Health Reform Monitoring Survey -- Texas

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Issue Brief #6:

Affordability of Marketplace Plans for the Marketplace Target Population

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AT A GLANCE

The majority of the Marketplace Target Population knew about the Marketplace and the available subsidies

Two-thirds of the Marketplace Target Population used or planned to use the Marketplace for health plan information

Affordability issues were cited as the main reason subsidy-eligible populations did not enroll in coverage

Over the last decade, the rising cost of health insurance has made access to health care unattainable for many Americans. This is especially true for lower to middle income families who do not have access to health insurance through an employer and earn too much to qualify for public programs. A principal aim of the Affordable Care Act (ACA) is to enable these families to purchase affordable health insurance through the Marketplace which provides cost assistance in the form of subsidies for those earning between 138% and 399% of federal poverty level (families of three with annual incomes between $27,000 and $79,000). Participation in the Marketplace is key to expanding coverage to this population which includes approximately two million Texans, 21% of whom were uninsured as the Marketplace opened in 2013. This issue brief examines the experience of uninsured adult Texans in this income group (referred to in this brief as the Target Population) with the ACA Marketplace.

Data for this brief comes from the HRMS-Texas survey completed by respondents between March 3 and March 30, 2014.

About the Survey

The Health Reform Monitoring Survey (HRMS) is a quarterly survey of adults ages 18-64 that began in 2013. It is designed to provide timely information on implementation issues under the ACA and to document changes in health insurance coverage and related health outcomes. HRMS provides quarterly data on health insurance coverage, access, use of health care, health care affordability, and self-reported health status. The HRMS was developed by the Urban Institute, conducted by GfK,

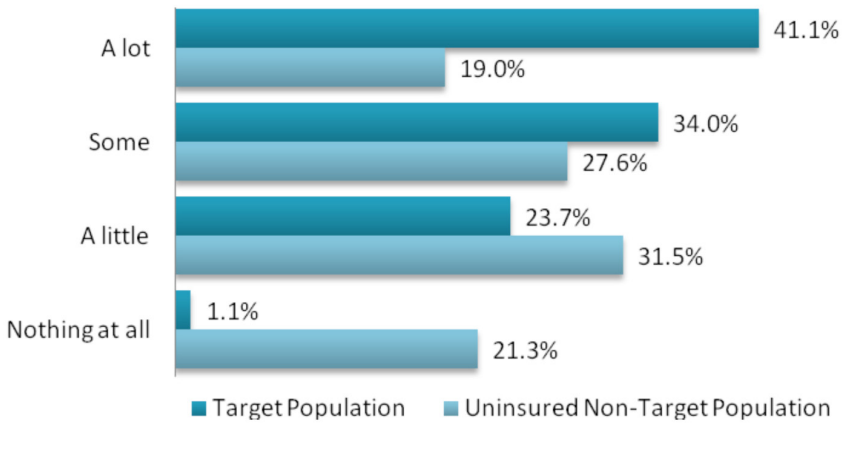
and jointly funded by the Robert Wood Johnson Foundation, the Ford Foundation, and the Urban Institute. Rice University's Baker Institute and The Episcopal Health Foundation are partnering to fund and report on key factors about Texans obtained from an expanded, representative sample of Texas residents (HRMS-Texas). The analyses and conclusions based on HRMS-Texas are those of the authors and do not represent the view of the Urban Institute, the Robert Wood Johnson Foundation or the Ford Foundation. Information about the sample demographics of the cohort is available in Issue Brief #1. This Issue Brief is a summary of data extracted from the HRMS Survey in Texas that was administered in March 2014. We will continue to report on survey data through additional Issue Briefs and future surveys.

WAS THE TARGET POPULATION AWARE OF THE MARKETPLACE AND THE AVAILABLE SUBSIDIES?

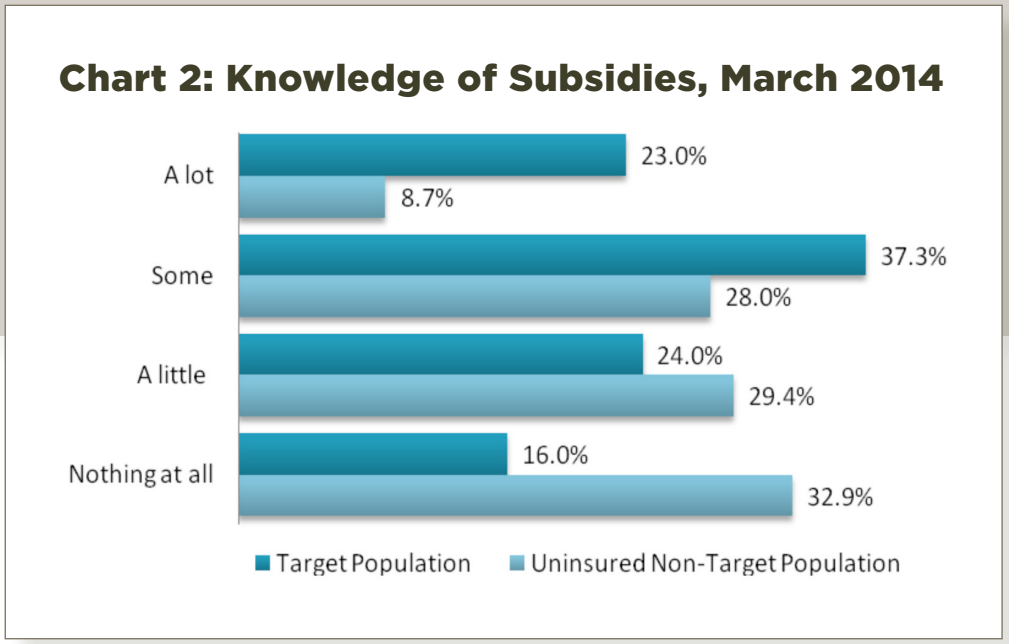
By March 2014, virtually all of the HRMS-Texas Target Population had heard at least something about the Marketplace, with 41.1% saying they had heard a lot about it. Similarly, almost all (84%) of the Target Population knew about the availability of subsidies. The Target Population was much more knowledgeable than uninsured respondents in all other income groups, in which only 78.1% and 66.1%, respectively, had heard something about the Marketplace and the available subsidies. The higher level of awareness among the Target Population is likely a reflection of targeted publicity around the ACA including the efforts of many education and advocacy organizations to reach this population and is welcome news because that is the group for whom the Marketplace was primarily designed.

Question: *As you may know, the new health care law creates health insurance exchanges or marketplaces where people can shop for insurance and compare prices and benefits. How much, if anything, have you heard about this new health insurance marketplace?*

Chart 1: Knowledge of Marketplace, March 2014



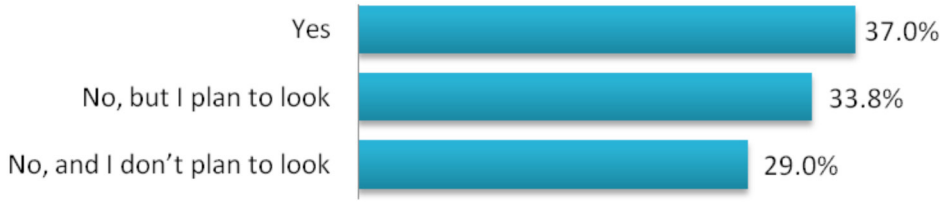
Question: *Some lower-income Americans are able to get subsidies for premiums and out-of-pocket health care costs in the new health insurance marketplaces. How much, if anything, have you heard about this part of the health care law?*



DID THE TARGET POPULATION ACTUALLY LOOK FOR MARKETPLACE PLANS?

We asked survey respondents who were aware of the Marketplace whether they had looked for or planned to look for information on Marketplace plans. Over one-third of the Target Population had actually looked for information in the Marketplace, and another third planned to look. The high percentage of uninsured Texans interested in the Marketplace is encouraging. However, the fact that almost one-third of uninsured people who are eligible for Marketplace subsidies appear disinterested is disappointing. As we report in the remainder of the brief, perceptions of affordability may account for the disinterest.

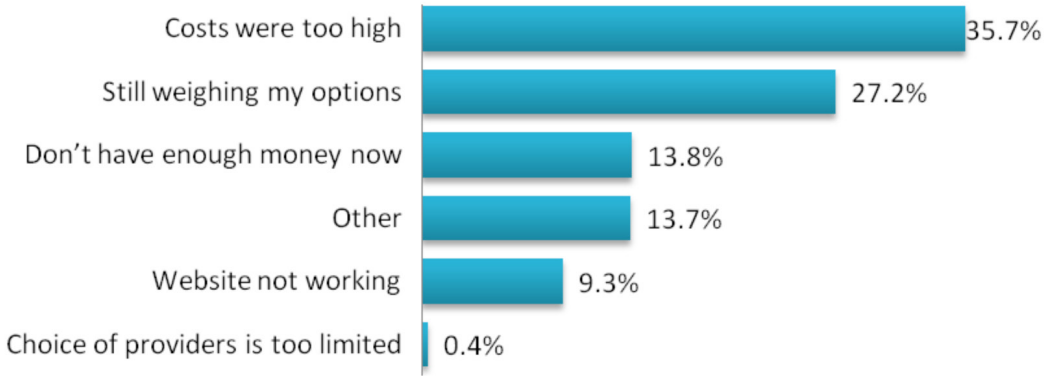
Chart 3: Target Population who had looked for information on health insurance plans in Marketplace, March 2014



WHY DID RESPONDENTS IN THE TARGET POPULATION NOT ENROLL IN MARKETPLACE PLANS?

We asked those in the Target Population who had looked for information about Marketplace plans but had not enrolled by the time of the survey why they had not enrolled. Half of respondents (49.5%) reported that costs were the main reason—either the costs were too high or the respondent did not have enough money to enroll at that time.

Chart 4: Main reason for not enrolling in a Marketplace plan, March 2014



The affordability of Marketplace plans, even with subsidies, has been an open question from the outset. The subsidies available to those in the Target Population are designed so that no enrollee is required to spend in excess of 3.35% to 9.5% of household income in premium costs for a Marketplace plan. These subsidies enable many in the Target Population to enroll without paying any premium cost. For the lowest income enrollees, up to 250% of the federal poverty level, additional subsidies can reduce the costs of co-pays and deductibles. And Texans pay an estimated $10 per month less than the national average in subsidized premiums according to a recent US Department of Health and Human Services report.

Many question why those in the Target Population cite affordability as a barrier under these circumstances. There are many possible explanations. First, the Target Population may have misconceptions about the actual costs that keep them from learning more and/or enrolling. A national survey conducted by PerryUndem Research Communication and funded by the Robert Wood Johnson Foundation and the California Endowment found that *perceptions* about affordability not only prevented subsidy-eligible people from enrolling in a plan, they stopped people from even going to the Marketplace to look for coverage. The intense, politically charged dialogue around the ACA in Texas may have created misperceptions about the costs of Marketplace plans, leading some to forego enrollment opportunities.

A second reason this uninsured population might perceive health coverage as expensive is because the cost is new to them. If the cost of coverage is not completely offset by a subsidy, the purchase of coverage, regardless of the amount, is an added expense not previously in this population's budget. In that case, even a meager cost may be experienced as a burden.

There is also evidence that many people do not value health insurance. In prior studies of local, subsidized employment-based access programs, eligible participants expressed indifference to coverage. In one of the first health access programs, based in Michigan, some eligible employees did not participate in the health plan at all. They chose to remain uninsured because they didn't "see value" in the coverage.ii Enrollees in a Texas program indicated that neither the access program nor health coverage, in general, were a high priority.iii

Finally, where charity care programs provide "free" or steeply discounted care on a pay-as-you-go, as-needed basis, eligible populations may not feel the need to purchase coverage even at a reasonable cost. Recent media accounts by Houston Public Media and the New York Times highlight the difficulty in addressing the affordability question with subsidy-eligible populations.

Looking Ahead

In order to expand enrollment and access to health care through the ACA, eligible populations will need to know about and understand the financial assistance programs as well as perceive the coverage as affordable and valuable. As the second open enrollment period approaches, there is a lot of education that must take place in order to persuade the remainder of the Target Population to enroll in health coverage. The increase in the tax penalty assessment for not purchasing health insurance may provide an additional incentive. In 2014, the penalty for not purchasing coverage is the greater of $95 per person (up to $285 per household) or 1% of household income. But by 2016, the penalty rises to the greater of $695 per person or 2.5% of household income.

About the Authors

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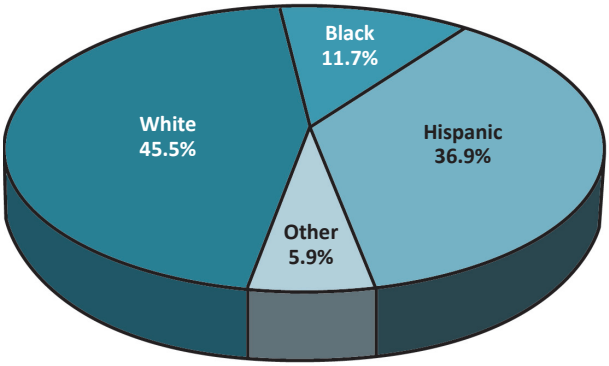
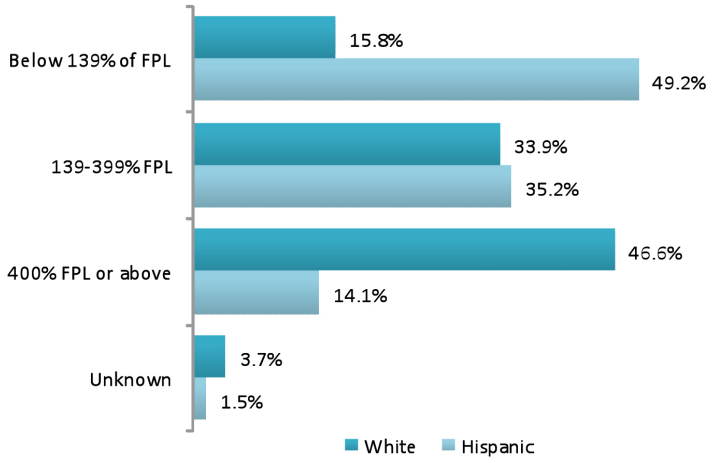
Characteristics of Survey Participants



Family Income



Methodology

Each quarter's HRMS sample of nonelderly adults is drawn from active KnowledgePanel® members to be representative of the US population. In the first quarter of 2013, the HRMS provides an analysis sample of about 3,000 nonelderly (age 18–64) adults. After that, the HRMS sample was expanded to provide analysis samples of roughly 7,500 nonelderly adults, with oversamples added to better track low-income adults and adults in selected state groups based on (1) the potential for gains in insurance coverage in the state under the ACA (as estimated by the Urban Institute's microsimulation model) and (2) states of specific interest to the HRMS funders.

Although fresh samples are drawn each quarter, the same individuals may be selected for different rounds of the survey. Because each panel member has a unique identifier, it is possible to control for the overlap in samples across quarters.

For surveys based on Internet panels, the overall response rate incorporates the survey completion rate as well as the rates of panel recruitment and panel participation over time. The American Association for Public Opinion Research (AAPOR) cumulative response rate for the HRMS is the product of the panel household recruitment rate, the panel household profile rate, and the HRMS completion rate—roughly 5 percent each quarter.
While low, this response rate does not necessarily imply inaccurate estimates; a survey with a low response rate can still be representative of the sample population, although the risk of nonresponse bias is, of course, higher.

All tabulations from the HRMS are based on weighted estimates. The HRMS weights reflect the probability of sample selection from the KnowledgePanel® and post-stratification to the characteristics of nonelderly adults and children in the United States based on benchmarks from the Current Population Survey and the Pew Hispanic Center Survey. Because the KnowledgePanel® collects in-depth information on panel members, the post-stratification weights can be based on a rich set of measures, including gender, age, race/ethnicity, education, household income, homeownership, Internet access, primary language (English/Spanish), residence in a metropolitan area, and region. Given the many potential sources of bias in survey data in general, and in data from Internet-based surveys in particular, the survey weights for the HRMS likely reduce, but do not eliminate, potential biases.

The September 2013 HRMS has a design effect of 1.47 for nonelderly adults, and a sampling margin of error for a 50 percent statistic with 95 percent confidence of +/- 1.3 for the nonelderly adult sample. The March 2014 HRMS has a design effect of .53 for a 50% statistic with a 95 percent confidence of +/- 4.0%.

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i Blumberg, L.J., Waidmann, T.A., Blavin, F., & Roth, J. "Trends in health care financial burdens." Milbank Quarterly. Mar; 92(1)88-113. 2014.

ii Fronstin, P., & Lee, J. "The Muskegon Access Health "Three-Share" plan: A Case History. *EBRI Issue Brief, no. 282 (Employee Benefit Research Institute, June 2005).*

iii Jennifer Mineo, "Evaluating the Harris County TexHealth 3-Share plan: An exploratory study" (January 1, 2012). *Texas Medical Center Dissertations (via ProQuest).* Paper AAI3545483.

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