would be associated with 9.9 million individuals in the population as a whole. When estimating based on a subset of the population, there is always some margin of error (sometimes referred to as *sampling error*). In this case, we report the margin of error as the 95 percent confidence interval. This means that, if the survey were repeated multiple times, and the 95 percent confidence interval was calculated in each case, the true estimate would be within the 95 percent confidence interval in about 95 percent of the repeated surveys.

Table 1 highlights what our survey tells us about how insurance coverage has changed from 2013 to 2014. Each cell of the table reports the estimated number of people who have transitioned from the category indicated in the heading of that column to the category indicated in the row of that column. We see that of the 40.7 million who were uninsured in 2013,

Table 1: Transitions Between Uninsured and Insured from 2013 to 2014

	Uninsured in 2014	Insured in 2014	Total in 2013
Uninsured in 2013	26.2 *(+/− 3.7)*	14.5 *(+/− 2.8)*	**40.7** *(+/− 4.4)*
Insured in 2013	5.2 *(+/− 2.0)*	152.7 *(+/− 4.6)*	**157.9** *(+/− 4.4)*
Total in 2014	**31.4** *(+/− 4.1)*	**167.2** *(+/− 4.1)*	**198.5** *(—)*

NOTES: All numbers (including margin of error) are in millions of individuals. Margin of error represents a 95 percent confidence interval.
Light gray cells show numbers that did not change from 2013 to 2014 (i.e., individuals who experienced no transition). Dark gray cells show numbers of transitions from 2013 to 2014. Numbers in italics show margins of error. Margin of error represents a 95 percent confidence interval.

Transitions in health insurance coverage are common in the United States, and they occur for a variety of reasons, including losing or gaining employment, family transitions, and aging in and out of eligibility for certain programs.

14.5 million gained coverage, but 5.2 million lost coverage, for a net gain in coverage of approximately 9.3 million. This represents a drop in the uninsured rate from 20.5 percent to 15.8 percent.

In all of the tables, the number below each estimate shows the margin of error. For example, the estimate for the number insured in 2013 is 157.9 million with a margin of error of 4.4 million people; this means that we can have a high degree of confidence that the true number lies in the range between 153.5 and 162.3 million.

Table 2 presents our survey findings regarding net changes in enrollment between September 2013 and March 2014 for the following five categories: no insurance, ESI, Medicaid, insurance purchased on the individual market, and other forms of insurance (which include military insurance, Medicare, other governmental plans, and retiree insurance).[7] Within insurance purchased on the individual market, we can separately segment plans purchased on the marketplaces and off-marketplace plans. Enrollment in marketplace plans is clearly related to the ACA—marketplace coverage first became available in 2014 as a direct result of the law's implementation. But the changes in enrollment among other sources of coverage could reflect some combination of the effects of the ACA and other changes, such as changing jobs.

Table 2 illustrates that the 9.3-million-person increase in insurance is driven not only by enrollment in marketplace plans, but also by gains in ESI and Medicaid:

- Enrollment in ESI increased by 8.2 million. Most of this increase was driven by people who were previously uninsured. Some of these newly insured individuals may have taken up an employer plan as a result of the incentive created by the individual mandate; others may have newly found a job. The U.S. unemployment rate fell slightly between September 2013 and March 2014, so part of the increase in ESI enrollment could have been due to economic recovery rather than the ACA. While the 8.2-million-person increase seems large, more than 100 million 18- to 64-year-olds were covered by ESI in 2013. Since ESI is the dominant source of insurance coverage among this age group, it is not surprising that we could see relatively large effects of the individual mandate and economic recovery in this category.

- Medicaid enrollment increased by 5.9 million. New enrollees are primarily drawn from those who were uninsured in 2013, or those who previously had forms of insurance in the *other* category.

- By our estimate, 3.9 million people are now covered through the state and federal marketplaces. This number is lower

Table 2: Net Changes in Insurance Coverage from September 2013 to March 2014

Plan	2013	2014	Difference
ESI	108.7 *(+/− 5.2)*	116.9 *(+/− 5.1)*	8.2 *(+/− 3.6)*
Medicaid	12.3 *(+/− 2.3)*	18.2 *(+/− 3.0)*	5.9 *(+/− 2.8)*
Individual Market	9.4 *(+/− 2.1)*	7.8 *(+/− 1.8)*	−1.6 *(+/− 1.8)*
Marketplace	— *(—)*	3.9 *(+/− 1.1)*	3.9 *(+/− 1.1)*
Other	27.5 *(+/− 3.7)*	20.3 *(+/− 3.0)*	−7.1 *(+/− 1.6)*
Subtotal (Insured)	**157.9** *(+/− 4.4)*	**167.2** *(+/− 4.1)*	**9.3** *(+/− 3.5)*
Uninsured	**40.7** *(+/− 4.4)*	**31.4** *(+/− 4.1)*	**−9.3** *(+/− 3.5)*

NOTE: All numbers (including margin of error) are in millions of individuals. Numbers in italics reflect margins of error. Margin of error represents a 95 percent confidence interval. Some numbers may not sum perfectly due to rounding.

than current estimates of marketplace enrollment through the end of March from the Department of Health and Human Services (DHHS), perhaps because some of the HROS data were collected in early March. All HROS data collection reported here ended on March 28, and therefore missed the last three days of the open enrollment period, during which time there was a surge in enrollment.

Table 3 presents detailed estimates of transitions in insurance coverage from late 2013 to early 2014. The table shows not only the net change in insurance coverage, but also transitions across insurance categories. It thus helps us to better understand the net changes we identified above. As in Table 1, each cell of the table reports the estimated number of people who have transitioned from the category indicated in the heading of that column to the category indicated in the row of that column. For example, 40.7 million were uninsured in 2013. Of those 7.2 million now receive insurance through ESI.

Table 3 makes clear that the ACA has not led to changes in the health insurance coverage of most people. Among adults, fully 80 percent still had the same form of coverage in March 2014 as in September 2013. Most notably, more than 100 million had ESI before and have ESI now, while 26 million remain uninsured.

While there has been an overall net increase in enrollment, there was a 7.1-million-person decline in the *other* insurance category. Although a small percentage of those who previously

had other coverage are now uninsured, most have moved to an alternative source of coverage, such as employer coverage, Medicaid, or the marketplaces. In addition, enrollment in off-marketplace individual market plans fell from 9.4 to 7.8 million. Many of those losing coverage in the off-marketplace individual market found coverage in marketplace plans or through another source.

Other key findings shown in Table 3:

- Of those who were previously uninsured but are now insured, 7.2 million gained ESI, 3.6 million are now covered by Medicaid, 1.4 million signed up through the marketplaces, and the remainder gained coverage through other sources.
- Our estimates suggest that only about one-third of new marketplace enrollees were previously uninsured. While this seems relatively low, it is slightly higher than findings reported earlier by McKinsey & Company.[8]
- More than 2 million people who previously had ESI are now uninsured, representing 1 percent of the population from ages 18 to 64—this is around one-third as large as the number moving from no insurance to ESI. Within this group, some may no longer hold the same jobs and may not have access to the same coverage.
- Among the 7.8 million people who were enrolled in off-marketplace individual market plans in early 2014, more than

Table 3: Transitions Across Insurance Categories from September 2013 to March 2014

		2014						Totals in 2013
		No Insurance	ESI	Medicaid	Individual Market	Marketplace	Other	
2013	No Insurance	26.2 (+/− 3.7)	7.2 (+/− 2.2)	3.6 (+/− 1.3)	0.5 (+/− 0.4)	1.4 (+/− 0.7)	1.8 (+/− 1.0)	40.7 (+/− 4.4)
	ESI	2.1 (+/− 1.3)	102.4 (+/− 5.3)	0.9 (+/− 0.7)	1.3 (+/− 0.7)	0.4 (+/− 0.3)	1.7 (+/− 0.7)	108.7 (+/− 5.2)
	Medicaid	1.0 (+/− 0.7)	1.3 (+/− 0.9)	9.2 (+/− 2.0)	0.1 (+/− 0.1)	0.2 (+/− 0.2)	0.7 (+/− 0.5)	12.3 (+/− 2.3)
	Individual Market	0.7 (+/− 0.9)	1.8 (+/− 1.0)	0.2 (+/− 0.2)	5.4 (+/− 1.5)	0.8 (+/− 0.4)	0.5 (+/− 0.7)	9.4 (+/− 2.1)
	Other	1.5 (+/− 1.0)	4.2 (+/− 1.6)	4.3 (+/− 2.0)	0.6 (+/− 0.5)	1.2 (+/− 0.7)	15.6 (+/− 2.6)	27.5 (+/− 3.7)
Totals in 2014		31.4 (+/− 4.1)	116.9 (+/− 5.1)	18.2 (+/− 3.0)	7.8 (+/− 1.8)	3.9 (+/− 1.1)	20.3 (+/− 3.0)	198.5 (−)

NOTE: All numbers (including margin of error) are in millions of individuals. Light gray cells show numbers that did not change from 2013 to 2014 (i.e., individuals who experienced no transition).Numbers in italics reflect margins of error. Margin of error represents a 95 percent confidence interval.

90 percent were previously insured; nearly 70 percent were previously insured through an individual market plan.

- Less than 1 million people who previously had individual market insurance transitioned to being uninsured. While we cannot tell if these people lost their insurance due to cancellation or because they simply felt the cost was too high, the overall number is very small, representing less than 1 percent of people between the ages of 18 and 64.

While there are benefits to using survey data to estimate enrollment, there are of course also limitations. One of the most important benefits is that survey data allow us to observe a wide variety of sources of information that could not be elicited from any single administrative data source. For example, since the opening of the marketplaces, the federal government has regularly reported the total number of enrollees through the marketplaces, but these same data tell us nothing about changes in ESI. However, as with any data collected through surveys, we run the risk that individuals will report inaccurately. For example, people may not report having Medicaid because their state uses a different name for the program or because they do not understand the true source of their insurance. Furthermore, all survey data has a margin of error related to the fact that only a small share of the population is surveyed. Because of this, the margin of error when looking at detailed insurance categories can be relatively high. However, the net increase of 9.3 million we report is outside of what we would expect given normal churn or sampling error.

Given the strong interest in understanding the impact of the ACA, a variety of different organizations, including the Urban Institute and Gallup, are also conducting surveys to estimate the effect of the ACA on insurance enrollment. When making comparisons across studies, it is important to keep in mind that each comes with its own margin of error. Furthermore, the timing of surveys may vary. With the surge in enrollment at the end of March, whether that period is included in a survey could dramatically affect the resulting numbers. Additionally, not all surveys report results about the same age groups; our survey focuses on those from age 18 to 64, the adults most likely to be

. . . early evidence from our nationally representative survey indicates that the ACA has already led to a substantial increase in insurance coverage.

affected. Thus, it should not be surprising that estimates from different studies may not match perfectly.

The findings presented here represent changes across the entire United States. Because the implementation of the ACA has differed across states, and because states have different demographic characteristics, it is likely that patterns of insurance gains, losses, and transitions may differ substantially across states. Unfortunately, we cannot analyze state-specific changes in our data because the sample sizes for many cells would be too small to provide reliable estimates.

While these results are indicative of respondents' coverage at the time of their response (as noted, between March 1 and March 28) there is still time for more people to enroll, especially given the recent extensions. Furthermore, it is still early in the life of the ACA. Over the coming months and years, further changes in enrollment figures can be expected as people become more familiar with the law, the individual mandate penalties increase to their highest levels, the employer mandate kicks in, and other changes occur. But early evidence from our nationally representative survey indicates that the ACA has already led to a substantial increase in insurance coverage. Consistent with law's design, this gain has come not only from new enrollment in the marketplaces, but also from new enrollment in employer coverage and Medicaid.

Notes

[1] Marketplaces are also known as *exchanges*.

[2] Please visit www.rand.org/health/projects/health-reform-opinion.html

[3] Graves, John A., and Katherine Swartz. 2013. "Understanding State Variation in Health Insurance Dynamics Can Help Tailor Enrollment Strategies for ACA Expansion." *Health Affairs*, 32(10): 1832–1840.

[4] One hundred seventy-six respondents (6.7 percent) were dropped because they did not respond to the September 2013 survey. An additional 40 respondents (1.5 percent) were dropped because of unusable information about the source of their insurance.

[5] Data are weighted to match the age, sex, race/ethnicity, education, and income distribution of the 2012 March Supplement of the Current Population Survey (CPS). We also match the joint bivariate distributions of race and sex and education and sex.

[6] U.S. Census Bureau. March 27, 2014. "State and County QuickFacts." As of April 7, 2014: http://quickfacts.census.gov/qfd/states/00000.html

[7] For respondents who report more than one source of insurance, we assign a primary insurance source, according to the following hierarchy: no insurance, insurance through a marketplace plan (unless listed with ESI, in which case ESI is considered primary), Medicaid (excluding those dually enrolled in Medicaid and Medicare), ESI, private nonmarketplace insurance, other forms of insurance (including Medicare, dual Medicaid-Medicare enrollees, military insurance, other governmental plans, and retiree insurance). The first type of insurance listed in the hierarchy is considered the primary insurance type.

[8] McKinsey and Company. 2014. "Individual Market Enrollment: Updated View." McKinsey Center for U.S. Health System Reform. As of April 7, 2014: http://healthcare.mckinsey.com/sites/default/files/Individual-Market-Enrollment.pdf

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