# Webinar for Journalists: Results from Survey of People Who Bought Their Own Health Insurance Under the ACA
## Kaiser Family Foundation
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**DREW ALTMAN:** Hi, everyone. I saw some of you just yesterday and the day before in D.C. and now here we are and I would absolutely rather be doing this webinar on United Airlines but we're doing it on the individual market. This is Drew Altman and with me are Liz Hamel and Larry Levitt. This is the first in the new series we'll be doing on the non-group market both because there are a lot of hot policy issues and questions about how it is operating under the ACA but also because there are a lot of important changes in the individual market that really affect people. We did this study really I think for both of those reasons. I'll just start by saying that we really do have a fundamentally changed, or you could say reformed non-group market because it operates under entirely new rules now. There are new marketplaces we didn't have before, the Exchanges federal and state. There are tax subsidies that didn't exist before. There are millions more people than there were before in this market and there's lots of debate about how it's working. We launched this new survey series focused exclusively on this market.

We designed a survey with the appropriate sample size, size of samples for particular subgroups, the right questions aimed entirely at providing new information on what's going on, on this market. Also, particularly at addressing some big

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questions like what percentage of enrollees in the new marketplace were previously uninsured which is obviously a question that's been pretty hotly debated. We will go into this but the answer is far more than some previous estimates suggested and critics have alleged. I'm sure you've seen the number already. It's 57-percent in exchanges but we'll go back over that.

Another big question was what can we say about the health status of people in the market and we will show you that. What are the experiences and views of those folks whose policies were cancelled? There obviously was a great deal of discussion about that. It's mixed but it is also not all bad and we will review that.

Now just more broadly, what do people in the individual market think about their coverage and what do they think about the Affordable Care Act. This is one of those studies which really directly aims at a lot of important but also hot policy questions we've all been discussing over the last several months. I would also say just for context that the non-group market is a relatively small share of the overall population. It was around 11 million. It's now—we don't know the exact number yet, but somewhere between 15 and 20 million but it is obviously a focal point of how the ACA reforms the insurance system. Experience in it is going to play a big role in how

the ACA is viewed and whether it is viewed as a success or it's not viewed as a success over time. Studying it is important in part because it will play an outside role. It affects a lot of people but it will also play an outside role in the judgment about the law.

To put our survey findings in the context of the political debate, which is something a number of you always ask me to do, I would say that at this early stage, the non-group market is working far better than its critics say it is but probably not as well as the advocates or supporters of the law hoped. With many people in the market saying they benefitted and their insurance is a good value, especially people in the ACA compliant plans and others saying they've been affected negatively or still struggling with affordability. As is often the case, I'd say almost always the case with the ACA, reality is more complex a nuance than the political debate about the law so how people are faring in the individual market, how they feel about the ACA if they're in that market, seems to depend an awful lot on what subgroup of the market they fall into. This is all in the survey data and that's what we want to review for you now so we're going to do that starting with Liz Hamel.

Liz is the lead researcher on this survey. She's director of our public opinion survey research group, works for

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Molly Brodie, who I think at this point you all know who heads that group so ably. Who, by the way, is recently the president-elect of the American Association of Public Opinion Research in addition to her Kaiser duties, I'm quick to add. Then you'll hear from Larry Levitt who will talk about some of the policy implications of this. I think you all know Larry at this point. He's senior vice-president here and ACA expert who's well-known to many of you. That's it for me until we get to the Q&As and I will turn it over to Liz.

**LIZ HAMEL:** Thank you, Drew, and good morning, everyone. I'll just start by giving you a few key points about the survey methodology. This is a nationally representative, random sample telephone survey of adults ages 18 to 64 who purchased their own health insurance and don't have coverage from another source such as an employer. This includes people who bought insurance directly from an insurance company and those who bought from the new marketplaces created by the ACA. As Drew mentioned, this is a small subset of the public so it's less that 10-percent of the non-elderly population but we were committed to surveying a representative sample of them so we had to do a lot of telephone screening interviews in order to find the people we wanted to talk to.

The full sample includes 742 respondents. They were interviewed in English and Spanish by landline and cell phone

from early April through early May. One of the first things we figured out with this survey is that some of the most relevant findings would be based not on the entire survey sample but on various subgroups. I'd like to walk you through a few of the different ways we broke things out in our report.

For the most basic cut we looked at here is those who are in what we are calling the ACA compliant plans. These are plans that took effect on or after January 1st of this year which are required to comply with new rules under the law. We found that about two-thirds of the total market are now on these plans while 31-percent remain in what we're calling non-compliant plans and those are the ones that were in effect before January which, in most cases, won't comply with all the law's requirements. This non-compliant group includes those in grandfathered plans, those who bought or renewed policies last year that began before January, and those who were granted an extension to keep their old plans under a federal transition policy.

Another way basic way we cut the data is to split up those in compliant plans into those who purchased coverage through the ACA's new health insurance exchanges, also called marketplaces, versus those who got them directly from an insurance company. This breakdown shows us that about half of all of those with non-group coverage are now covered by plans

purchased from the marketplace and we refer to these as exchange enrollees.

Another group that you see here that we break out at a few points in the report. 16-percent are in ACA compliant plans that they purchased outside the marketplace. Take a little closer look at marketplace group. As Drew alluded to, one of the big unanswered questions to date has been how many people signing up in the marketplaces were uninsured. This survey provides a first look at that question and, as you've all heard, we've found that nearly 6 in 10, 57-percent of those now enrolled in marketplace plans were uninsured just prior to purchasing their plan and most of this group reports having been uninsured for two years or more.

Drilling down into that previously uninsured group that's now in a marketplace plan, most of them say the reason they were uninsured prior to purchasing their current plan was because insurance was just too expensive, (the 51-percent), or they didn't have access to employer coverage (the 21-percent). For this group, we also found that the ACA appears to have been a big motivator in getting coverage so looking at the pie chart, you see that 72-percent say they decided to buy coverage because of the law while about a quarter say they would have gotten it away, even without the ACA.

Another thing that's been a big unknown up until this point is what is the health mix of people enrolling in the new plans. Here we look at all people with ACA compliant plans rather than just those who purchased through the exchanges since insurers rate this group as a single risk pool within a state. There are two things to notice on this slide. First, if you look at the top set of bars you see there's a large majority of those in compliant plans say that their health is excellent, very good, or good.

We find now if you look at the orange portion of the bars, those in compliant plans are more likely than those who remain in pre-ACA, non-compliant plans to say their health is only fair or poor so that is the 17-percent compared with the 6-percent. This does suggest that people buying coverage under the new plans are somewhat sicker than those who were previously getting coverage in the individual market. However, we know that insurers were planning for a sicker than average risk pool when they set rates this year so it's unclear what the implications of this finding are for future premiums.

One of the things we explored in the survey is how people feel they and their families have personally been impacted by the ACA and there's a lot of data on this slide so I'll just walk you through a few key points. If you start in the middle of the slide, you see that among non-group enrollees

as a whole, 34-percent say they have personally benefitted from the law and a similar share at 29-percent say they've been negatively impacted. As you can see, your perception of how the law has impacted you and your family varies a lot depending on your circumstance.

Starting at the top, those with the most positive views of the law's impact, we found 6 in 10 of those who report getting government financial assistance to purchase an exchange plan say they've benefitted from the law. Just below that, you see that among all exchange enrollees, just over half feel they've benefitted and about the same share for the group that was previously uninsured.

If we move to the bottom of the slide and look at the groups with the most negative views of the law's impact, you see that 57-percent of those who say they received a health plan cancellation notice at some point in the past year feel that they've been negatively impacted by the law. Just above that, almost half of those who purchased ACA compliant plans outside the exchanges also feel they've been negatively affected.

The group that's highlighted here is one I want to go into a little more detail on and plan switchers is the name we've given for the group of people who are covered by a different non-group plan just prior to purchasing their current

coverage and they are now in an ACA compliant plan. This group is small as a share of the overall non-group market. They're just about 13-percent overall but they're an important and interesting group to look at since they've had it both ways. They experienced a non-group market prior to the ACA's rules going into effect and the plan that they have now is one that complies with those rules. What you can see with this group is sort of a mixed bag. 47-percent feel they've been negatively impacted by the ACA but almost as many, 41-percent, feel they've benefitted.

There was a lot of talk in the fall about rate shock among people whose premiums skyrocketed when the ACA rules went into effect. Our survey actually finds that among those who switched from non-compliant to compliant plans, just as many say their premiums went down after they switched, that's the 46-percent, as say they went up, the 39-percent. Note that we asked about premiums they're paying after any tax credit so this is what people reported as a change in what's actually coming out of their pocket.

We also asked plan switchers about their deductible, covered services, and the level of financial protection offered by their new plan versus their old one. You can see here that the results were pretty evenly split on each of these questions with similar shares saying their plans are better versus worse

than their old ones and between 3 and 4 in 10 saying they're about the same. On average, there does not appear to be a big move towards plans with higher deductibles or skimpier coverage for this group.

One area where we did find a difference is in provider networks. While most people say their choice of providers under their new plan is about the same as under their old one, a significantly higher share say they have less choice rather than more choice when it comes to primary care doctors, so that is the 32-percent versus the 10-percent and with specialists, the 24-percent versus 11-percent. It's a bit more mixed when it comes to choice of hospitals and the difference between the more versus less you see here didn't reach the level of statistical significance.

Moving away from plan switchers and back to all of those in compliant plans, we also have some important new findings about shopping and enrollment. Here we see that about half of people report getting help with the enrollment process while half say they completed the process on their own. There was a difference in where people report getting help with about a quarter of those you enrolled in marketplace plans saying they got help from an Exchange representative and the same share of those who purchased coverage outside the marketplace saying they go help from a health insurance broker or agent.

We heard a lot in the fall again about the difficulties individuals faced in enrolling but on the survey we actually found that among those who ended up purchasing coverage, most said it was easy to compare premiums and cost sharing and to figure out if they qualified for subsidy. About a third report having difficulty setting up an account with the marketplace and a similar share said it was difficult to compare provider networks. One caveat here is that because of this survey design and the sample that we interviewed, these results are based on people who successfully enrolled in coverage so they don't necessarily represent the difficulties based on all of those who tried to enroll.

I just want to give a few more data points to wrap up. It's still early to tell since at the time we were in the field many folks hadn't yet had a lot of experience using their coverage. At this point, most people say they are satisfied with their coverage and they give their plans good rating. As you can see here in the pie on the left, more than half of those with ACA compliant plans feel their coverage is an excellent or good value for what they paid for it. Still that leaves about 4 in 10 feeling their coverage is only a fair or a poor value. Affordability remains a concern as you can see in the pie on the right where 43-percent say they find it difficult to afford the cost of their monthly premium. These

shares may change as more people enter the market and those who are already buying coverage have more experience using their new plans and we plan to follow-up with at least two additional surveys of this population over the next year-and-a-half.

That's it for the data. I'll now turn it over to Larry to talk about what all of this means for the market.

**LARRY LEVITT:** Thanks, Liz. I'm going to focus briefly on a few results that Liz talked about that have particular relevance for policy and the functioning of the individual insurance market.

There have been a couple instances where a narrative has taken hold about how the ACA is rolling out driven by incomplete information or, frankly, a lack of any hard data at all. One of that is what share of marketplace enrollees were previously uninsured. There's still some missing puzzle pieces for estimating how the number of uninsured is changing under the ACA but it's increasingly clear the number of people covered is growing and the new marketplaces are a big piece of that. However, the real key for whether the law ultimately succeeds or not is how many uninsured people sign up next year and in the years ahead.

Another area where anecdotes have filled in a vacuum when hard data didn't exist was what's happened to people who are already buying their own insurance and have now switched to

ACA plans. As a reminder, these are people whose old policies were cancelled as well as those who switched to new ACA compliant plans voluntarily. These people are no doubt a bit cranky as a result of the ACA's changes to the insurance market, but when you look at the data, just as many ended up paying a lower as paying more. In fact, it appears the rate jump appeared to have been somewhat overblown when you look at the data.

What the insurance risk pool looks like has major significance for premiums next year and beyond. We can shed some light on this issue, but still much remains unknown. Not surprisingly, people in ACA compliant plans which insurers consider as a single risk pool within a state are somewhat more likely to say they are in poorer health than people remaining in non-compliant plans in the individual market. This is important since just a few very sick people can skew the risk pool and lead to higher premiums. It's still hard to say exactly, however, what this means for premiums.

Many insurers anticipated that sicker than average people would enroll in the first year and they've already built that into their premium assumptions. What really matters for 2015 premium increases which we're starting to see now from states is what insurers expect enrollment to look like next year when more healthy people are likely to enroll. However, I

would say there are indications that allowing people to keep their old plans, which was a policy fix announced last fall, is probably keeping some healthy people out of the ACA risk pool at this point.

There's also a lot in this survey about people's experience shopping for and choosing plans that has lessons for the future as we look towards the open enrollment period for 2015 and I'll mention just a couple of those. First, half the people say they got help with enrollment. That should not be surprising since it's complicated, a combination of buying insurance and doing their taxes in some ways. It shows that a working website is not sufficient to get people signed up. Getting people enrolled also requires a human touch to help them through the process. This year, enrollment in the marketplace has exceeded expectations and the Congressional Budget Office's projections but expectations are heightened for next year. The CBO is projecting 13 million marketplace enrollees for 2015, which means not only signing up new people but also retaining as many existing enrollees as possible. Increasing individual mandate penalty will help nudge people to sign up but there may also be fewer resources to help people out and raise public awareness will create some challenges.

Finally, as Liz indicated, most people are satisfied with their coverage and it is a good value but affordability of

premiums and cost sharing remains a challenge for a significant minority. Congress is not ready to begin tweaking the law but affordability will no doubt be the issue we return to in the years ahead. Revisiting whether the premium and cost sharing subsidies are sufficient balanced against the cost to the federal government. With that, I think we'll turn to questions.

**OPERATOR:** And we do have a question on the line from Sarah Henslar (misspelled?). Go ahead.

**SARAH HENSLAR:** Hi, thanks. I don't know if you can address this or not but the figures on the previously uninsured seem to be really all over the place. There's your figures, the HHS said that they found like 87-percent I think were previously uninsured and then you have the McKinsey report, the last one saying 26-percent were previously uninsured. Can anybody speak to why there are these huge differences in these numbers for the previously uninsured?

**LARRY LEVITT:** Not surprisingly, we think our numbers are better. It turns out your results depend on when you ask people the question, what question you ask, and who you ask it of. What we asked, I mean ours is the most current survey, and we asked people immediately prior to purchasing your current plan in the marketplace, what was your insurance status and 57-percent of them said they were uninsured. If you look at some

of the other results, for example the HHS numbers which I think even they don't put a lot of credence in, they only asked people who were getting subsidies in the Exchanges and we asked all enrollees in the Exchanges. McKinsey's survey was earlier and it also asked people about their insurance status from the previous year. We know there's lots of churn in the insurance market. For example, I may have had employer coverage in July of last year. In the fall I lost my job, I was uninsured so once the Exchanges opened I showed up and got coverage. We would show that person as previously uninsured because they were uninsured before they purchased their marketplace coverage. McKinsey might have shown that person might have answered the McKinsey question as being insured in 2013 because it asked about their coverage in the previous year. Similar to Rand which also showed lower figures, they asked about coverage back in September.

We think ours are the most current and the most systematic. I would also add, and Liz can address this if you have more questions, but ours is a national random sample which is the gold standard of surveys. The McKinsey, there is not a lot of information about their survey but it was online and the Rand was an opt-in, meaning that people voluntarily chose to participate in the survey. They weren't selected randomly.

**SARAH HENSLAR:** Okay well that's good, thanks.

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**DREW ALTMAN:** In addition, I think the finding, the percentage who were uninsured for a long period of time is also interesting, not just recently uninsured. We have another phone question.

**OPERATOR:** We do have a question from the line of Ricardo Alonso-Zaldivar. Please go ahead.

**RICARDO ALONSO-ZALDIVAR:** Thank you for taking my question. I was wondering if you were presenting this survey to new Secretary Burwell what would you say are the most important findings or insights here as far as operational challenges for 2015 and operational success?

**LARRY LEVITT:** Hi, this is Larry. I'll take it. I have not met Secretary Burwell yet. As I mentioned, I think the findings about people's shopping experiences are really important. I mean there was so much focus in the fall on the non-functioning website and then focus on the fixed website, but in fact, a lot of people are enrolling with help from real human beings. I would emphasize the importance of consumer assistance and outreach in reaching people. A website is simply not enough to sign people up, particularly when you look at projections for how many more people that are expected to sign up next year than this year.

I would also point to the, you know as we said, while most people are quite satisfied with their coverage, and in

fact, even satisfied with the choice of doctors and hospitals in their coverage, there is a significant minority that is concerned about the affordability of both the premiums and cost sharing. There are limited opportunities to make changes in the law at this point but that is an issue that we'll turn to in the years ahead whether the coverage is truly affordable to people.

**DREW ALTMAN:** This is Drew. I think I've been the national broken record on the importance of community-based and hands-on both outreach and enrollment services. Especially as we move on to future years and it becomes even more important not just to get a healthy risk pool but to reach the long-term uninsured and the harder to reach uninsured. Then it becomes imperative to increase the effort and fine-tune the effort to reach the harder to reach uninsured and that really would be something to emphasize.

**RICARDO ALONSO-ZALDIVAR:** Is it possible I can get a follow-up?

**DREW ALTMAN:** Yes, sir.

**RICARDO ALONSO-ZALDIVAR:** Given the findings of this survey, all we hear from the administration is that it's a great success, that everything's hunky-dory. Do you think that they need to recalibrate their message to be more realistic

given the fact that you do have a sizable share of people who are struggling with the cost?

**DREW ALTMAN:** I think they've actually been very clear that not everything is perfect and there are lots of things that need to be improved. But if there are problems with the ACA, there are bigger problems with the Congress and the capacity of the Congress to learn from experience out in the field and make improvements in the law. If it is not zero, it is approaching zero. The states, on the other hand, watch other states like hawks and to beg, borrow, and steal all the best ideas from other states. To the extent that states have the ability to make changes and to borrow the best ideas from other states, they will.

I think it's fair to say that the individual insurance market was a mess before the ACA. It's better now but it's still no panacea and also that groups are affected differently and that is true of the ACA as a whole. I think its defining characteristic is its variability and so people and groups are affected differently depending upon their employment circumstances, their income, and where they live. You see that also in this study of the non-group market.

**LARRY LEVITT:** I wouldn't want people to take away from the survey that costs and affordability problems are unique to the individual insurance market where people are getting

coverage under the ACA. Those are concerns we find in any survey of the American people in general. Healthcare cost growth is at historically low levels right now and it's continues for longer than I think many of us would have expected but that doesn't mean that we don't take longer term issues of healthcare costs and affordability.

**MALE SPEAKER:** We're going to take a few [inaudible 00:27:56] questions now. The first question from Tami Luhby of CNN Money, are these all enrollees who are paying their premium?

**LIZ HAMEL:** Unfortunately, we don't actually know that from the survey so we can't answer that question.

**MALE SPEAKER:** Second question, Bob Rosenblatt. When people who are now enrolled decide to reenroll next year will they have to choose a plan and then file a separate form or request to verify their income status to get the tax subsidy and will this two-step system discourage or lower reenrollment?

**LARRY LEVITT:** I think that's more a question for the folks at HHS than for us but I think it's a very live question right now. In fact, there's a regulation pending at OMB to address just that question. It is a very significant issue. I mean there are 8 million-plus people who signed up for coverage this year. The expectations are for 13 million enrollees in the marketplaces next year and reaching that 13 million

projection will be a lot easier if you retain as many of the current eight million people as possible.

This is a little off topic from the survey but I would essentially look at it in three separate issues. One is whether people have to recreate an account they created on healthcare.gov or in a state-based Exchange. Ideally, people's accounts will carry over. They don't have to start from scratch. The second issue is whether there's a presumption that people will have their coverage renewed in their current plan if they don't do anything and that's essentially the way insurance works in general. I mean insurance is guaranteed renewable. If you don't do anything, that coverage continues. I think the really big question has to do with income.

When people signed up this past year, the income verification process and the application process keyed off of their most recent tax return which would have been the tax return they filed for 2012 income in April of 2013. When people are applying for coverage next year, they will have a more current tax return which they filed in April of 2014. I think the real questions here are what happens during that income verification process. Is there a way for people to easily kind of deem their income hasn't changed or do they have to start from scratch and we just don't have the answers to that yet. I will say that the easier that process is, the more

likely it is that they will reach their enrollment projections next year.

**MALE SPEAKER:** Here's another question from Mark Humble [misspelled?]. For purposes of judging how do enrollees feel about Obamacare, are views of marketplace enrollees virtually synonymous with enrollees in other compliant plans? Anything to say about difference between these two categories? How many people in both of those categories?

**LIZ HAMEL:** I am going to go back to one of our previous slides which is very complicated. It has a lot of data on it. The answer to the first question is no. On slide 11, if you see Exchange enrollees, which is the second bar from the top, a little over half feel they've benefitted from the law. Down near the bottom, those in non-Exchange ACA compliant plans, so those are the other folks in ACA compliant plans that were purchased outside of the Exchanges are more likely to feel they were negatively affected by the law. There actually is a difference within people in compliant plans based on where they purchased in terms of how they feel impacted by the law.

We don't know where the causality is there. It could be that people who just didn't like the idea of Obamacare were more likely to go outside the Exchanges to buy their plans but there is a difference in their views. I think the second part of the question was about how many people are in each of those

groups. If we go back to slide six, out of the total market about half are in Exchange plans but that group in ACA compliant plans purchased outside the Exchanges is much smaller, it's about 16-percent of the total.

**LARRY LEVITT:** I would just add remember that people can only get subsidies for their premium and cost sharing in Exchange plans so it wouldn't be so surprising that people feel more likely to feel benefitted if they're buying inside a marketplace.

**DREW ALTMAN:** In the survey, we saw that the folks who are most likely to say that they benefitted were the folks who got the subsidies.

**MALE SPEAKER:** Another question is referring back to something that was mentioned earlier. Who are the harder to reach uninsured?

**DREW ALTMAN:** They're the long-term uninsured. They're minority groups. They are people who are less educated. These data come from other surveys, approximately 20-percent, circling around 20-percent of the uninsured who do not have a computer and do not have online access. Basically, those are the groups. There are other groups as well and those are the harder to reach uninsured and for those groups, it really requires not just a human touch but outreach and contact with

organizations and people they trust to really make a connection and walk them through the process.

One of my columns about—you may remember those pictures at the end of the first year enrollment season of the long lines of people who at the very end were enrolling. Those were intended to portray the late surge of interest but they also showed that there were an awful lot of people who, when they finally decided to enroll, wanted to talk to a human being and go to a real place. I think it really makes the point that for a significant number of people, half in our survey, some of those people got help on the telephone or from family and friends, they do need some help. That help, by the way, can come from a navigator and assister. It can come from a community-based organization. It can come from a family member or friend. It can come from an insurance broker. It can come from lots of places but they need more and they may wind on the website to complete the process so the website's got to work. They need some actual help and they want some actual help for this to really work.

Many of them don't trust either the government or insurance companies so you've got to help them wade through that process. Many of them have never had insurance in the past. What we call insurance literacy is very low for these groups so as you work with them, they may not know what a

deductible is or what a premium is and they certainly don't know what a tax credit it. We got so focused with the website problems on what I call the actuarial mission, getting enough healthy people in the risk pool to have a workable risk pool which, of course, the ACA has to have. I think everybody just lost focus on the challenge of actually enrolling a very, very large chunk, as much as half of the uninsured which will require different forms of outreach to get the job done.

**OPERATOR:** And our question is from the line of Andrew Sprung (misspelled?). Please go ahead.

**ANDREW SPRUNG:** Really related to the last conversation, I think Larry mentioned or implied that federal money is going to be quite limited to provide help to those who need help with the complex process. I thought you might want to comment on the non-governmental sources and how they might be leveraged next year or further leveraged. The nonprofit groups and also, I gather in California in particular, brokers played a crucial role so with funds limited what can be done to muster as much help as possible?

**DREW ALTMAN:** Brokers did play a big role, especially for people enrolled outside of the Exchanges. One of the interesting surprises of the first year experience was the relative success. We look at the percentage of the eligible market that enrolled. In the federal Exchange which is, as I

think you all know, had much less money for outreach and enrollment. States like Florida and North Caroline did pretty well despite the fact that in some of those actually, because they were anti-ACA states, obstacles were actually erected to enrollment. That is because of the efforts in those states of locally-based community organizations, some national organizations like Enroll America.

I think one of the things we saw in the first year was it wasn't as simple as the states with their own marketplaces and lots of money like California did well and the federal Exchange states with much less money did poorly. It was a more complex picture and where community-based efforts were mounted progress was made, at least in some states, and notably, Florida and North Carolina.

**LARRY LEVITT:** I would point to the likely growing importance of insurers themselves in marketing to and assisting consumers in signing up. That is one thing I think we saw this year is that whether the major insurer in a state participated in a marketplace was a significant factor in how enrollment went. If you look at Iowa or Mississippi where the major Blue Cross plan in the state did not participate, enrollment was quite low relative to the potential market. There are signs everywhere that more insurers will be participating and, in

fact, Wellmark in Iowa and South Dakota will be participating in the Exchange.

I think over time, particularly as federal dollars diminish and federal grants, the state-based exchanges diminish, the important of insurer marketing and enrollment assistance will drop.

**DREW ALTMAN:** The more insurers that are outreach also affects premiums as our work shows. This is one case and it is actually pretty rare where competition works the more the number of insurers in these local marketplaces. The better the effect, the lower the figures.

**OPERATOR:** And our next phone question comes from the line of Robert Pare. Please go ahead.

**ROBERT PARE:** I wonder if you could explain a little bit more about the figures that Drew mentioned at the very beginning suggesting that the individual market was 15 to 20 million people compared with 11 million in the past.

**DREW ALTMAN:** Thanks, Robert. I'll start and turn it over to Larry. The 11 million was our estimate of where that market was and the 15 to 20 is also an estimate because we don't know exactly where it is now after the close of the first year enrollment season. Let me turn it over to Larry.

**LARRY LEVITT:** It is surprising that such a seemingly simple number should be so hard to pin down but there are

multiple choices for the number of people who were in the individual market previously. We think the most dependable source is the filings that insurance companies make to state insurance departments, which is where the 11 million comes from for last year, pre-ACA. We put out an analysis a couple weeks ago that looked at insurers' first quarter reports to state insurance department and found that it suggested an increase of about three to three-and-a-half million but there are many reasons why that number is low. The biggest is the timing of those quarterly reports.

When insurers have to report on those quarterly filings is how many people were in their individual insurance market plans as of March 31st. To be in a plan as of March 31st, your coverage had to start by March 1st. For your coverage to start by March 1st, you had to have signed up for that coverage by February 15th and paid your premium by the end of February. Those March 31st enrollment numbers really predate the big surge in March. We think that increase in the market, that three to three-and-a-half million increase in the market could easily be doubled once the second quarter reports come in and the March surge is reflected. It is reasonable to expect that 15 to 20 million people are now in the market.

**DREW ALTMAN:** Which is why I gave you 15 to 20 million, and I do apologize for that because we always like to give you

a precise number but we like to have a precise number to give you.

**ANDREW SPRUNG:** With the 15 to 20 million, are you trying to measure or estimate people who are enrolled in individual health insurance if not potentially interested or potentially eligible?

**LARRY LEVITT:** Right. That is what we think is the reason less of those numbers of people actually enrolled in the individual market on the Exchange, off the Exchange, compliant plans, non-compliant plans as of now.

**DREW ALTMAN:** There's a characterization. I think what we can say is the individual market has grown very significantly. It's still a relatively small share of the population or of the covered population in the country but for reasons I went to, a real focus of attention and the part of the health insurance system which is changing dramatically under the ACA.

**MALE SPEAKER:** Another question from Mark Humble. To what extent do you think rate shock or cost was a key factor for people who did not enroll, people who are not captured in the survey? Is that a big hurdle for 2015?

**LARRY LEVITT:** Next to actually reaching the people and making sure they understand the options available to them, cost I think is unquestionably the biggest barrier moving ahead. I

think a big factor in enrollment next year will be the fact that the penalty under the individual mandate increases. The subsidies will still be there but people will be balancing how much they have to pay for the insurance versus how much they would have to pay in a penalty under the individual mandate and, of course, how much they value of the insurance to begin with. Cost has always been the biggest barrier in people getting insured and that will likely continue to be the case.

**DREW ALTMAN:** In the survey, Liz showed you this and we asked people why they were uninsured. The overwhelming reason was because it was too expensive and that continues to be the overwhelming consideration for people when they look at insurance. The Enroll America thing with Secretary Sebelius and Governor Beshear, I guess it was two days ago, and I said since the beginning of time, every study we've ever done of the uninsured has shown that (1) they want insurance and (2) if they don't get it, it is largely because it's too expensive.

**LARRY LEVITT:** This is Larry again. I would quibble a little bit with the premise question though that I don't think it's about rate [inaudible]. The vast majority of the uninsured are low income and eligible for subsidies and Exchanges or for Medicaid in states that have expanded Medicaid. The way the subsidies work in the ACA, people pay a sliding scale based on their income so the fact that rates may

be higher in some cases is not a consideration. It is really a question of the way the subsidies work.

**DREW ALTMAN:** So another big question of how much the premiums increase in the second year, that is a bigger question for the taxpayer and probably a bigger political question than it is an issue for the people with the policies themselves because 85-percent of them have tax subsidies.

**MALE SPEAKER:** I think we are going to end the conference call/webinar now.

**DREW ALTMAN:** Thank you very much. As I think Liz said, this is just starting. We just had the first open enrollment season. Many of these people have yet to really go to the doctor and the hospital a lot. They're going to learn how they feel about their deductibles and their cost sharing which, in my view, is probably more important than their premiums and is a fundamental issue in coverage in the Exchanges. Our plan is to stick with this with a series of at least three surveys but we'll see how it's going and we'll do as many as it takes to really track this and get a picture of it. What you should have in your heads is we have added this to our repertoire of studies that we will be doing to track what's happening under the ACA.

Let me thank you all for following this and for also being on the call or the webinar, or whatever it is this

morning and follow-up with us on the phone if you've got other questions. Thanks a lot.

[END RECORDING]

[1] The Kaiser Family Foundation makes every effort to ensure the accuracy of written transcripts, but due to the nature of transcribing recorded material and the deadlines involved, they may contain errors or incomplete content. We apologize for any inaccuracies.