

# THE FIRST INSURANCE CLAIM OF NEW ACA ENROLLEES

**Summary:** The first claim of new Medicaid enrollees displays patterns of utilization consistent with pent-up demand. However, we observe mixed evidence of pent-up demand from the first claim filed by new enrollees with non-group coverage.

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## INTRODUCTION

The Affordable Care Act (ACA) expanded health insurance access to previously uninsured or underinsured individuals by eliminating underwriting barriers, by subsidizing private insurance for low-income individuals through Health Insurance Marketplaces, and by expanding Medicaid eligibility. In order to accommodate the millions of people gaining insurance under these reforms, health system planners require information about the current and future health care needs of this population. In particular, planners are interested in whether there is evidence of pent-up demand for care among new enrollees in Medicaid and the Marketplace.

## WHAT IS PENT-UP DEMAND?

Pent-up demand is characterized by high utilization among patients during an initial health insurance coverage period, followed by an eventual drop-off in utilization. If there is pent-up demand, we would expect this initial coverage period to involve more rapid visits, more new patient visits, and the receipt of more diagnostic procedures than is observed for individuals who have continuous coverage. Pent-up demand places pressure on system capacity and costs. But an eventual drop-off in the intensity of utilization would indicate that the newly insured do not have a significantly different overall risk profile than the previously insured. This drop-off would also indicate that the presence of pent-up demand has only short-term logistical and financial implications for the health system.

## ANALYSIS: THE FIRST CLAIM

The following analysis examines the first claim filed by new Medicaid and commercial non-group (including

Marketplace) enrollees after enrollment to identify early patterns in care access. The first claim can involve multiple procedures and/or visits, as long as the date of service is the first that appears in the claims data after the enrollment date and within the first 6 months of enrollment. This time frame is not long enough to allow for an examination of trends in utilization intensity that would indicate whether demand is truly “pent up”; however, as longitudinal data become available we will extend the analysis to examine utilization trends over time.

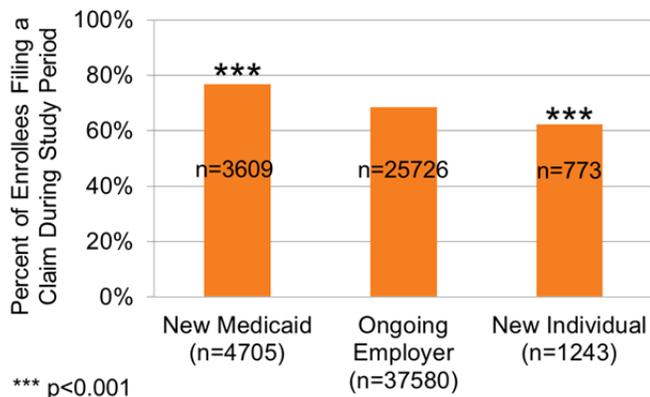
## DATA AND METHODS

This study examined administrative and claims data on the first claim in the first six months of enrollment for non-elderly adults (aged 18-64) who were newly enrolled between January and March 2014 in Medicaid or commercial non-group coverage (“new individual coverage”) through a Minnesota health insurer. Enrollment was defined as “new” if an enrollee did not have coverage through the insurer in the twelve months preceding enrollment. It is likely that some of our “new” enrollees had coverage through another health insurer in the prior year, particularly those who have new individual coverage.

We compared patterns of care for the newly enrolled to that of a sample of previously enrolled individuals with coverage through small and medium-sized employer group plans (fewer than 800 employees) who had coverage in January 2014 and for at least 1 month in 2013 (“ongoing employer coverage”).

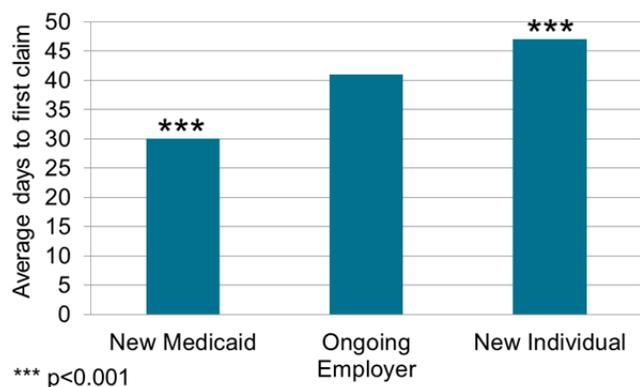
Analysis of the first claim is necessarily limited to those with at least one claim in the 6 month window. Among new Medicaid enrollees, 77 percent, or 3,609, filed at least one claim in their first 6 months of

enrollment. Sixty-eight percent of ongoing employer plan enrollees, or 25,726, filed a claim in the first 6 months of 2014, and 62 percent of new individual plan enrollees, or 773, filed a claim in their first 6 months of enrollment.



The preliminary research focused on the time until the first claim and the intensity of care of the first claim. While future analysis will involve regression-adjusted estimates of utilization, in this research brief we only report simple differences, comparing new Medicaid and new individual to ongoing employer enrollees.

### TIME UNTIL FIRST CLAIM

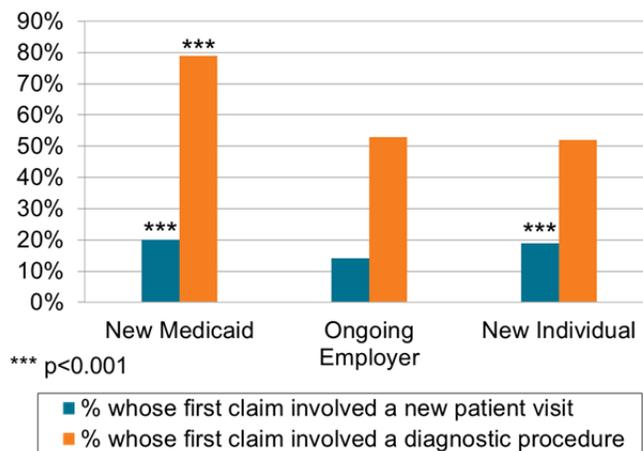


Among those with any claims in the first 6 months, new Medicaid enrollees filed their first claim 30 days on average after gaining coverage, as compared to 47 days on average for new individual enrollees. Time until first claim was significantly different than the average for the comparison group of adults with ongoing employer coverage, who filed their first claim 41 days after the new year on average.

### INTENSITY OF CARE AT FIRST VISIT

Among those with any claims in the first 6 months, the first claim filed by new Medicaid enrollees was significantly more likely to involve a new patient visit (20% vs. 14%) and a diagnostic procedure (79% vs.

53%) compared to ongoing employer plan enrollees. The first claim filed by new individual plan enrollees was also significantly more likely to involve a new patient visit (19% vs. 14%) but has the same probability of involving a diagnostic procedure (52% vs. 53%) relative to ongoing enrollees in an employer plan.



### DISCUSSION

Our analysis of the first claim in the first 6 months of coverage shows patterns of utilization among new Medicaid enrollees that are suggestive of the presence of pent-up demand—more rapid health care visits and more intense visits, as measured by any visit, new patient visits and diagnostic procedures. However, if future analysis of longitudinal data shows consistently high utilization among new Medicaid enrollees over time, this group may simply be higher-risk than our comparison group of ongoing employer plan enrollees.

In contrast, we find mixed evidence of pent-up demand for new individual plan enrollees relative to the comparison group. The time until first visit is longer, but the first visit is more likely to be a new patient visit for those with new individual coverage, compared to those with ongoing employer coverage.

Future work will expand the analysis to consider the role of differences in health care needs and a longer follow-up period.

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