

## In the Spotlight: 2014 Open Enrollment Period

The end of the first Open Enrollment Period for the Affordable Care Act (ACA) marked a major landmark in the law's implementation. The success or failure of the law will, in large part, be judged by how many individuals gained coverage through its online Health Insurance Marketplace ("Marketplace").<sup>1</sup> Enrollment reports from a variety of sources have alleged differing levels of success throughout the Open Enrollment Period. Several different issues contributed to the conflicting reports. The rocky start of the Marketplace on October 1, 2013, was well documented. In November, the Administration [announced](#) the ability of individuals to retain their previous coverage if they had it at the start of Open Enrollment (referred to as a "transitional program"). Then, in December, individuals were given the flexibility to purchase catastrophic plans if their previous plan was canceled and the ACA plan offered was not affordable. All these issues complicated the enrollment figures for the first Open Enrollment Period.

Another factor to consider, in addition to volume of enrollment, is the demographics of enrollment. The sheer enrollment numbers do not tell a complete story: a great deal of the success of the first Open Enrollment Period will also be weighed by the proportion of younger and/or healthier adults as compared to older and/or less healthy adults. Keeping a proportion in the pool that most closely mirrors that of the general population is important to keep the premium costs under control. Younger, healthier individuals help off-set the costs of the older, less healthy individuals who tend to have higher medical expenses.

### The Numbers

According to the [White House](#), more than 8 million people signed up for private insurance coverage in the Health Insurance Marketplace. This number is incomplete due to a special enrollment period that extended the deadline for people "in line" for coverage when the Marketplace closed March 31. Those individuals will be considered as covered by the end of Open Enrollment, though it is unclear when we will have a complete enrollment count including those "in line." The Administration also made mention that 3 million young adults have gained insurance because of continued access to their parent's plan.

As recently as February of 2014, the [Congressional Budget Office estimated](#) that roughly 6 million individuals would gain coverage through the Marketplace. Reports from the White House would suggest that reality exceeded this estimate by roughly 18 percent, not including any additional gains from individuals "in line" over the first two weeks of April.

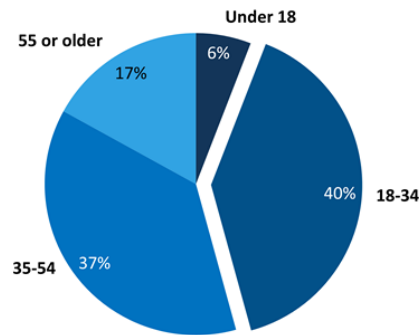
### Who Signed Up

As previously mentioned, the numbers are only one piece of the puzzle when determining the impacts of ACA in the individual market. It's also important to note who signed up for coverage – their general health and age can be good determinants for premium impacts. A Kaiser Family Foundation [study](#) finds that about 40 percent of the enrollees, or roughly 2.8 million individuals, should be between the ages of 18 and 34 in order to maintain the appropriate mix of health status in the risk pool. However, this group of individuals also had the most options: dependents up to age 26 may stay on a parent's plan; full-time students may have access to a student plan; individuals under age 30 could purchase a catastrophic plan; in addition to the transitional, grandfathered, and ACA-compliant options that many other individuals could potentially access.

Due to the unanticipated additional options, most notably the transitional program, many expect that insurers will see healthier members take advantage of the option to stay on their 2013 coverage. The essential health benefits in all ACA plans are usually much richer and often more expensive than the transitional plans. Taking this group of members out of the pool for ACA plans reduces enrollment numbers in key demographics. Early reports indicate that the pool of members on ACA plans is older than was previously anticipated: It was assumed that 50% of our new ACA customers would be younger than 35 and as of 5/1/14, the number is 32%.<sup>ii</sup>

While it is too soon to have much information about the health of these members, early internal data indicates more members with diabetes, obesity, and classifying themselves as in fair or poor health, than other segments of our business. It will take some time to know more about the health needs and care utilization of this population.

**Distribution of Potential Individual Market Enrollees by Age**



Source: Kaiser Family Foundation analysis of the Survey of Income and Program Participation.



## BCBSNC Views

BCBSNC has worked since the ACA was signed into law more than four years ago to implement the required reforms while maintaining choice for our consumers. Welcoming many new consumers into the market and maintaining our positive reputation as the largest health insurance company based in North Carolina. As the only insurer on the Marketplace in all 100 counties of North Carolina, we served a much larger population than most insurers. How this will impact future premiums remains to be seen. North Carolina's rank as one of the top states for enrollment is a positive step, but it's important to look beyond just how many North Carolinians enrolled in an individual health plan. We need to look at the health of those customers and what that means for the quantity and type of health care they use. An older, less healthy customer profile could lead to higher health care utilization rates among ACA customers and upward pressure on future premiums for ACA plans.

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<sup>i</sup> The Marketplace is an independent entity run by the federal government.

<sup>ii</sup> Based on BCBSNC internal data as of May 1, 2014.