

Coverage Churn in California

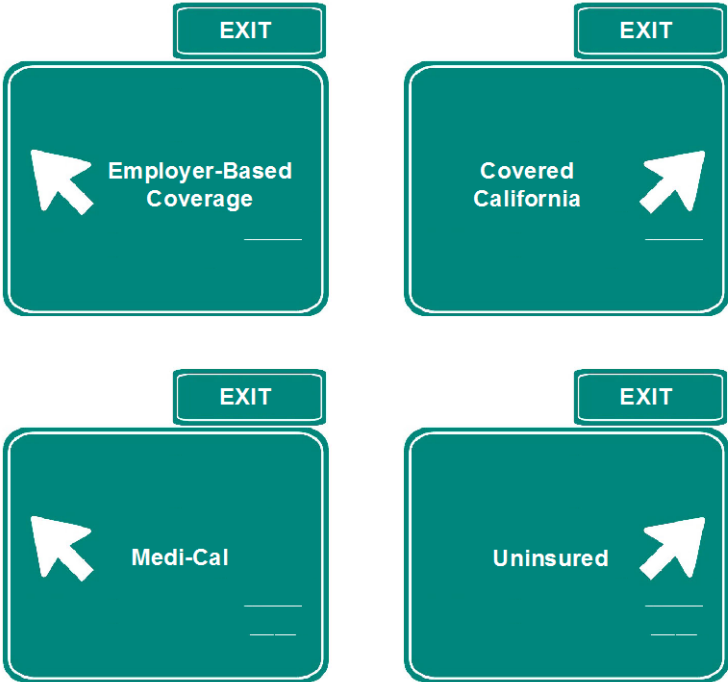
John A. Graves, Ph.D.

Vanderbilt University School of Medicine

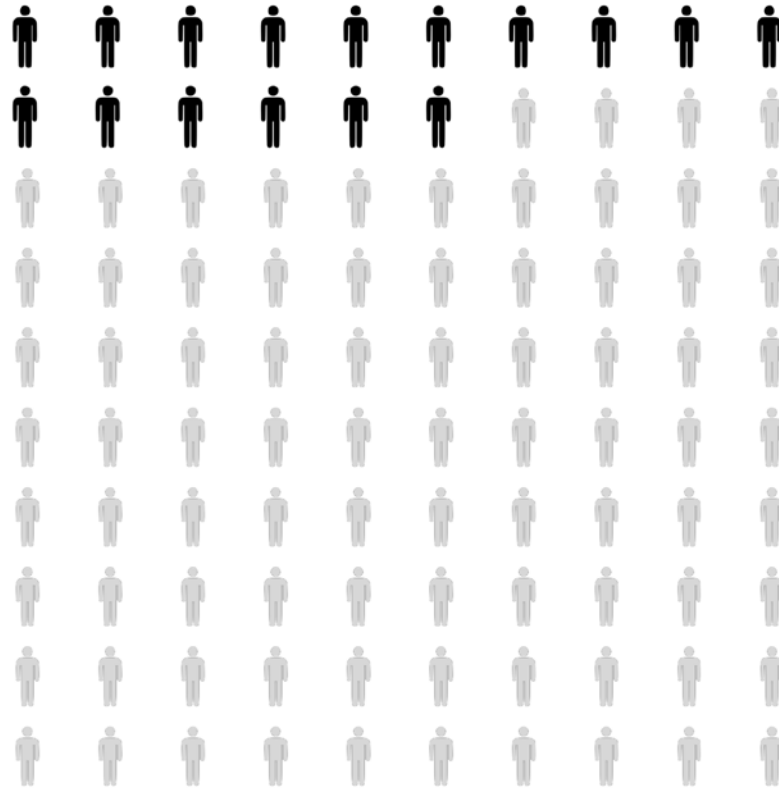
Select Committee on Health Delivery Systems and Universal
Coverage

January 2018

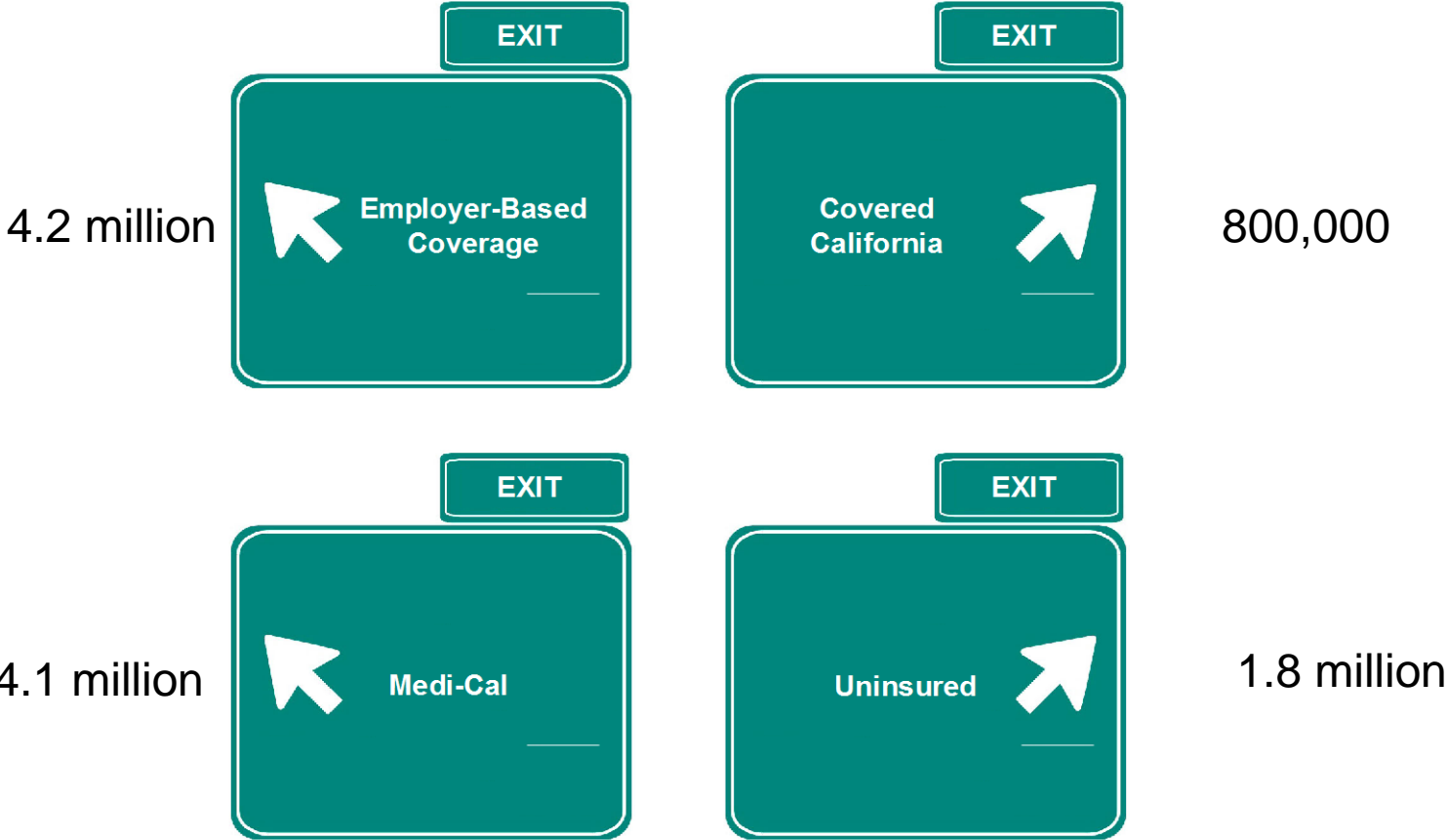
Churn refers to transitions in health insurance due to changes in income, job, and family circumstances.



Each year, **one in six** US adults change their primary source of health insurance.

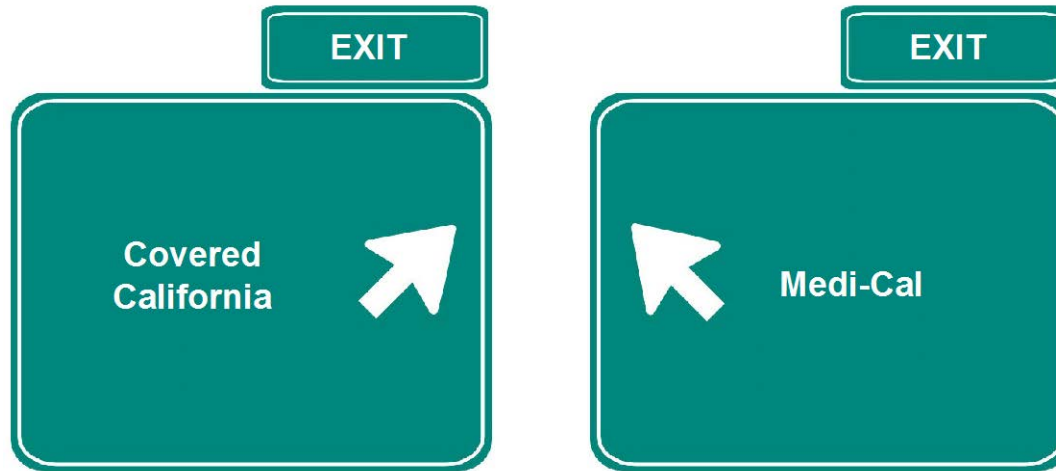


Over the next two years, nearly **11 million** Californians will change their current source of insurance.



Source: Authors' analyses of MEPS and CPS data.

Each month, roughly **5,000 to 10,000** people move between Covered California and Medi-Cal.



Source: Covered California <http://board.coveredca.com/meetings/2016/10-27/Reports%20and%20Research%20Final.pdf>

Erosion of employment-based insurance contributes to churn.

Percent of Nonelderly US Population Insured Through an Employer



Source: Kaiser Family Foundation

Roughly **one-quarter** of employer-insured adults transition off over a two-year period – a 10% increase since the early 2000s.

More likely to transition



- Young adults
- Low-income adults
- Hispanic adults
- Adults in fair or poor health
- Service industry workers

Less likely to transition



- Older adults
- Married adults
- Females
- College degree

Americans formerly covered by an employer are increasingly reliant on family members.

From 2004 to 2013 ...



-15%

Likelihood a policyholder of an employer plan was able to find a job with health benefits after a job change.



2 x

Probability that policyholder enrolled under a family member's policy after a job change.



Likelihood that employers include a surcharge for covering spouses & retirees.

The ACA has impacted churn in important ways.



Overall churn rates similar to pre-ACA period.

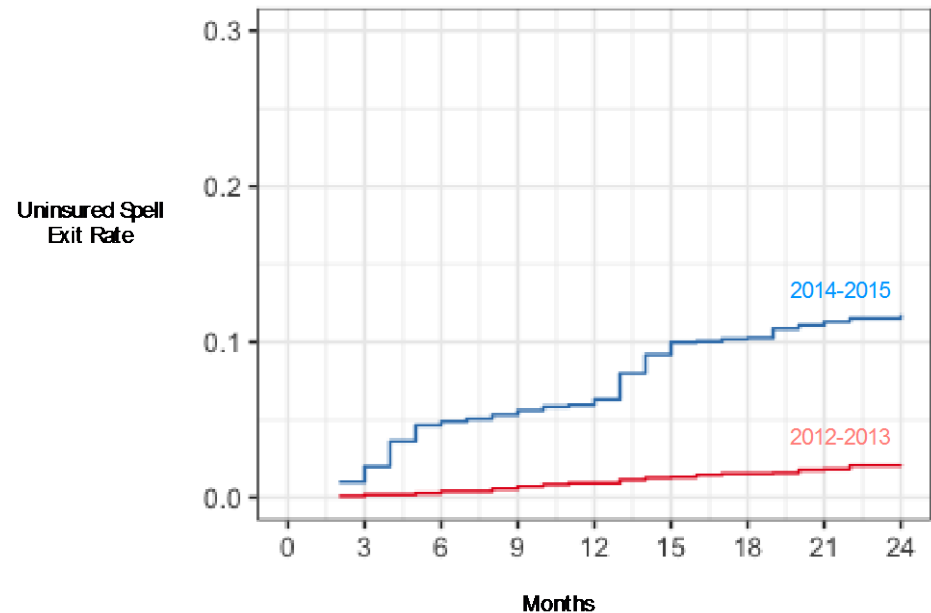
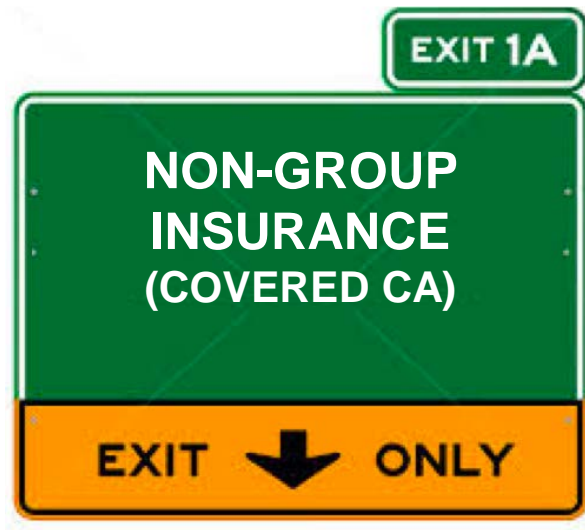


Improved retention in public insurance programs (e.g., Medi-Cal).

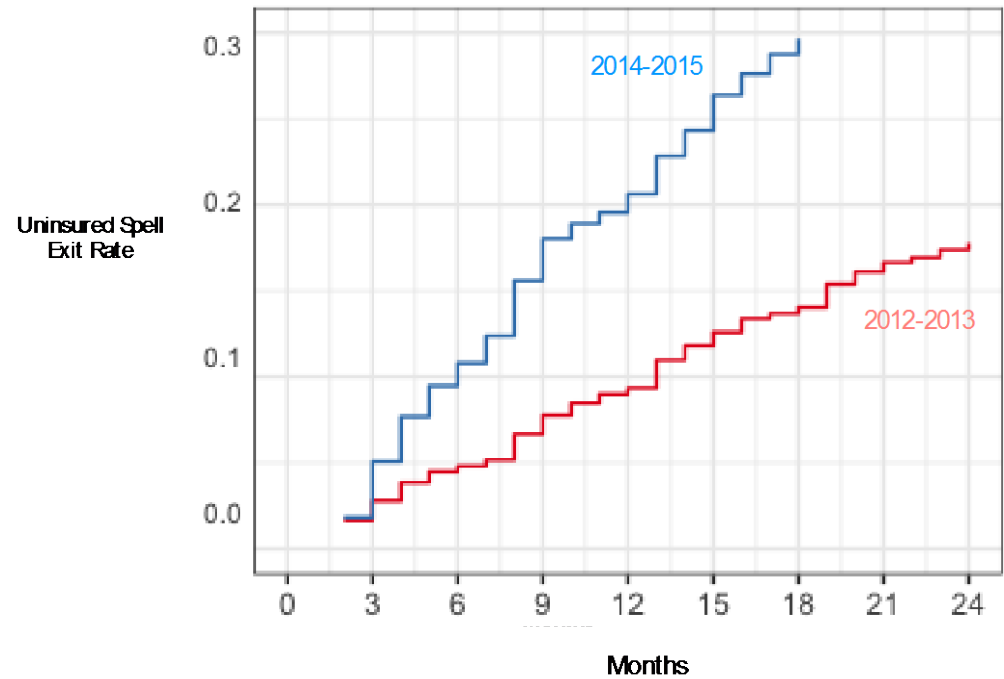
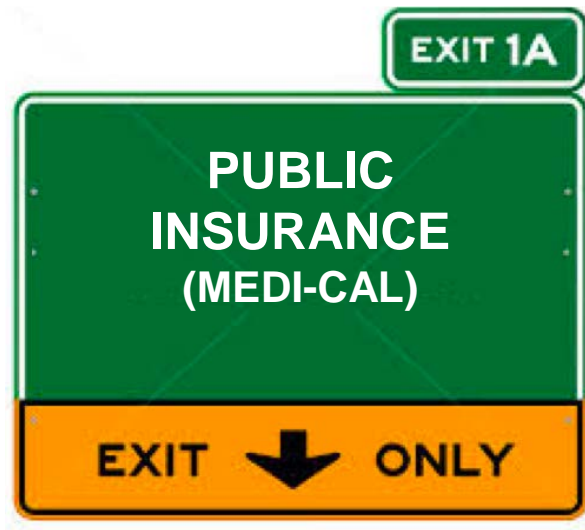


Fewer becoming uninsured.


Under the ACA, Americans are spending less time uninsured.




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The ACA has impacted churn in important ways.


No Change

Take-up of public coverage among those with employer based insurance (i.e., little evidence of “crowd out”).


No Change

Transitions from employer-based coverage to uninsured status.

Frequent plan switching affects utilization and costs



+47%

New primary care physician visits among those switching from private insurance.¹



+203%

New primary care physician visits among those switching from Medicaid.¹



+15%

ED visits among those switching from Medicaid.¹

Frequent plan switching affects utilization and costs



Savings from switch to narrow network plan only among people who are able to maintain their PCP.¹

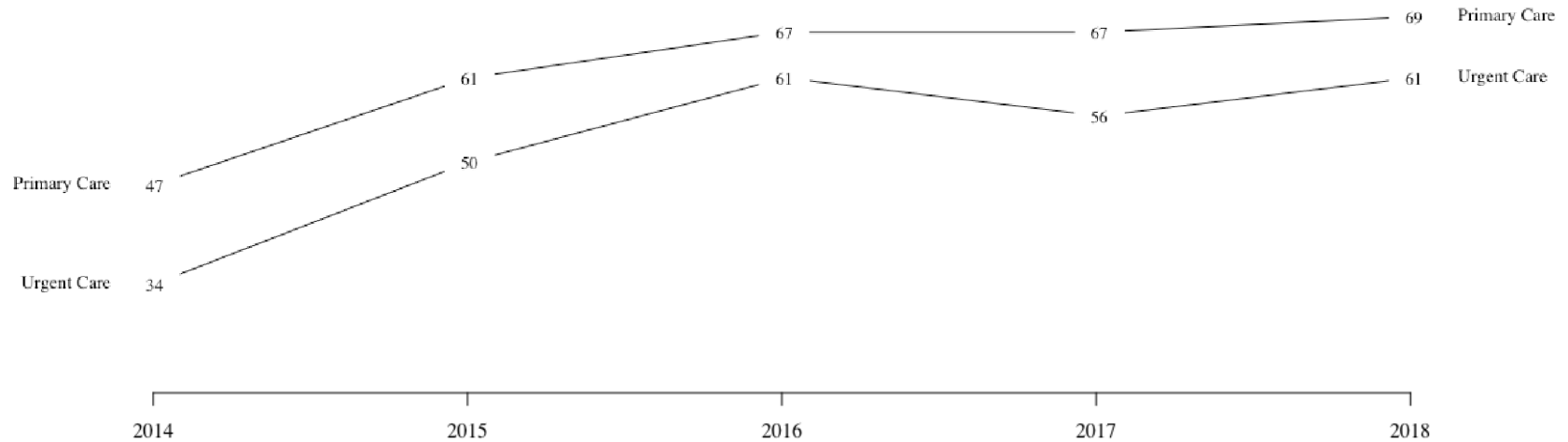


34% of churners in KY, AR and TX either skipped doses or stopped taking medications.²

Churn affects access to and continuity of care

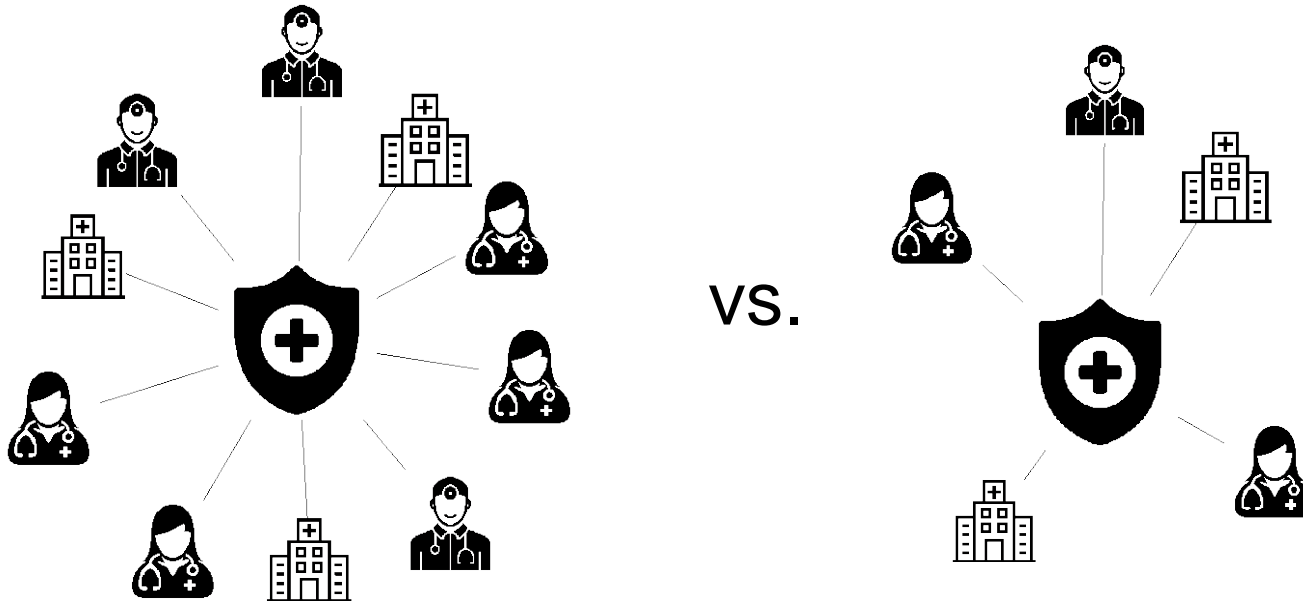
Many marketplace plans offer little out-of-network coverage.

Percent of Silver plans with NO out-of-network coverage

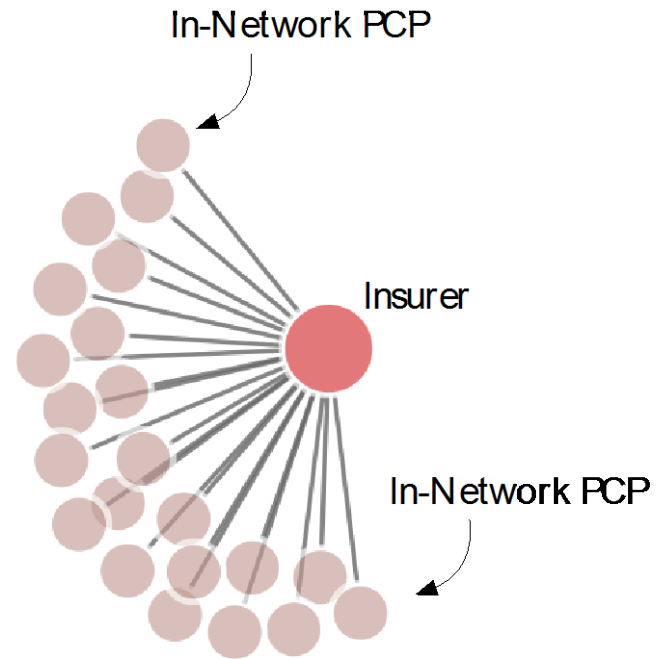
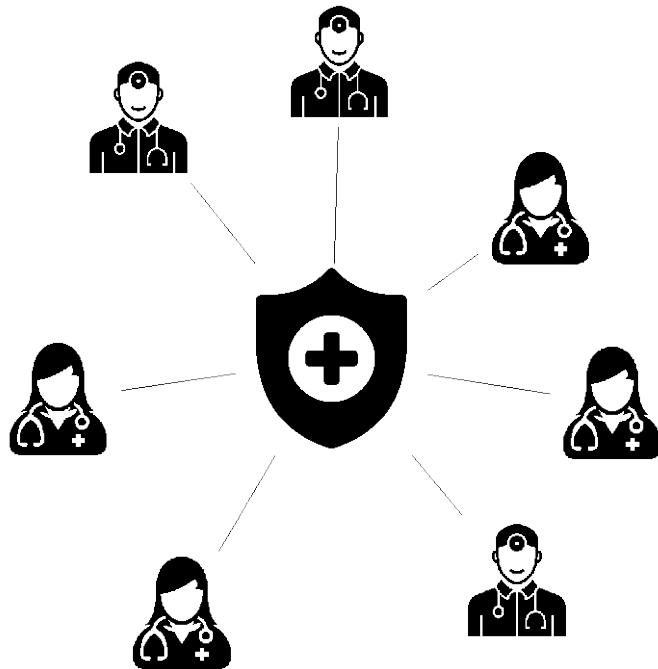


Churn affects access to and continuity of care

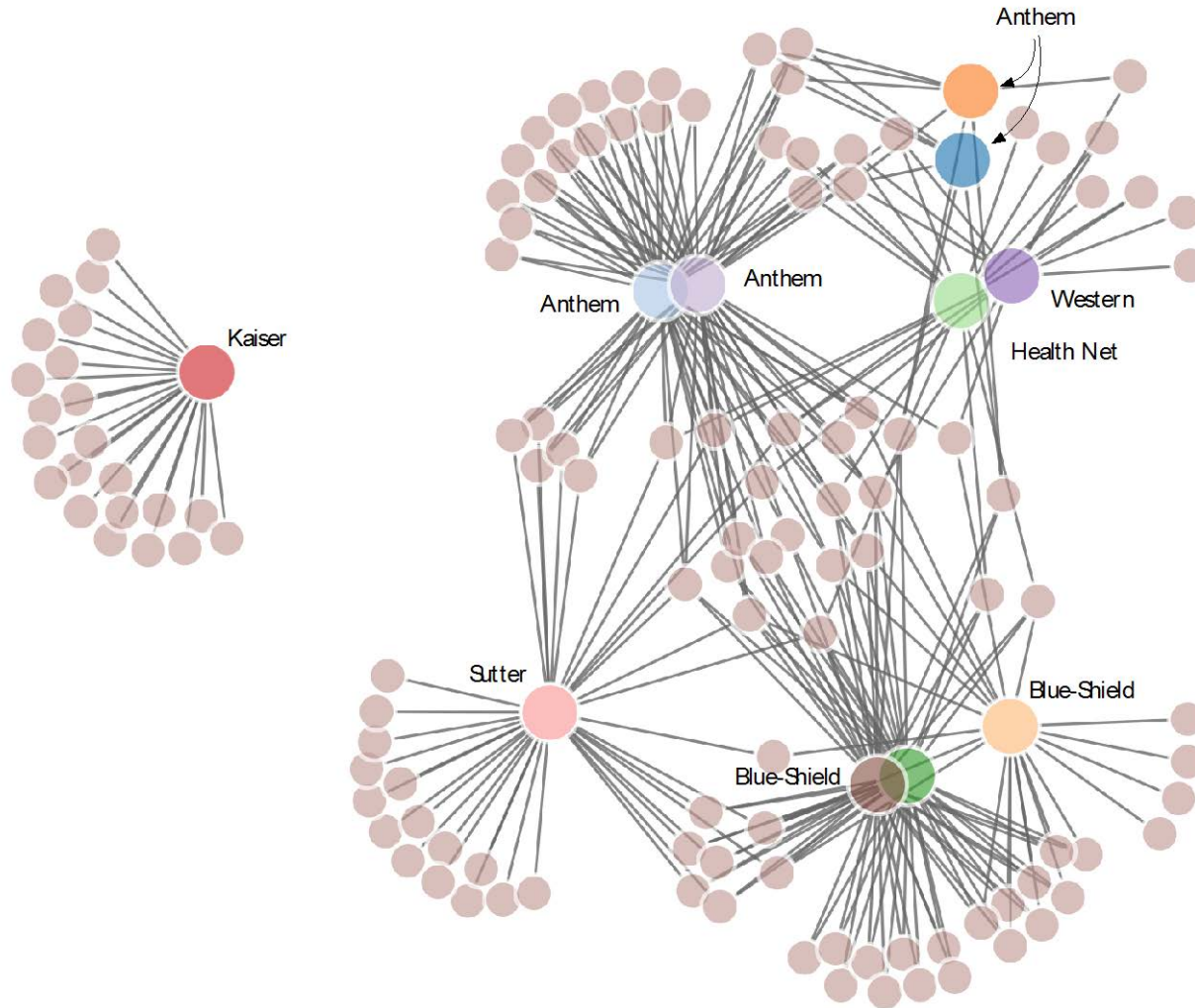
Marketplace plans have narrower provider networks than employer-based plans.



2017 Primary Care Physician Networks in Marketplace Plans (Sacramento, CA)



2017 Primary Care Physician Networks in Marketplace Plans (Sacramento, CA)



Source: Authors' analyses of August 2017 Vericred provider network data.

Churn among both **individuals and plans puts an onus on regulatory and policy approaches to ensure accurate and accessible provider networks.**

- We face challenges from churn no matter where we go from here.
 - As employer-based coverage becomes less prevalent, more will rely on other coverage sources.
 - Insurer withdrawals means people must switch plans.
 - Robust competition in marketplaces means people shop & switch plans.
- The basis for informed consumer and patient choices is information; ensuring accurate and up-to-date provider directories is key.

Key Questions

- Should there be a role for transitional coverage policies (e.g., short-term insurance plans)?
- Mandated provider network criteria vs. consumer information tools?
- 12-month continuous eligibility for Medi-Cal adults?

Thank you.

john.graves@vanderbilt.edu

@johngraves9