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Impacts of the Affordable Care Act on Health Insurance Coverage In Oregon

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Charting the Road to Coverage

Executive Summary

Between October 2013 and April 2014 access to health insurance in Oregon expanded in two ways leading to unprecedented changes in insurance coverage in Oregon. First, the state extended Medicaid coverage to many previously ineligible low-income adults. Second, the state created a health insurance marketplace that provided a resource where individuals could learn what they are eligible for, explore financial assistance options available to them, and compare commercial plans.

Researchers from the Oregon Health & Science University (OHSU) and the Oregon Health Authority (OHA), in consultation with the State Health Access Data Assistance Center (SHADAC) at the University of Minnesota, analyzed the impact of these policies on health insurance coverage, shown in Table 1, with a key objective of estimating the number of uninsured individuals in Oregon after the policy changes.

The major findings of this report are as follows:

- Between June 30, 2013 and June 30, 2014, the **number of uninsured Oregonians fell by approximately 348,000 individuals**, or approximately 63 percent.

- This decline in the number of uninsured was driven in large part by the Medicaid Expansion, which saw **participation in the Oregon Health Plan increase by over 360,000 individuals**, or 59 percent.

- We also observed a **20 percent increase in participation in private non-group health plans**, primarily coming through Cover Oregon, the health insurance exchange.

- Increased access to public and non-group insurance was partially offset by **2 percent declines in enrollment in large and small group plans** (including Associations/Trust plans).

Table 1. Shifts in Oregon Health Insurance Coverage

	Number of people			Percent of population	
	June 30, 2013	June 30, 2014	Percent Change	June 30, 2013	June 30, 2014
Type of insurance					
Private					
Group	1,894,438	1,847,500	-2.5%	48.2%	46.6%
Non-group	180,883	217,563	20.3%	4.6%	5.5%
Total, Private	2,075,321	2,065,063	-0.5%	52.8%	52.1%
Public insurance					
OHP and Other Medicaid Programs	613,782	975,717	59.0%	15.6%	24.6%
Medicare	690,962	718,940	4.0%	17.6%	18.1%
Total, Public	1,304,744	1,694,657	29.9%	33.2%	42.8%
Uninsured					
Uninsured	550,000	201,794	-63.3%	14.0%	5.1%
Total population	3,930,065	3,961,514			

Introduction

A key objective of the Affordable Care Act (ACA) was to increase health insurance, and the legislation included a number of measures to accomplish this goal. For example, carriers are no longer allowed to deny coverage on the basis of pre-existing medical conditions, and most individuals are now required by law to have coverage or be subject to a tax penalty. The ACA also provided the possibility for states to make Medicaid available to more people. Oregon took action to leverage these measures so that, starting January 1, 2014, the maximum number of people could have access to health insurance. In Oregon (as in many other states) access to health insurance was expanded by extending Medicaid coverage to many previously ineligible adults with income less than 138 percent of the federal poverty line; and second, through the establishment of a health insurance marketplace where consumers would be able to purchase private insurance plans and receive income-based financial assistance.

Oregon was one of 27 states to accept federal funding to expand access to the Oregon Health Plan (OHP), the state's Medicaid program. Oregon also received a waiver from the Centers for Medicare and Medicaid Services that allowed for a "Fast-Track" enrollment. OHA pre-screened and recruited Medicaid qualified participants of the Supplemental Nutrition Assistance Program (SNAP) and parents of children enrolled in the OHP. Fast-Track enrollment complemented other outreach efforts and by the second quarter of 2014 OHP enrollment had increased by approximately 360,000 individuals, compared to a year earlier.

Cover Oregon was established as the state's health insurance marketplace. While technical challenges prevented individuals from enrolling online in one sitting, other means, including a manual application process implemented with the Oregon Health Authority, use of agents and community partners, and an extended open enrollment period allowed nearly 80,000 individuals to find coverage through the marketplace; and where they were determined to be eligible, Cover Oregon also directed consumers to OHP. Through April 2014, 80 percent of these consumers received tax credits and cost-sharing subsidies.[1]

While increased Medicaid enrollment and marketplace participation suggest growth in coverage among the previously uninsured, information on the uninsured population typically comes from population surveys such as the Current Population Survey (CPS), the American Community Survey (ACS), or the state-sponsored Oregon Health Insurance Survey (OHIS). However, the earliest of these will not be available until the second half of 2015. To provide a more timely assessment of the impact of the ACA on health insurance coverage (and account for shifts between types of coverage), analysts with the Oregon Health & Science University (OHSU) and the Oregon Health Authority (OHA) collected health insurance enrollment data from commercial and public payers for June 30, 2013 and June 30, 2014. Using a method developed by, and in consultation

with, the State Health Access Data Assistance Center (SHADAC), these data provide snapshots of Oregon's coverage landscape. The two points in time capture the impact of the Medicaid expansion, the extended open enrollment period associated with Cover Oregon, and other ACA and non-ACA factors that may have influenced access to health insurance. This report describes the methods used to calculate the size of the uninsured population and shows the changes in enrollment across types of coverage in Oregon.

Methodology

The methodology used for this analysis is adapted from a method developed by SHADAC to estimate the impact of the ACA on coverage in Minnesota and is similar to a technique that has been used by the State of Minnesota to estimate the distribution of health insurance for more than a decade.[2] This approach accounts for the health insurance coverage status of the state's entire population at two points in time. It uses information from private and public payers on the number of residents enrolled in their health plans, survey data on the uninsured, and population estimates to show gains and losses in coverage. The model has been adapted to accommodate Oregon data sources, which are different from those available in Minnesota.

The analysis starts with the total population of the state at each point in time and then accounts for the number of people with each type of health insurance coverage for which data are available. These types of coverage are listed in Figure 1.

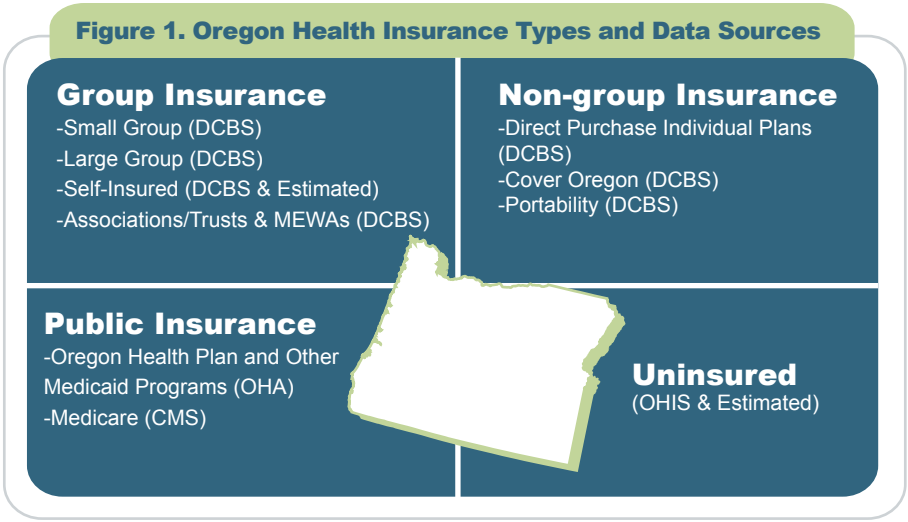
Data Sources

The primary source of coverage information for commercial carriers comes from the Oregon Department of Consumer and Business Services (DCBS). Insurers, certain Oregon Public Entities, and licensed Third Party Administrators (TPA) are required to submit information regarding the number of Oregon lives covered by individual or group insurance products on a quarterly basis; information which is then available to the public.[3] Carriers report enrollment by market segment: large group, small group, Associations/ Trusts and Multiple Employer Welfare Arrangements (MEWAs), individual policies (including, after 2014, those purchased through Cover Oregon), and some self-insured medical plans

Overview: SHADAC Method

1. Assemble data by coverage type at two points in time
2. Estimate unknown sources of coverage in time period 1 as residual from total population
3. Estimate growth in this piece from time 1 to time 2
4. Compare gains and losses by type of coverage to estimate change in uninsured population between time 1 and time 2

Figure 1. Oregon Health Insurance Types and Data Sources



(specifically, those for which the insurer or TPA provides administrative services).

DCBS is a unique resource, relative to other states, for information regarding commercial insurance coverage. However, there are two important caveats about these data. First, individual carriers are sometimes late to submit. As of this printing, there were only a handful of late reporters and their combined market shares, based on previous quarters' filings, amount to less than one percent of observed enrollment. Nevertheless, our estimates adjust for these missing reporters.[4] Second, all submitted reports are subject to revisions. While these have been typically minor, in 2014 the reporting format was modified (primarily to accommodate marketplace enrollment) and these changes were associated with some confusion and subsequent revisions among reporters in the first-quarter data. The data used for this analysis covers second quarter of 2014 and these issues appear to have been largely worked out, but nonetheless the figures may be revised at a later date.[5]

Information on enrollment in state Medicaid programs comes from OHA. Medicare information comes from the monthly Medicare Advantage State/County Penetration Reports, prepared by the Center for Medicare and Medicaid services (CMS).[6] Individuals who had dual eligibility for both Medicare and Medicaid programs were excluded (but left in the Medicare totals), to avoid double counting.[7] In addition, Medicaid eligibility redetermination may result in revisions to monthly eligibility totals.[8] The 2014 Medicaid enrollment figure is adjusted for the forecasted impact of redetermination, but it may be revised.

The baseline estimated number of uninsured individuals living in Oregon comes from the 2013 Oregon Health Insurance Survey (OHIS), for which approximately 9,000 households completed interviews between January and May of that year. In addition to detailed questions on health insurance coverage, other topics included access to and utilization of health care.

Total Population comes from the U.S. Census Bureau.[9] Oregon's population was estimated to be 3,930,065 as of July 1, 2013, the most recent figure available. The average three-year growth rate (0.8 percent) was used to forecast the statewide population for July 1, 2014.

Estimating Gaps in Data Availability

Self-insured plans that are not administered by an insurer or third party administrator are not required to report to DCBS.[10] Therefore, only a portion of total enrollment in self-insured plans is observed.[11] To estimate the unobserved portion in 2013, we sum enrollment in all other coverage types—including the uninsured—and subtract this number from the total population. The residual, those without a coverage designation, are assumed to be enrolled in unregulated self-insured plans.[12]

This imputed self-insurance estimate is adjusted for coverage that switched from the un-regulated to regulated self-insurance coverage type over the period. This adjustment assigns 50 percent of the change in observed self-insured to be due to switches from the unobserved category. The 50 percent parameter is estimated by analyzing carrier level data and assuming 3% of any carrier-level growth is due to new enrollment and that growth in excess of that is due to switches of entire employer groups from the unobserved category. The imputed self-insurance number is also adjusted for changes in the number of people with Medicaid and commercial coverage.[13]

Health Insurance Coverage in Oregon

The number of uninsured individuals in 2013 was estimated to be approximately 550,000, or 14 percent of the total population. Using this baseline and the SHADAC method, we estimate that the number of uninsured individuals in Oregon declined to roughly 202,000 in June 2014, or 5.1 percent of the population. This represents a decrease

Figure 2. Percent Change by Type of Insurance 2013:Q2 - 2014Q2

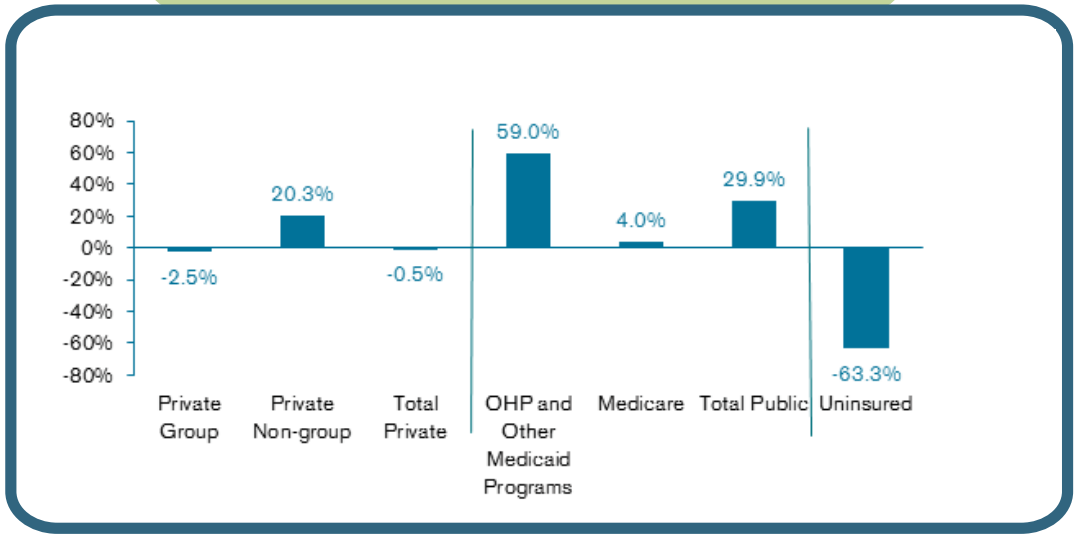


Table 2. Shifts in Oregon Health Insurance Coverage

Type of insurance	Number of people				Percent of population	
	June 30, 2013	June 30, 2014	Difference	% Change	June 30, 2013	June 30, 2014
Private						
Group						
Small group	193,323	175,410	-17,913	-9.3%	4.9%	4.4%
Large group	651,666	634,872	-16,794	-2.6%	16.6%	16.0%
Self-insured, DCBS reporters	740,960	790,564	49,604	6.7%	18.9%	20.0%
Self-insured, imputed	162,096	128,518	-33,578	-20.7%	4.1%	3.2%
Associations & Trusts	146,393	118,135	-28,258	-19.3%	3.7%	3.0%
Total, Group	1,894,438	1,847,500	-46,938	-2.5%	48.2%	46.6%
Non-group						
Direct purchase	167,308	140,994	-26,314	-15.7%	4.3%	3.6%
Cover Oregon	0	76,569	76,569	NA	0.0%	1.9%
Portability	13,575	0	-13,575	-100.0%	0.3%	0.0%
Total, Non-group	180,883	217,563	36,680	20.3%	4.6%	5.5%
Total, Private	2,075,321	2,065,063	-10,258	-0.5%	52.8%	52.1%
Public insurance						
OHP and Other Medicaid Programs	613,782	975,717	361,935	59.0%	15.6%	24.6%
Medicare	690,962	718,940	27,978	4.0%	17.6%	18.1%
Total, Public	1,304,744	1,694,657	389,913	29.9%	33.2%	42.8%
Uninsured						
Uninsured	550,000	201,794	-348,206	-63.3%	14.0%	5.1%
Total population	3,930,065	3,961,514	31,449			

of 63 percent in the uninsured rate. This drop in the number of uninsured individuals was due primarily to the increased Medicaid enrollment and in lesser part to increased enrollment in non-group plans. Figure 2 shows changes in enrollment by type of coverage.

Table 2 presents a detailed breakdown of enrollment at the two points in time and calculates the percentage change for each type of insurance over the period.

Private Group Insurance

Small & Large Group

This category is comprised of individuals covered by fully-insured small group (less than 50 employees) and large group plans. Between June 2013 and June 2014, enrollment in small group plans fell by over 9 percent, or roughly 18,000 lives. This is in fact the continuation of a downward trend that begins in the first quarter of 2010, the first quarter for which DCBS data for this market segment is available. Enrollment in large group plans fell by

roughly 17,000 lives, but given the size of their market share (approximately 17 percent of the population, compared to just under 5 percent in small group plans) this translated into a decline of 2.6 percent for this market segment.

Self-Insured

Enrollment in self-insured medical plans is reported to DCBS by both insurers and TPAs providing administrative services on behalf of those plans. Oregon Public Entities (OPEs), such as municipalities, also report their coverage figures. Enrollment in these reported self-insured plans represents the largest source of private coverage in Oregon at roughly 20 percent. Between 2013 and 2014, participation in these reported plans increased by almost 7 percent.

Participation in self-administered self-insured plans for 2013 is imputed as the difference between the total population and the sum of enrollment in observed sources and the number of uninsured individuals. In 2013, this amounts to approximately 162,000 individuals, or 4.1 percent of the total population. To arrive at a total for 2014, this estimate is adjusted downward from the initial estimated number to account for plans that switched to using an insurer or TPA.[14] It is also adjusted for dual coverage in Medicaid and commercial plans, which will make it appear too large.

Associations/Trusts and MEWAs

The smallest segments of private group coverage are the Association/Trusts and MEWA plans. These are plans established by two or more unrelated employers in order to provide health and other benefits to employees who are not subject to collective bargaining agreements. Enrollment in these plans experienced the greatest proportional decline in enrollment, from 146,000 to 118,000 covered lives, a drop of almost 20 percent.

Private Non-group Insurance

Non-group coverage includes individual plans purchased either directly from the carrier or through Cover Oregon. Carriers report enrollment in these plans to DCBS according to their origination. In 2013, nearly 170,000 individuals were covered by direct purchase plans. By 2014, overall enrollment in individual plans, whether purchased inside or outside of the exchange, grew by 20 percent to a combined total of 217,000 lives. As of June 30, 2014, Cover Oregon had generated nearly 77,000 new enrollments.

Portability plans provide coverage to individuals under certain conditions such as switching jobs or retiring.[15] In 2013, enrollment in these plans was just under 14,000 individuals, or 0.3 percent of the population. With the implementation of the insurance exchange and the ACA prohibition on coverage denial for pre-existing conditions, this type of plan ceased to operate in Oregon.

Public Insurance

Oregon Health Plan, Other Medicaid Programs and Medicare

Between 2013 and 2014, enrollment in state coverage increased nearly 60 percent, or roughly 360,000 individuals. This represents, by far, the largest

enrollment increase among each of the market segments, and, as of June 2014, nearly a quarter of the total population is covered by state-administered health insurance. Medicare Fee-for-service (FFS) and Medicare Advantage account for roughly 18 percent of the total population. Enrollment for this segment increased by 4 percent, or approximately 28,000 lives, between 2013 and 2014.

Discussion

The insurance numbers in this report are based on an approach using administrative data sources. These sources are updated more quickly than traditional survey methods. Oregon is one of only a few states that collect comprehensive health insurance enrollment information from its insurers and TPAs. These data sources make it possible to implement this approach with a greater degree of confidence than would otherwise be possible.

The primary limitation of the study methodology relates to the accuracy of two assumptions needed for the calculation. First, the approach implicitly assumes the percentage of people with multiple forms of commercial coverage is consistent over time.[16] Due to the structure of the model, if this percentage increases in 2014, the uninsured rate will be higher than reported. Similarly, if the percentage decreases in 2014 compared to 2013, the uninsured rate will be lower than reported here. Second, the imputed self-insured estimate assumes that 50 percent of the increase in DCBS-reported self-insured enrollment comes from (imputed) unregulated self-insured plans (primarily those that are self-administered). This percentage was based on observed enrollment changes by carrier. Due to the structure of the model, if the percentage is higher than 50 percent, the uninsured rate will be larger than reported. Similarly, if the percentage is lower than 50 percent, the uninsured rate will be smaller than reported.

These estimates show a significant drop in the number of uninsured individuals in Oregon. This change is driven by the substantial increase in enrollment in the Oregon Health Plan as well as the increase in private non-group coverage through Cover Oregon. The modest decline in enrollment in private group plans offset these gains.

While there are no other estimates for Oregon that are limited to the period after open enrollment, Gallup reported that between 2013 and the first half of 2014, the average uninsured rate among all adults (18 and over) in Oregon had fallen by 5.4 percentage points, from 19.4 to 14 percent.[17,18] At the national level, the Urban Institute reported that, over the same time period covered by our analysis, the uninsured rate among non-elderly (18 to 64) adults fell from 18.5 to 13.9 percent, a 4.6 point drop. The drop of 8.9 percentage points from this study in Oregon is reflective of the fact that Oregon led the nation in the percentage increase in enrollment in its Medicaid program.[19]

Acknowledgements

Several people provided valuable assistance with the data and analysis: Elizabeth Klicker at DCBS; Richard Gonzalez at Cambia Health Solutions, and Chris Coon, Steven Broich, Cindy Lacey, Kimberly Yee, Sata Hackenbruck, and Kim Mounts, all with the Oregon Health Authority. Gretchen Morley and Russell Voth, formerly of OHA, also provided valuable feedback.

ENDNOTES

[1]Department of Health and Human Services. "Addendum to the Health Insurance Marketplace Summary Enrollment Report for the Initial Annual Open Enrollment Period." Accessed August 28, 2014 at http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Apr2014/ib_2014Apr_enrollAddendum.pdf

[2] http://www.shadac.org/MinnesotaCoverageReport

[3] http://www.oregon.gov/DCBS/insurance/insurers/other/Pages/quarterly-enrollment-reports.aspx

[4] We adjust for missing carriers using the enrollment they reported for the previous quarter.

[5] Data reported here were accessed on September 10, 2014.

[6] http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MCRAdvPartDEnrolData/MA-State-County-Penetration.html

[7] The 2014 number is preliminary estimate of total coverage, reported enrollment is adjusted to account for the anticipated effect of later verification and redetermination processes.

[8] As determined by the Forecasting Unit of OHA. In Oregon, individuals must reapply for medical assistance on a yearly basis. Redetermination refers to the process by which each month the eligibility of any number of Medicaid enrollees is reevaluated. Some members may have their coverage ended at that time if they are determined to be no longer eligible, for example because of an increase in income. Others who fail to respond in time also have their benefits terminated. Disqualified individuals may reapply and, if found eligible, their benefits are reinstated. Moreover, those who submit information within 90 days of their closure date may have benefits restored back to the day after closure (ultimately resulting in no break in coverage). In this way monthly enrollment totals are subject to revisions after the fact.

[9] U.S. Census Bureau, Population Division. "Table 1. Annual Estimates of the Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2013 (NST-EST2013-01). December 2013. Accessed June 30, 2014 at http://www.census.gov/popest/data/state/totals/2013/index.html

[10] Specifically, self-insured, self-administered plans are exempt from state regulation under the Employee Retirement Income and Security Act (ERISA).

[11] Types of self-insured plans for which enrollment is reported are public entities, such as municipal governments, and those administered by a third party.

ENDNOTES

[12] In other words, the estimated number of people covered by self-insured plans is the number that are "left over" after accounting for all other categories (including the uninsured). Importantly any errors or imprecision in the other coverage types are captured in this category.

[13] Because dual coverage tends to make the imputed self-insurance number appear large, due to the residual method described above, we subtract from it an amount equal to the increase in people with dual coverage. This amount is estimated by applying the dual coverage rate between commercial and Medicaid (1.8%), calculated from the APAC data in 2013 to the combined enrollment in commercial and Medicaid plans in 2014. The dual coverage is converted into persons by dividing by 2 and subtracting from the imputed self-insurance number.

[14] This adjustment assigns 50% of the increase in the DCBS reported self-insured as losses from the imputed category. The 50% figure was calculated by analyzing carrier-level changes in self-insurance enrollment and assuming growth of 3% would be considered normal and any increases above that amount could be attributed to entire groups switching their self-insurance type.

[15] Not included separately are state- and federally-financed high risk pools. These were administered by a commercial insurer and as a result, enrollment in these plans is included in the DCBS individual category.

[16] Analysis of APAC data suggests that the number of people with multiple sources of commercial coverage (aside from those with Medicaid and commercial plans, who are accounted for) is low, roughly 4 percent among all individuals with any commercial coverage, and consistent over time. SHADAC, reviewing the survey data from the Survey of Income and Program Participation, found the rate to be closer to 2 percent.

[17] Gallup. "Arkansas, Kentucky Report Sharpest Drops in Uninsured Rate." Accessed August 28, 2014 at http://www.gallup.com/poll/174290/arkansas-kentucky-report-sharpest-drops-uninsured-rate.aspx

[18] The Gallup estimates represent the average uninsured rate over different six month periods, as opposite to point-in-time estimates presented here. Therefore the results are not directly comparable.

[19] As of April, 2014. Department of Health and Human Services. "Medicaid & CHIP: April 2014 Monthly Applications, Eligibility Determinations, and Enrollment Report." Accessed on 9/12/2014 at http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/April-2014-Enrollment-Report.pdf

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