

## Research



# The American Action Forum's Affordable Care Act Monthly Enrollment Report for February

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Tuesday afternoon, the Department of Health and Human Services (HHS) released nationwide enrollment data for the Affordable Care Act's (ACA) health insurance exchanges through the first five months of the program. As of March 1st, 4.2 million individuals enrolled in health insurance coverage through the state and federally run exchanges. The following is the American Action Forum's monthly analysis of the enrollment data released by HHS, evaluating the numbers in the context of possible enrollment trends and the administration's goal of enrolling 7 million individuals by the end of March 2014.

## Analysis

Our enrollment trajectory chart compares Tuesday's enrollment numbers to three benchmarks: a trajectory based on HHS' own goals prior to October 1st, an enrollment trajectory similar to that of Medicare Part D's first open enrollment period, and a steady enrollment trajectory. We also examine the composition of the exchange enrollees in terms of age, plan choice, and subsidy eligibility. This information is compared against administration goals and Congressional Budget Office (CBO) estimates.[\[1\]](#)



## HHS Goal Trajectory

An internal HHS memo, from September 2013, outlines monthly enrollment targets for the ACA's first open enrollment period.[\[2\]](#) While the projection was never confirmed as official by HHS, it represents a possible path to the administration's goal. In the month of February, nearly 1 million Americans enrolled in the health insurance exchanges, approximately 25 percent shy of the monthly enrollment predicted in the HHS memo. And the total enrollment of 4.2 million is only 75 percent of the 5.7 million total enrollee goal set by HHS for March 1st.

## Medicare Part D Trajectory

Using enrollment in Medicare Part D stand-alone drug plans when the program began in 2006, we can better account for spikes and lulls. Part D had a similar timeline: enrollment began in November of 2005, with a peak in sign-ups before the New Year and another surge before open enrollment closed in the spring.[\[3\]](#) While February enrollment exceeded that projected by the Medicare Part D trajectory, a total of 5.5 million people would need to be signed up after the first five months of the program in order to meet the administration's goal

of 7 million total enrollees, still roughly 30 percent greater than actual enrollment to date.

## Steady Enrollment Trajectory

The steady enrollment trajectory assumes there will be consistent, unvarying monthly enrollment throughout the six month enrollment period. This method has obvious limitations; it cannot account for fewer early sign-ups due to rollout problems or high enrollment in the weeks leading up to important deadlines. However, as open enrollment continues, highs and lows can be expected to even out. Assuming a steady enrollment trend, 5.9 million people would need to be signed up by the end of February—nearly 40 percent more than the actual enrollment reported by HHS—in order to meet the administration’s goals. With only one month remaining of open enrollment, enrollment has only reached approximately 60% of the 7 million enrollee target.



Generally healthy and frequently uninsured young adults—ages 18 through 34—are crucial to the success of the exchanges. The administration has specifically identified 2.7 million, or 39 percent of total membership, as their target for young adult enrollment in 2014. After five months, only 25 percent of exchange participants are aged between 18 and 34 years old. This group includes the 10 percent of total enrollees aged between 18 and 26 who are eligible to receive coverage through plans purchased by their parents. If this trend continues and the exchanges meet the administrations total enrollment goal, young adult enrollment will be short by roughly 1 million.[\[4\]](#)



According to the HHS enrollment report, 63 percent of exchange enrollees are electing to enroll in a Silver plan. This large enrollment could be caused by the cost-sharing provisions of the ACA that grant generously low deductibles and out-of-pocket spending to low-income families who enroll in Silver plans. The enrollment report notes that 94 percent of Silver plan enrollees through HealthCare.gov are eligible for financial assistance. The next most popular plan is the lower-cost Bronze plan, garnering 18 percent of all enrollees.



In their May, 2013 cost-estimate, the Congressional Budget Office estimated that roughly 86 percent of exchange enrollees would receive federal premium subsidies. Higher enrollment of subsidized members could result in higher costs for the federal government, and lower enrollment could conversely result in cost savings. Through the first five months of open enrollment, 83 percent of enrollees are supported with financial assistance. The current enrollment trend is well within the margin of error for the original CBO projections.

[1] In a recent budget outlook report, the Congressional Budget Office revised their projected enrollment down to 6 million. The report can be found here: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/45010-Outlook2014.pdf>