

Health Insurance Transitions Under the ACA Experienced by People Previously Insured in Non-Group Plans

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INTRODUCTION

Minnesotans faced new options along with financial incentives to obtain health insurance coverage in January 2014, when the Affordable Care Act went into full effect. In particular, Minnesota’s Medicaid program expanded its eligibility threshold to 205 percent of the Federal Poverty Guidelines (FPG), and the state’s health insurance Marketplace, MNsure, offered a new platform to explore available health plans. Tax credits to help subsidize the cost of premiums also became available for individuals with incomes between 139 and 400 percent FPG.¹ In addition, there were a variety of insurance regulations put in place intended to make care more affordable (e.g. guaranteed issue, rating restrictions, risk adjustment).² Beyond the uninsured, one major group expected to benefit from these new coverage options and market regulations were people who purchased insurance coverage in the non-group market. This brief explores the early impacts of the ACA on this group.

The information presented in this brief comes from the Minnesota Health Insurance Transition Study (MN-HITS), a longitudinal study that followed Minnesotans who were aged 0 – 64 and had individual coverage or were uninsured in 2013. Specifically, this brief provides insights into the post-ACA health insurance status of people who had non-group coverage in 2013, the reasons behind these changes, familiarity and experiences with MNsure (and the health insurance market) and its enrollment resources, perceived financial protection, and understanding of basic health insurance terms. The MN-HITS relied on the 2013 Minnesota Health Access (MNHA) survey to identify people with non-group coverage and people who were enrolled in the state’s high risk pool, the Minnesota Comprehensive Health Association (MCHA). Respondents from the 2013 MNHA were then re-contacted in 2014 and were asked about their experiences related to health insurance in 2014, a year after they were initially contacted. For more information about the details of the MN-HITS, refer to the methods brief.³ Throughout the issue brief, the term “previously non-group insured” will be used to refer to this population.

SUMMARY

Minnesotans who had non-group coverage in 2013, prior to full ACA implementation, were one of the groups who would be most affected by the set of provisions enacted in 2014. This brief describes the coverage transitions of this specific group of people, their experience searching for health insurance, including their use of the resources made available by the newly implemented MNsure Marketplace, and their perceptions of financial protection in 2014. The data used are from the Minnesota Health Insurance Transition Study (MN-HITS), a 2014 longitudinal telephone survey that followed people who reported having non-group coverage in 2013.



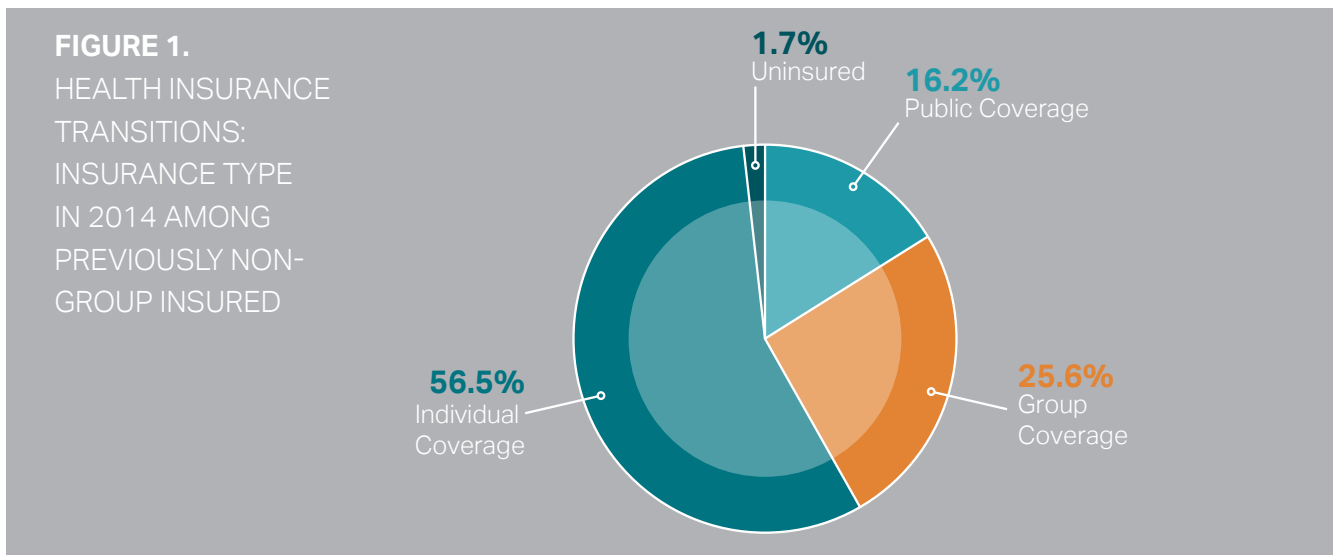
State Health Reform Assistance Network

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Almost All Previously Non-Group Insured Individuals Remained Insured in 2014

Almost all previously non-group insured individuals in the study secured some form of coverage from 2013 to 2014. Ninety-eight percent of those who were insured through a non-group policy in 2013 either kept non-group coverage or switched to another type of insurance in 2014.

However, coverage in this group was not static and a considerable portion experienced changes in coverage between 2013 and 2014. Specifically, sixty-two percent of previously non-group insured individuals either changed their type of insurance (from non-group to public or employer-sponsored insurance), enrolled through MNsure, or changed health plans in 2014 (e.g. bought a different policy from the same or different insurer).⁴ At the time of the 2014 survey, only fifty-seven percent of individuals with previous non-group coverage still had non-group coverage, twenty-six percent obtained coverage through an employer, sixteen percent through a public program, and almost two percent lost their coverage and became uninsured (Figure 1). Of those with non-group coverage in 2013, the following were more likely to have a coverage transition: non-elderly adults (18-64), populations of color and American Indians, unmarried adults, and people with incomes under 400 percent FPG.



Affordability Was the Main Reason for Selecting Their Post-ACA Health Plan

Among those who experienced some change in their insurance policy from 2013 to 2014, the two main reasons for obtaining their new coverage were life event changes and financial reasons. The life event changes included a change in their job situation that affected their coverage eligibility, eligibility through work or a public program, a change in their family situation, and enrollment in a school that required coverage. There were two main financial reasons reported: the availability of and desire to find affordable coverage. Only a very small portion of the population who experienced some change in their insurance policy indicated that they were responding to or forced by the individual mandate to obtain coverage through a qualifying health plan.⁵

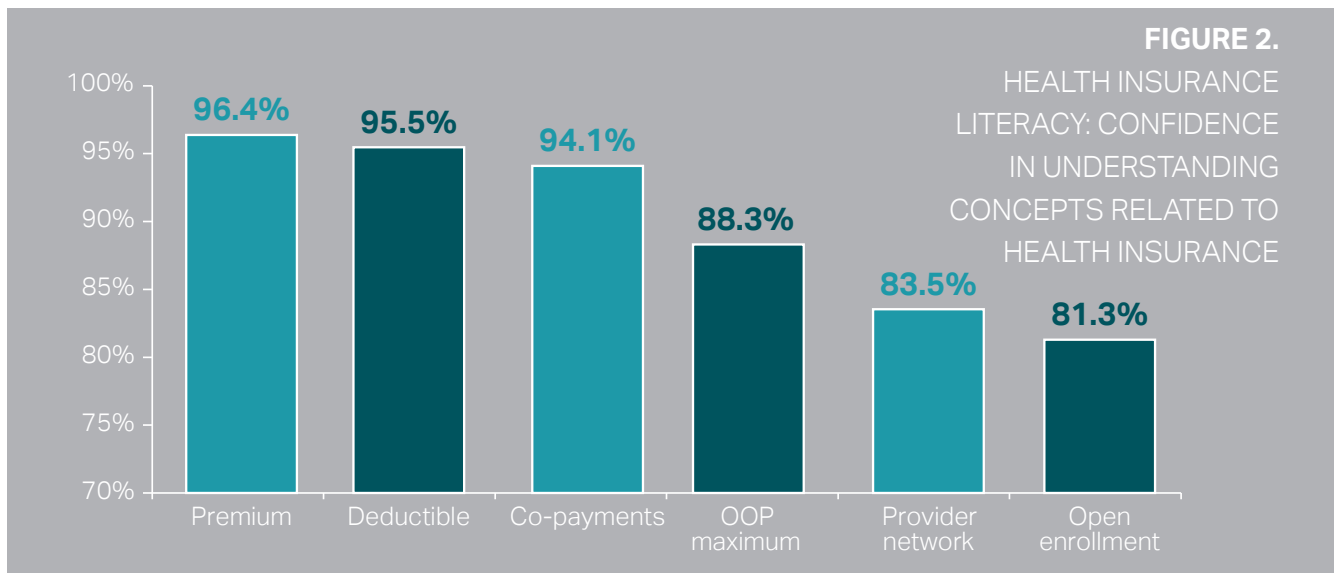
For people who continued non-group health insurance coverage, the cost of the monthly premium was reported as the main reason for having selected their current plan (44 percent). The second most common reason was that the plan they selected was similar to the one they had before (16 percent).

Most Previously Non-Group Insured Individuals Looked for Coverage and Were Familiar with MNsure

As mentioned above, many non-group insured individuals experienced some form of change in their insurance coverage between 2013 and 2014. Fifty-nine percent of this group reported having looked for new health insurance coverage. This percentage includes people who said they looked for coverage in general or reported using any MNsure resources: website, call center, or in-person assistance. Familiarity with MNsure was high, as ninety-four percent of previously non-group insured Minnesotans who looked for insurance reported having heard of the marketplace. And just over a quarter of those who looked for insurance found it through MNsure (28 percent).

Reports of Health Insurance Literacy Were High Among Previously Non-Group Insured Individuals

Minnesotans who had non-group coverage in 2013 reported a high level of knowledge of technical terms related to health insurance coverage in 2014. As shown in Figure 2, over ninety percent reported feeling confident that they understand basic financial terms: premium, deductible, and co-payments. Other terms including out-of-pocket maximum, provider network, and open enrollment also had high rates of reported understanding (all over 80 percent).

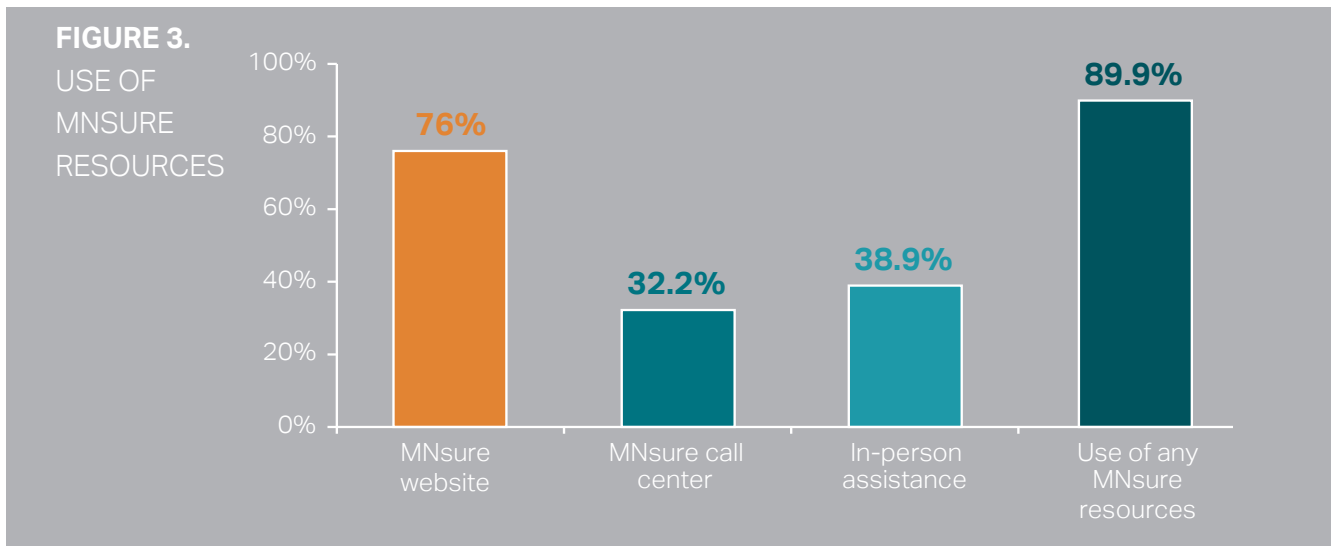


Having prior health insurance coverage seems to be related to confidence in understanding of these technical terms. When compared to the previously uninsured who gained coverage, the previously non-group insured show higher rates of understanding in half of the terms tested: premium, out-of-pocket maximum, and open enrollment.⁶

Most Previously Non-Group Insured Individuals Used the MNsure Website

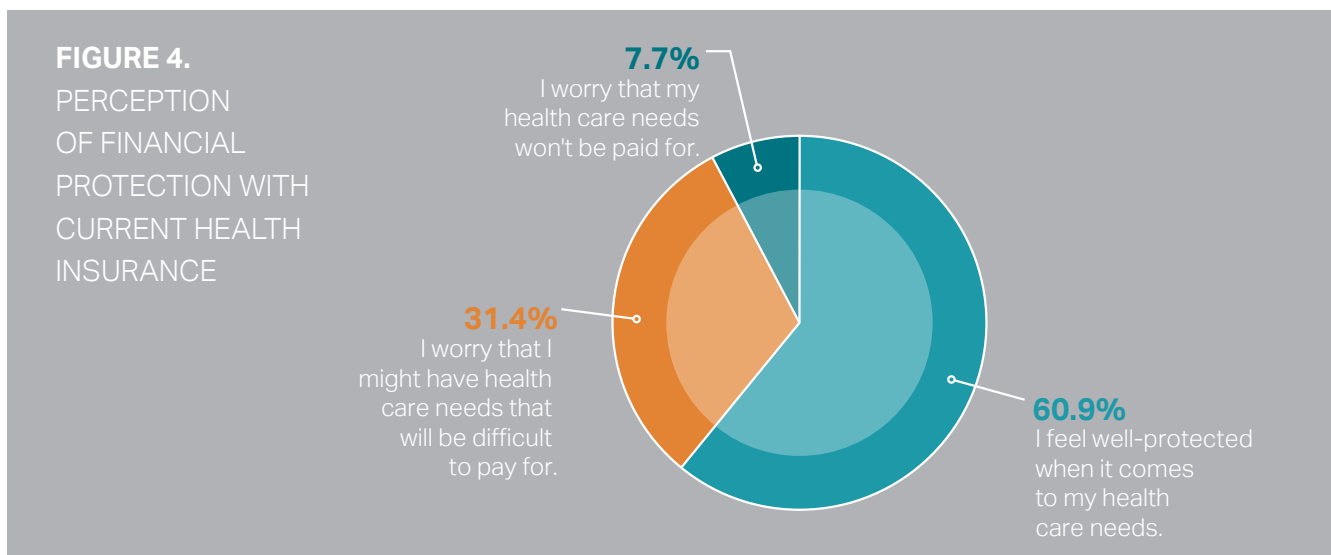
Many of the previously non-group insured Minnesotans who looked for insurance used at least one of the MNsure resources (90 percent). As shown in Figure 3, the website was the most commonly used resource (76 percent), whereas the call center and in-person assistance were only used by about a third (32 percent and 39 percent, respectively). Among those who reported receiving in-person help, almost three-fourths used an insurance agent or broker. Other in-person assisters cited included employers, county or human service offices, and MNsure representatives.

These resources (and possibly others) provided most people who looked for health insurance options with the information they needed to sign up for health insurance (88 percent). However, slightly over a third of the previously non-group insured (38 percent) reported that signing up for health insurance was somewhat or very difficult, and this percentage doubled for those who obtained coverage through MNsure (79 percent).



Most Previously Non-Group Insured Individuals Feel Well Protected Against High Medical Expenses

Health insurance coverage is meant to provide financial protection against high health care costs. To assess this goal, the MN-HITS study asked people about their perception of financial protection against their potential health care needs. Roughly sixty-one percent of the previously non-group insured reported feeling well protected in 2014 (Figure 4). However, thirty-one percent reported concerns of having difficulty paying for their health care needs, and almost eight percent worried that their health care needs would not be paid for. There were no significant differences when comparing these estimates to those of people who had obtained their coverage through MNsure.



DISCUSSION

This brief highlights the early impacts of the ACA on a group that was targeted by the bill – individuals who were purchasing coverage in the non-group market. The most important finding presented in this brief is that the vast majority of Minnesotans who had non-group coverage prior to full implementation of the ACA (98 percent) retained health insurance in 2014. This seems to indicate that these individuals place a high value on having coverage and that the insurance regulations of the ACA did not negatively impact coverage rates among this group.

The majority (95 percent) also reported that they looked for new and more affordable health plans, and almost two-thirds had some change in their type of insurance or coverage plans (62 percent). Thus, even though almost everyone in this group retained coverage between 2013 and 2014, most had some form of coverage transition. It is possible that this number was high after the first Open Enrollment period as individuals explored the new coverage options and transformed insurance market. That said, the high rate of transitions does raise concerns about continuity of care.

The full implementation of the ACA also introduced MNsure, Minnesota's state-based Marketplace. MNsure played an important supportive role in health insurance transitions; nine out of ten Minnesotans who looked for insurance used at least one of the resources available through MNsure, the website being the most commonly used resource (76 percent). However, it was those who signed up through MNsure who were more likely to report having some difficulty signing up for insurance (79 percent). This result suggests the need of a continued effort to facilitate this process, especially for those who shop for insurance through the marketplace.

Findings from this brief also point to the critical role of in-person assistance for health insurance enrollment. More than one-third of those previously non-group enrolled reported receiving in-person assistance (39 percent). More striking was that almost three-fourths of those who obtained in-person assistance reported using an insurance agent or broker who was not a MNsure representative. This signals the strong role of the insurance broker in providing information and assistance to people who were connected to the non-group market before the full implementation of the ACA, and indicates the need for engaging the broker community when planning future open enrollment periods.

Finally, this brief provides some noted benefits of having health insurance coverage among those with previous non-group coverage. For example, almost two-thirds reported feeling well protected against the costs associated with their healthcare needs (61 percent). That said, regardless of whether coverage was maintained post-ACA, about one in ten reported being concerned that their healthcare needs would not be paid for (8 percent).

While many studies have focused on the impact of the ACA among the uninsured, this brief highlights an important target population of the bill – those who were purchasing health insurance in the non-group market. The intention of the bill was not only to expand coverage options, but also enact reforms to make coverage in the non-group market more affordable. Early findings from this brief indicate that the ACA has been successful in maintaining coverage, but that affordability remains a concern. In addition, high levels of coverage transitions point to the need for further research on the impact of the ACA on coverage shifts and subsequent impacts on continuity of care.

- ¹ This range was equivalent to families with incomes between \$33,152 and \$95,400, for families of four. Accessed at: <http://aspe.hhs.gov/poverty/14poverty.cfm>.
- ² Kaiser Family Foundation. "Summary of the Affordable Care Act." April 25, 2013. Accessed at: <http://kff.org/health-reform/fact-sheet/summary-of-the-affordable-care-act/>
- ³ Call KT, Spencer D, Alarcon Espinoza G, Kemmick Pintor J, Lukanen E, Dutwin D. Methods Brief: Minnesota Health Insurance Transitions Study (MN-HITS). Minneapolis, MN: SHADAC; 2015. Accessed at: <http://www.shadac.org/publications/MN-HITS-2014-methods-brief>.
- ⁴ This estimate may underestimate the portion of people who changed their policy, as MN-HITS only asked about plan changes taking place in 2014; changes at the end of 2013 are missed.
- ⁵ Only five cases reported this reason and the respective estimate of the population had a relative standard error that was too high to report.
- ⁶ Differences for these three terms: premium, out-of-pocket maximum, and open enrollment, were significant at the 95 percent confidence level. These differences were slightly less significant, at the 90 percent confidence level, for the other three terms: deductibles, co-payments, and provider network. The familiarity rates for the uninsured that gained coverage in 2014 were: 71% for premium, 78% for deductible, 77% for co-payments, 63% for out-of-pocket maximum, 70% for provider network, and 56% for open enrollment.