



July 2, 2018

## **Trends in Subsidized and Unsubsidized Individual Health Insurance Market Enrollment**

### **Key Findings**

This report provides data on individual health insurance market enrollment trends for people who purchase insurance with and without advance premium tax credit (APTC) subsidies.

- Average monthly enrollment in individual market plans decreased by 10 percent between 2016 and 2017 at the same time premiums increased by 21 percent.
- Most of the decrease in enrollment between 2016 and 2017 occurred among people who did not receive APTC subsidies. Non-APTC enrollment declined by 20 percent, compared to a 3 percent decline in APTC subsidized enrollment.
- Since 2014, average monthly enrollment in the APTC subsidized portion of the market has diverged considerably from the non-APTC market. The APTC subsidized portion of the market was 61 percent larger than the non-APTC portion in 2017, up from 23 percent larger in 2014.
- Reviewing state-level data shows that 10 states experienced declining individual market enrollment between 2015 and 2016. From 2016 to 2017, 44 states experienced declining enrollment.
- Declining enrollment between 2015 and 2016 was more widespread in the non-APTC portion of state markets. Over that period, 23 states experienced a decline in non-APTC enrollment, with 10 states experiencing double-digit percentage declines.
- The decline in the non-APTC portion of state markets grew larger and more widespread between 2016 and 2017. Non-APTC enrollment declined in 43 states, with six states losing over 40 percent of their non-APTC enrollment.

## Introduction

This report provides data on enrollment trends for people who purchase individual health insurance coverage, both with and without federal advance premium tax credit (APTC) subsidies, based on an analysis of individual market plans that participate in the risk adjustment program established under section 1343 of the Patient Protection and Affordable Care Act (PPACA). The data provided in this report include state-specific, average monthly enrollment covering plan years 2014 to 2017. Over that period, average monthly enrollment peaked in 2016, reaching 14.5 million. In 2017, enrollment declined by 10 percent. In that same year, APTC subsidized enrollment declined by only 3 percent, compared to a precipitous 20 percent decline in enrollment without APTCs.

## Data and Methodology

The enrollment trends in this report cover individual health insurance market plans that participate in the PPACA federally operated risk adjustment program. These include individual health insurance market plans sold on and off Exchange, but exclude grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.<sup>1</sup> The analysis excludes data on plans from Massachusetts and Vermont, because both states are considered to have merged their individual and small group markets for purposes of the risk adjustment program.<sup>2</sup>

To derive enrollment trends for people who purchase coverage with and without APTC subsidies, this report uses data from the risk adjustment program and Exchange effectuated enrollment data. The risk adjustment program provides data on the total enrolled member months in all risk adjustment covered plans. Enrolled member months are the total number of months during the plan year for all members enrolled in a health plan.<sup>3</sup> Effectuated Exchange enrollment data provides comparable enrollment data for people enrolled in coverage with APTC subsidies. Non-APTC enrollment is derived by subtracting APTC subsidized enrollment from enrollment in all risk adjustment covered plans. Total enrolled member months is divided by 12 to establish the average monthly enrollment, the average number of people enrolled during any given month.

Note that state-level enrollment can be strongly impacted by changes in state Medicaid and Basic Health Programs. State actions to expand Medicaid eligibility to 138 percent of the federal poverty level (or make available a Basic Health Plan) can substantially reduce the number of people enrolling *with* APTCs from one year to the next. In addition, people who enroll in an Exchange *without* APTCs can include people who enroll through Medicaid premium support

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<sup>1</sup> See the definition for “risk adjustment covered plan” at 45 C.F.R. § 153.20.

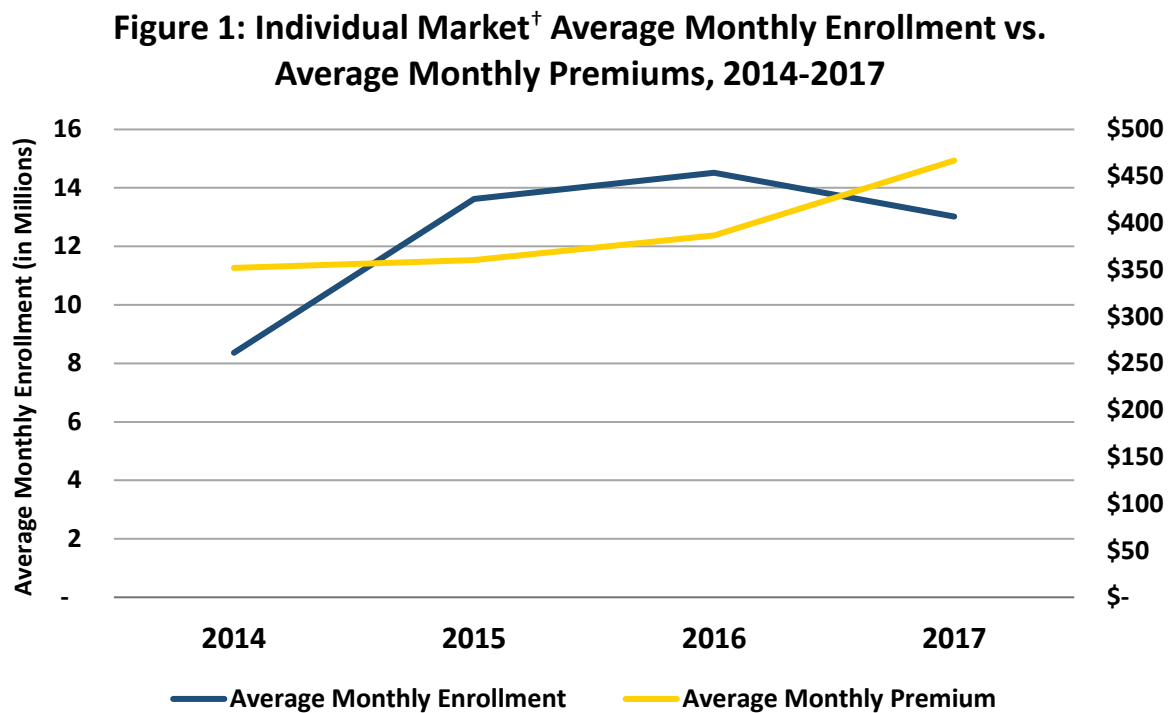
<sup>2</sup> [https://www.regtap.info/uploads/library/RA\\_GuidanceMergedMarkets2017\\_030118\\_5CR\\_030118.pdf](https://www.regtap.info/uploads/library/RA_GuidanceMergedMarkets2017_030118_5CR_030118.pdf)

<sup>3</sup> Note that for purposes of comparison with Exchange data, enrolled member months used for this analysis differ slightly from the billable member months used for risk adjustment and for other reporting on the risk adjustment program.

programs.<sup>4</sup> Thus, Medicaid expansion through premium support increases enrollment for people without APTCs.

### National Enrollment Trends

When APTCs became available in 2014, average monthly enrollment in the individual market was about 8.4 million members, of which 4.6 million enrolled with APTCs and 3.8 million enrolled without APTCs. Enrollment rose by 63 percent in 2015 to 13.6 million members, and rose another 7 percent in 2016 to 14.5 million members. However, this trend reversed from 2016 to 2017, when enrollment declined by 10 percent. As **Figure 1** shows, the decline in enrollment in 2017 occurred at the same time average monthly premiums spiked. In 2017, average monthly premiums increased by 21 percent, compared to a 7 percent increase in 2016 and a 2 percent increase in 2015.

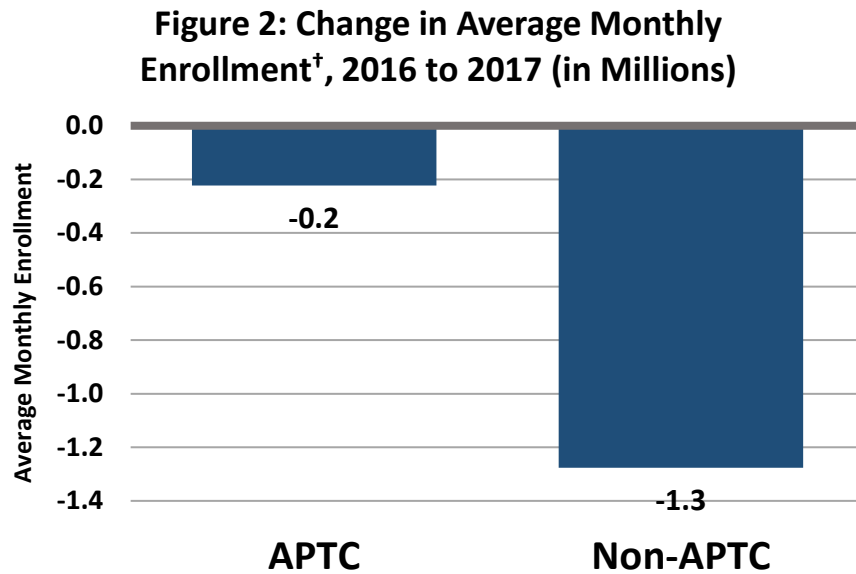


<sup>†</sup> Individual market includes health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2014-2017 Risk Adjustment Data.

<sup>4</sup> Arkansas, Iowa, and New Hampshire have all provided Medicaid premium support at some point during the period reported.

The decrease in enrollment between 2016 and 2017 occurred largely among people who enrolled without APTCs. As shown in **Figure 2**, average monthly non-APTC enrollment declined by 1.3 million (20 percent) compared to a decrease of only 223,000 (3 percent) APTC subsidized enrollees. This much larger drop in non-APTC enrollment represents 85 percent of the entire enrollment loss for 2017.

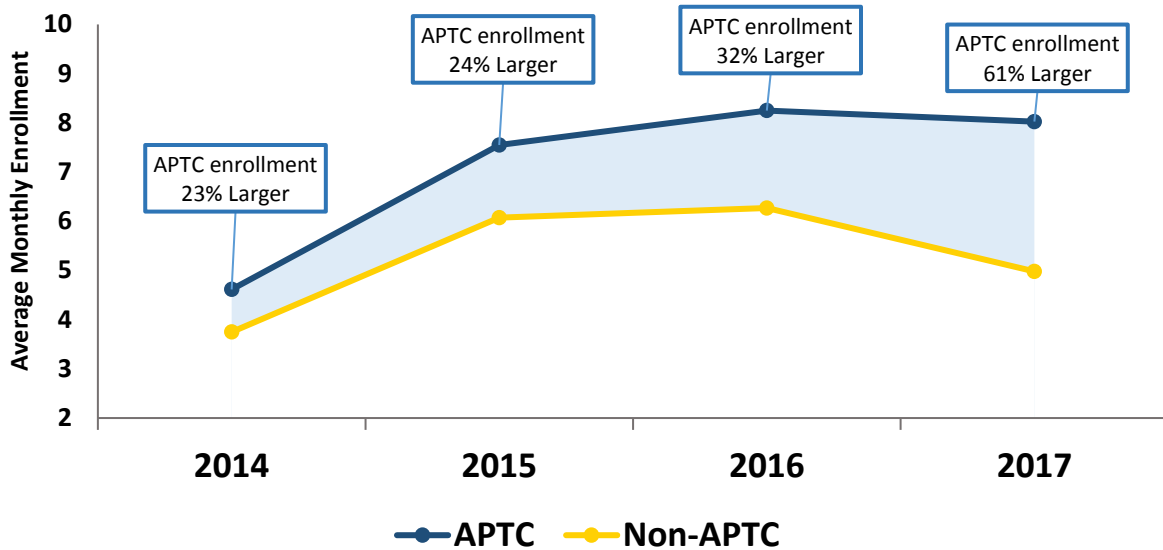


<sup>†</sup>Includes enrollment in individual market health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2016-2017 Risk Adjustment Data and 2016-2017 Exchange Effectuated Enrollment and Payment Data.

The gap between APTC subsidized and non-APTC average monthly enrollment in the individual market has grown larger since 2014. The larger decrease in non-APTC enrollment between 2016 and 2017 substantially increased this trend. **Figure 3** shows the enrollment trend in the APTC subsidized and non-APTC markets between 2014 and 2017. The shaded area shows the APTC subsidized market has been growing larger relative to the non-APTC market between 2014 and 2017. In 2014, the APTC subsidized portion of the market was 23 percent larger than the non-APTC portion. The APTC subsidized portion grew to be 24 percent larger in 2015 and 32 percent larger in 2016. Due to the larger 20 percent decline in non-APTC enrollment in 2017, the APTC subsidized portion of the market grew to be 61 percent larger than the non-APTC portion.

**Figure 3: APTC and non-APTC Individual Market Average Monthly Enrollment<sup>†</sup>, 2014-2017 (in Millions)**



<sup>†</sup>Includes enrollment in individual market health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2014-2017 Risk Adjustment Data and 2014-2017 Exchange Effectuated Enrollment and Payment Data.

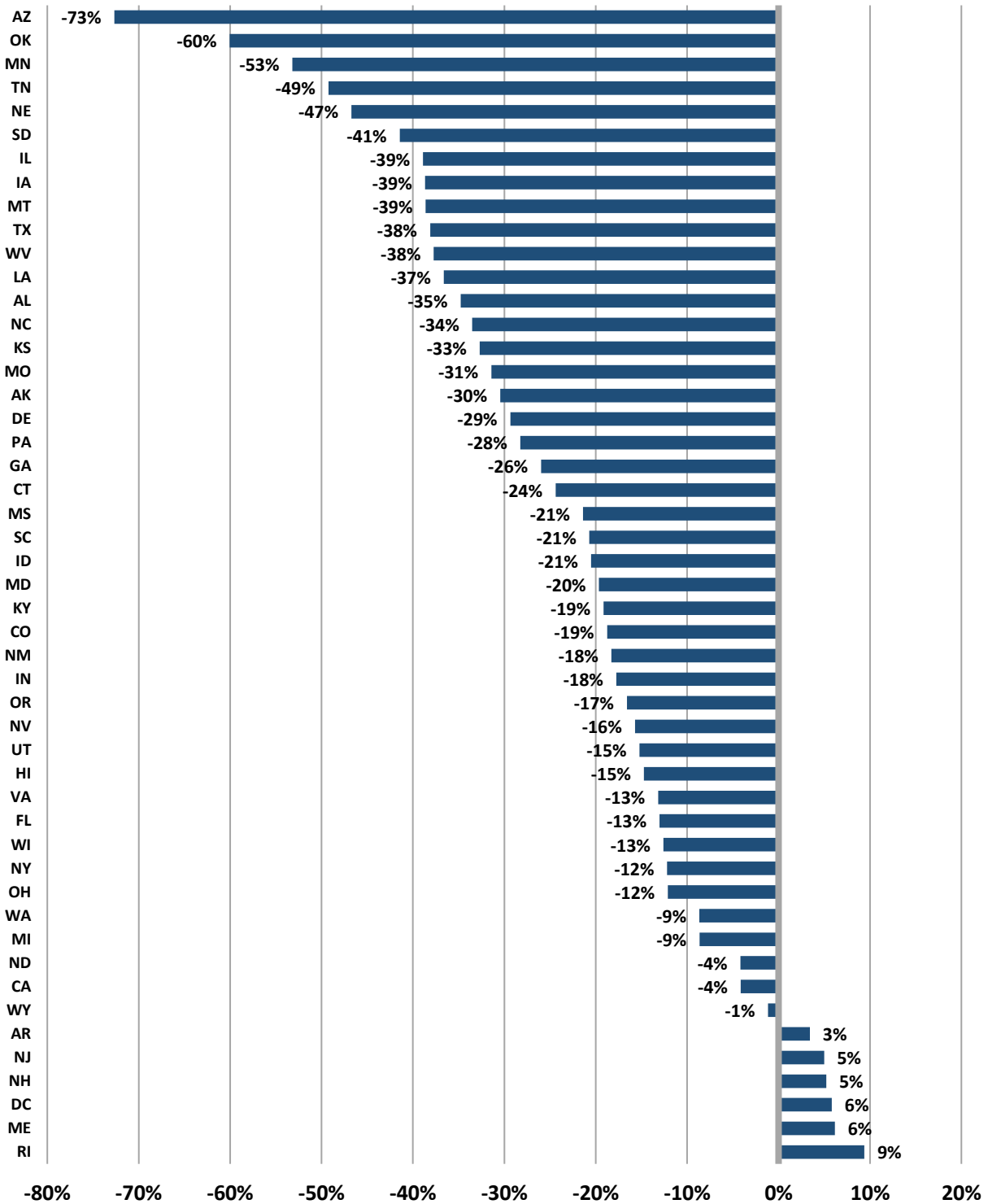
## State-Level Enrollment Trends

At the state level, there is an emerging trend of declining enrollment across most states. While every state experienced growth in average monthly enrollment between 2014 and 2015, ten states began to see declines from 2015 to 2016, including a 17.6 percent decline in Alaska and a 13.5 percent decline in Minnesota. Between 2016 and 2017, the number of states experiencing declining enrollment grew to 44, among both consumers with and without APTC. The largest declines occurred in Arizona, Louisiana, and Minnesota, as each of these states lost over a third of enrollment in their individual markets.

Declining enrollment between 2015 and 2016 was more widespread in the non-APTC portion of state markets. Over that period, 23 states experienced a decline in non-APTC enrollment, with 10 states experiencing percentage declines in the double-digits. The five states experiencing the largest declines from 2015 to 2016 include Alaska (-49 percent), Minnesota (-22 percent), Oklahoma (-19 percent), Alabama (-16 percent), and West Virginia (-16 percent).

**Figure 4** provides a state-by-state look at non-APTC average monthly enrollment changes between 2016 and 2017. From 2016 to 2017, the number of states with declining enrollment in the non-APTC market grew to 43, with six states losing over 40 percent of their non-APTC market enrollment. Changes in non-APTC enrollment ranged from a 9 percent gain in Rhode Island to a 73 percent decline in Arizona. The five states experiencing the largest declines include Arizona (-73 percent), Oklahoma (-60 percent), Minnesota (-53 percent), Tennessee (-49 percent), and Nebraska (-47 percent).

**Figure 4: Percent Change in Non-APTC Average Monthly Enrollment<sup>†</sup>, 2016 to 2017**



<sup>†</sup>Includes enrollment in individual market health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2014-2017 Risk Adjustment Data and 2014-2017 Enrollment and Payment Data.

Individual Health Insurance Market APTC Subsidized and Non-APTC Average Monthly Enrollment <sup>†</sup> , 2014 to 2017								
	2014		2015		2016		2017	
State	Non-APTC	APTC	Non-APTC	APTC	Non-APTC	APTC	Non-APTC	APTC
AK	4,461	8,283	6,906	14,451	3,531	14,065	2,456	13,442
AL	93,722	62,238	92,683	115,213	77,700	132,648	50,681	139,996
AR	145,728	27,869	228,450	44,139	282,235	51,509	291,884	46,711
AZ	60,181	62,472	116,920	109,874	115,523	119,755	31,571	119,467
CA	768,764	864,652	954,032	1,104,101	1,013,307	1,141,457	971,296	1,129,187
CO	83,553	55,925	151,359	61,935	188,231	85,334	152,930	91,335
CT	48,342	47,624	97,086	67,844	99,867	73,501	75,502	70,071
DC	6,871	961	13,031	1,287	16,004	1,128	16,937	886
DE	7,173	8,151	16,105	16,785	15,268	19,330	10,789	18,028
FL	173,265	603,303	324,165	1,094,336	361,558	1,240,296	314,501	1,229,240
GA	85,273	185,250	184,319	340,487	213,915	363,833	158,333	338,217
HI	17,101	2,481	23,777	11,274	22,968	10,886	19,584	13,583
IA	40,337	17,221	51,501	31,115	43,539	38,778	26,706	37,011
ID	27,396	49,484	40,525	71,647	41,541	77,665	33,022	73,142
IL	154,711	118,752	274,792	211,553	271,089	231,892	165,646	230,265
IN	31,387	80,848	70,485	134,373	80,283	124,333	66,031	101,588
KS	26,507	32,811	62,093	61,244	62,054	68,798	41,765	70,441
KY	27,471	45,374	45,503	59,760	48,569	57,877	39,264	54,449
LA	34,956	55,125	63,476	112,975	67,753	141,299	42,942	90,846
MD	64,001	39,900	163,908	77,739	160,476	95,084	128,946	98,261
ME	6,801	30,920	15,817	56,845	18,756	63,402	19,913	57,984
MI	102,939	145,220	155,916	239,332	172,593	238,431	157,664	215,804
MN	223,772	13,811	252,637	25,292	197,681	42,631	92,539	61,932
MO	41,525	92,598	83,155	172,128	89,722	199,238	61,527	175,662
MS	13,404	35,858	26,765	62,735	30,138	60,959	23,691	57,172
MT	32,469	24,500	42,323	38,138	35,995	39,605	22,099	38,625
NC	76,311	228,142	122,230	386,157	115,214	426,753	76,602	407,524
ND	13,588	6,976	29,494	10,004	26,318	16,012	25,221	16,399
NE	31,549	28,029	42,080	53,228	41,257	66,354	21,978	66,602
NH	11,960	21,958	23,089	27,370	65,667	30,451	69,095	27,844
NJ	82,490	95,269	137,104	165,220	150,161	186,444	157,645	185,258
NM	18,347	16,769	47,476	29,181	42,209	29,731	34,492	31,066
NV	26,257	22,754	69,971	45,984	66,549	63,748	56,091	59,514
NY	155,325	184,288	229,000	244,393	246,104	112,922	216,111	120,407
OH	60,809	89,201	106,060	143,087	119,429	157,136	104,961	145,792
OK	29,806	38,062	81,673	78,783	65,769	103,199	26,281	109,723
OR	98,818	46,555	136,180	68,098	137,234	87,436	114,465	95,919



Individual Health Insurance Market APTC Subsidized and Non-APTC Average Monthly Enrollment <sup>†</sup> , 2014 to 2017								
	2014		2015		2016		2017	
State	Non-APTC	APTC	Non-APTC	APTC	Non-APTC	APTC	Non-APTC	APTC
PA	144,563	194,532	295,186	290,771	284,844	286,907	204,355	289,737
RI	14,477	20,334	15,512	25,783	17,970	27,652	19,657	23,376
SC	23,594	66,374	49,536	135,801	56,115	160,746	44,497	157,420
SD	12,905	8,876	23,660	15,728	20,876	20,671	12,226	23,796
TN	55,167	79,926	110,012	140,103	118,944	178,488	60,367	167,618
TX	213,528	381,158	491,960	698,768	446,661	804,423	276,431	778,233
UT	48,140	38,951	60,965	103,938	64,127	135,947	54,376	143,625
VA	61,955	121,241	158,010	246,856	157,547	286,524	136,781	281,606
WA	193,648	99,453	197,260	114,164	199,058	113,719	181,823	112,775
WI	39,090	92,181	60,601	151,723	72,071	174,641	62,992	166,310
WV	8,931	12,272	20,327	23,113	17,143	26,063	10,676	22,799
WY	5,004	8,686	7,489	14,901	7,137	19,138	7,054	19,273
<b>Total</b>	<b>3,748,369</b>	<b>4,613,617</b>	<b>6,072,605</b>	<b>7,549,756</b>	<b>6,268,703</b>	<b>8,248,839</b>	<b>4,992,392</b>	<b>8,025,959</b>

<sup>†</sup>Includes enrollment in individual market health insurance sold on and off Exchange, but excludes grandfathered plans, transitional plans, excepted benefit plans and student health insurance plans.

Source: 2014-2017 Risk Adjustment Data and 2014-2017 Exchange Effectuated Enrollment and Payment Data