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## **Not-so-Perfect Attendance: 2016 Exchange Enrollment Far Below Initial Projections**

Washington, D.C., June 7, 2016 -- By the end of 2016, Obamacare exchange enrollment will likely only reach half of initial projections. Based on historical attrition rates, 2016 year-end exchange enrollment is projected to be approximately 20 percent lower than at the end of open enrollment, according to a new analysis from the Council for Affordable Health Coverage.

"While the exchanges have helped expand coverage to millions of Americans, lower than expected enrollment and high attrition rates, among other factors, have contributed to market destabilization," said CAHC President Joel White. "Those who do enroll and stay in the exchanges hardly resemble the American melting pot."

CAHC's report found the exchanges to be disproportionately older, lower-income, and non-Hispanic when compared to the potential exchange population in 2013. Here are some key findings:

- Only 10 million Americans are expected to be enrolled in the exchanges by the end of 2016 -- less than half of the Congressional Budget Office's initial projection of 21 million.
- Exchange participation rates decline dramatically as incomes increase and subsidies decrease; only two percent of the potential exchange population who are not eligible for subsidies have enrolled in exchange coverage as of 2016.
- While 50 percent of the potential exchange population was under the age of 35, less than 40 percent of enrollees are in that age bracket.
- Despite significant coverage gains, millions of Hispanics remain uninsured. Only 15 percent of the exchange population is Hispanic, versus a potential exchange population of 23 percent.
- More women than men are enrolled in exchange coverage. While women comprised only 45 percent of the potential exchange population; 54 percent of 2016 enrollees are female.

"Simply put, if insurance isn't subsidized, people are unlikely to buy coverage," said White. "Additional flexibility and competition are needed to drive down health care costs and improve coverage."

The report concludes by recommending "Next Generation Exchanges" to expand competition across exchanges. The proposal includes the following aspects:

1. **Private Shopping:** Private health plan shopping websites would compete for consumers directly with public sites -- based on better tools like smart plan sort functions, out-of-pocket cost calculators, searchable provider networks and drug directories.
2. **Health Care's PayPal:** Channeling "Paypal," the federal government would contract with at least one private vendor to make premium subsidies payable on any website, public or private. This modern eligibility process for subsidies would allow low-income consumers to purchase coverage from any exchange website.

- 3. Keeping it Simple for Small Employers:** Private shopping websites would offer small employers time-saving features. For example, with the ability to upload demographic files, small employers would only have to input data once to view health insurance pricing across multiple insurers.

Under the new model, each state would have to certify that at least one of their exchange sites constitutes a "Next Generation Exchange."

"More than one-third of the 33 million uninsured Americans may be eligible to enroll in exchange coverage," said White. "With 'Next Generation Exchanges,' they'll be able to do so through new enrollment options that compete for their business. Expanding purchasing options for coverage will improve the shopping experience and drive costs down via greater competition, choice, and portability. For much-needed health care market improvements, both Democrats and Republicans should support these provisions."

#### **About the Council for Affordable Health Coverage**

The Council for Affordable Health Coverage is a broad-based association of organizations representing consumers, physicians, small businesses, large employers, manufacturers and retailers, franchises, and insurers working to lower health costs for all Americans.

#### **Methodology**

Data and comparisons between the potential exchange population and the enrolled population are based on Avalere analysis. The number of potential exchange enrollees was determined using 2013 American Community Survey data on the uninsured and non-group market populations prior to implementation of the health insurance exchanges. Analysis includes the 38 states relying on healthcare.gov in 2016. In states that expanded Medicaid, the potential exchange population includes those with incomes above 138% FPL. In states that did not expand Medicaid, the potential exchange population includes 100% FPL and above. The analysis does not consider citizenship status. Exchange enrollment data is based on the latest available information from the Department of Health and Human Services. Other sources were consulted, including the Congressional Budget Office's exchange enrollment projections, The Commonwealth Fund, "Latinos Have Made Coverage Gains but Millions Are Still Uninsured;" and Robert Wood Johnson Foundation and Urban Institute, "Who Are the Remaining Uninsured, and What Do Their Characteristics Tell Us About How to Reach Them?"