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MEASURING AND MONITORING CHURN AT THE STATE-LEVEL

March 24, 2015

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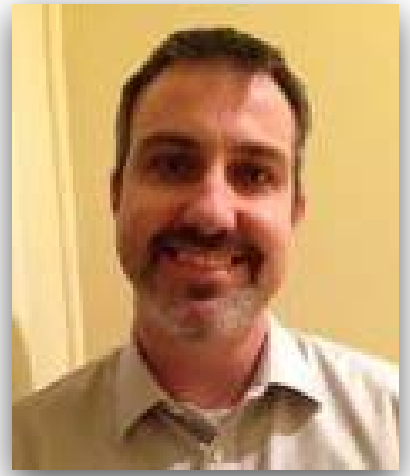
INTRODUCTION

Introduction

Today's Speakers

Colin Planalp
SHADAC



Oliver Droppers
Oregon Health Policy & Research

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MEASURING AND MONITORING CHURN AT THE STATE LEVEL

Colin Planalp, MPA
State Health Access Data Assistance Center (SHADAC)
University of Minnesota

Webinar
March 24, 2015

Acknowledgments

Funded by the Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation

"ACA Coverage Expansions:
Measuring and Monitoring Churn at the State Level"

Co-authors:

- Julie Sonier, Minnesota Management and Budget (work conducted while at SHADAC)
- Brett Fried, SHADAC

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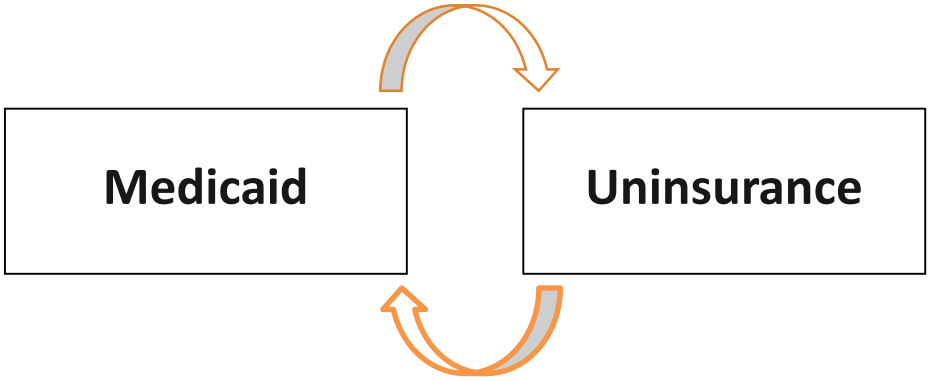
What is churn?

Movement of individuals…

- *between insurance and uninsurance*

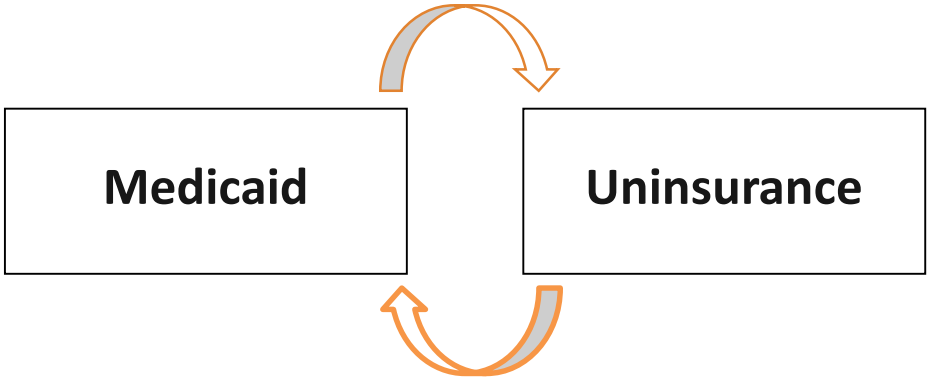


or…

What is churn?

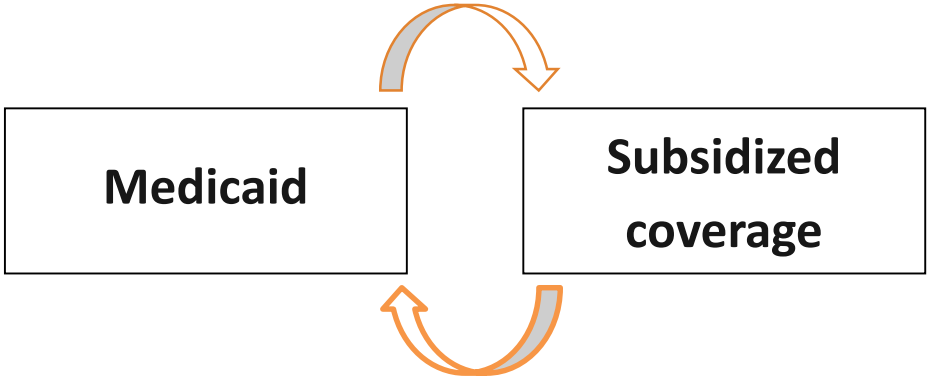
Movement of individuals…

- *between insurance and uninsurance*



or…

- *between different insurance types*



Why Are States Interested in Churn?

Literature shows that gaps or transitions in coverage can impact:

Individuals

- Health (e.g., forgone care)
- Financial (e.g., uncovered medical costs)

Public programs (financial)

- Financial
  (e.g., re-enrollment costs, higher spending after uninsurance)

Churn Before the Affordable Care Act

Cycling between Medicaid and uninsurance

- Dropout (e.g., paperwork lapse)
- Loss of income eligibility (e.g., temporary increase in income)

Churn Since ACA Implementation

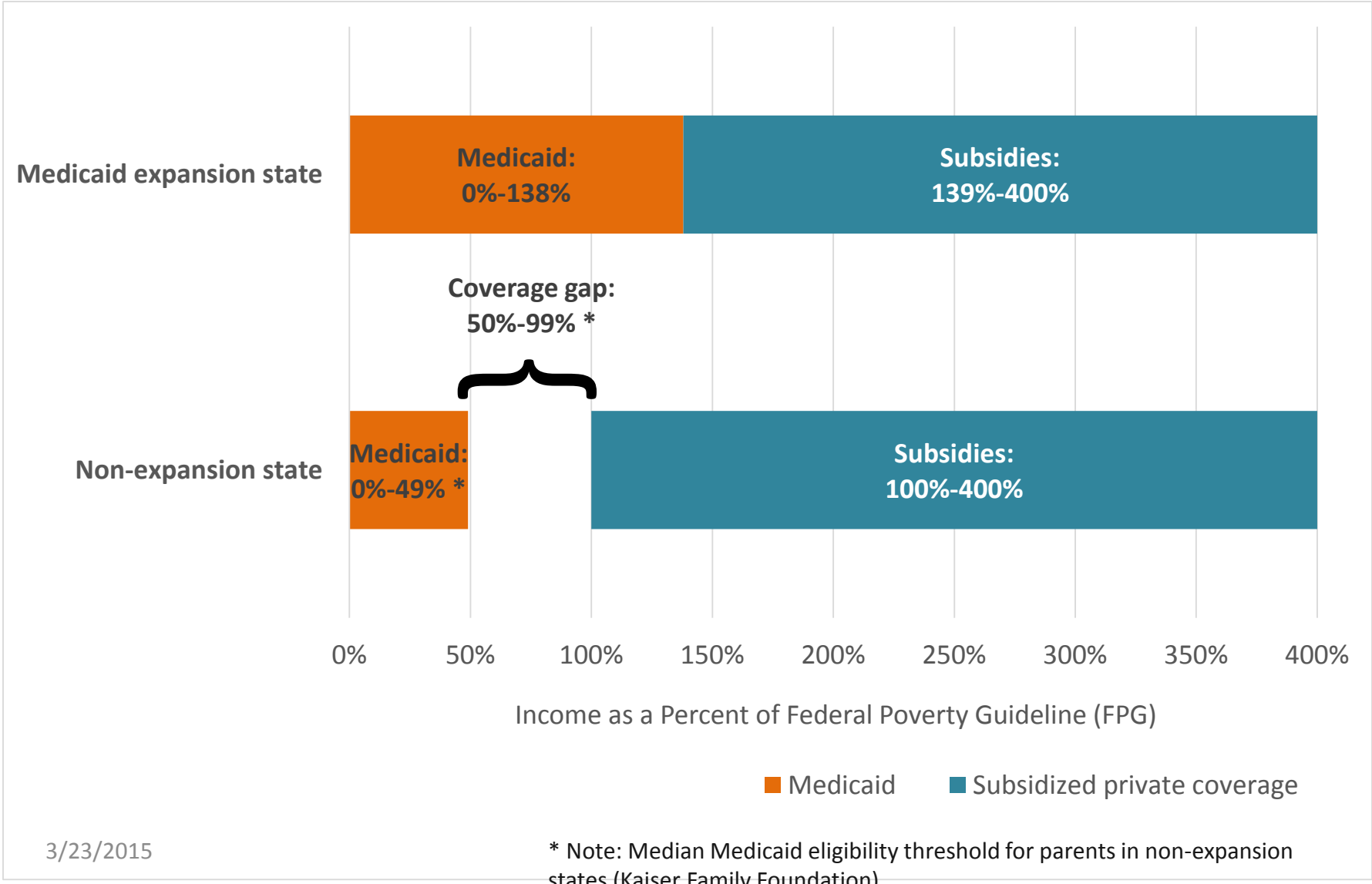
Enhanced access to coverage

- Medicaid expansion
- Health insurance exchanges (with tax credits)

Results

- Less churning into uninsurance
- New form of churning between Medicaid and health insurance exchange-based coverage

Medicaid Expansion vs. Non-Expansion States



* Note: Median Medicaid eligibility threshold for parents in non-expansion states (Kaiser Family Foundation).

State Policy Options for Addressing Churn

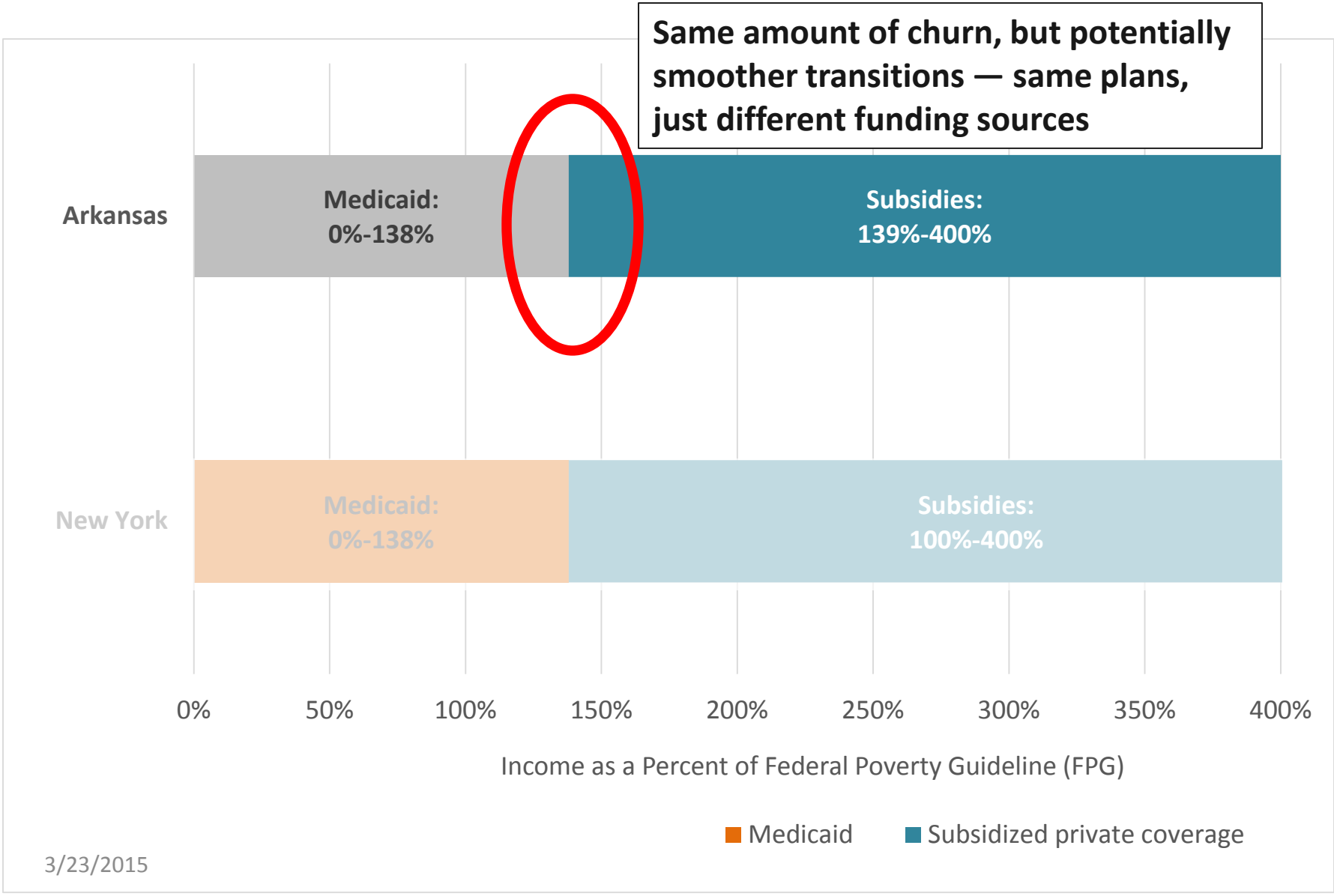
Smooth the impact of churn transitions

- e.g., premium assistance (Arkansas)

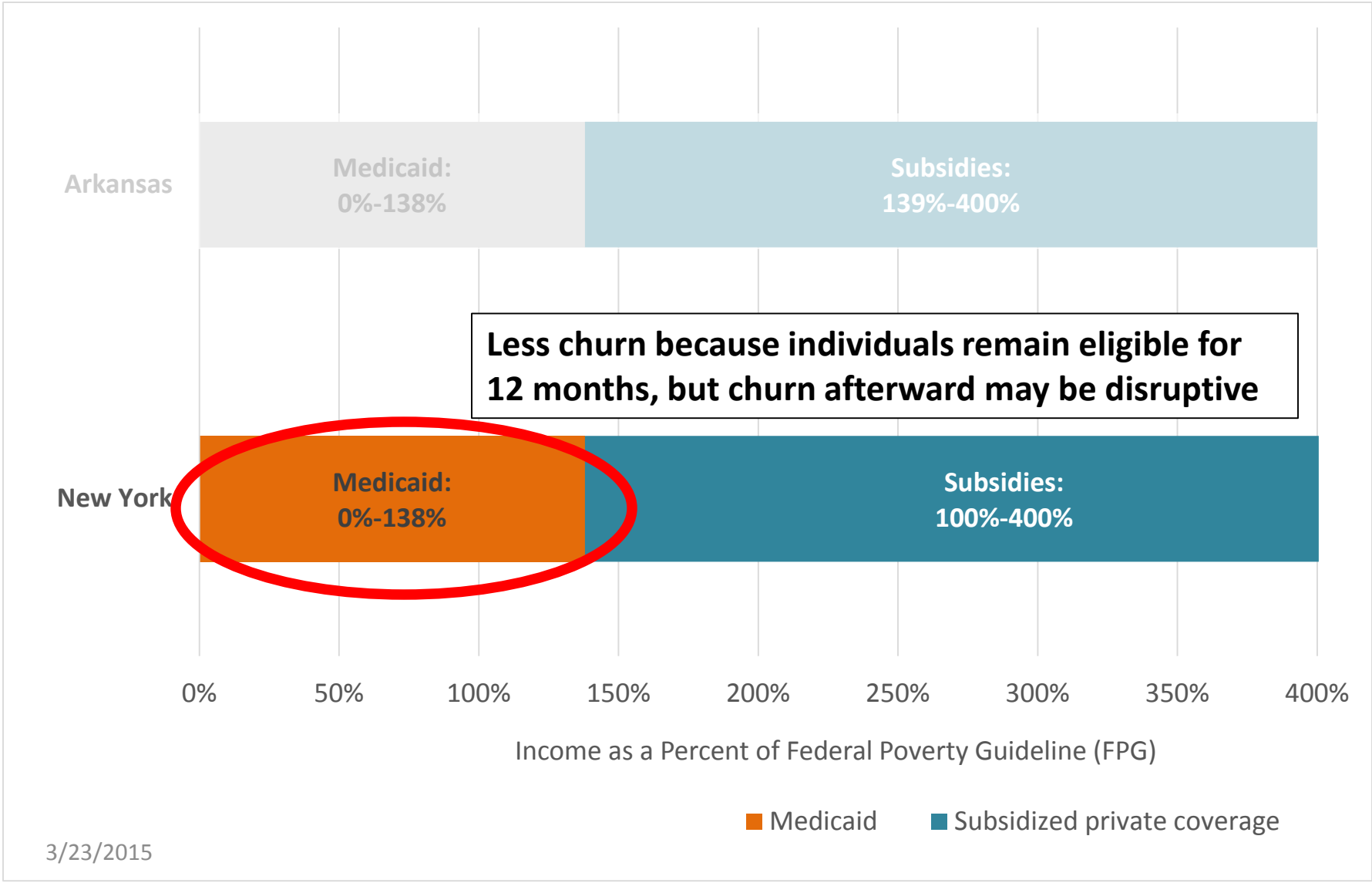
Reduce the prevalence of churn

- e.g., continuous eligibility (New York)

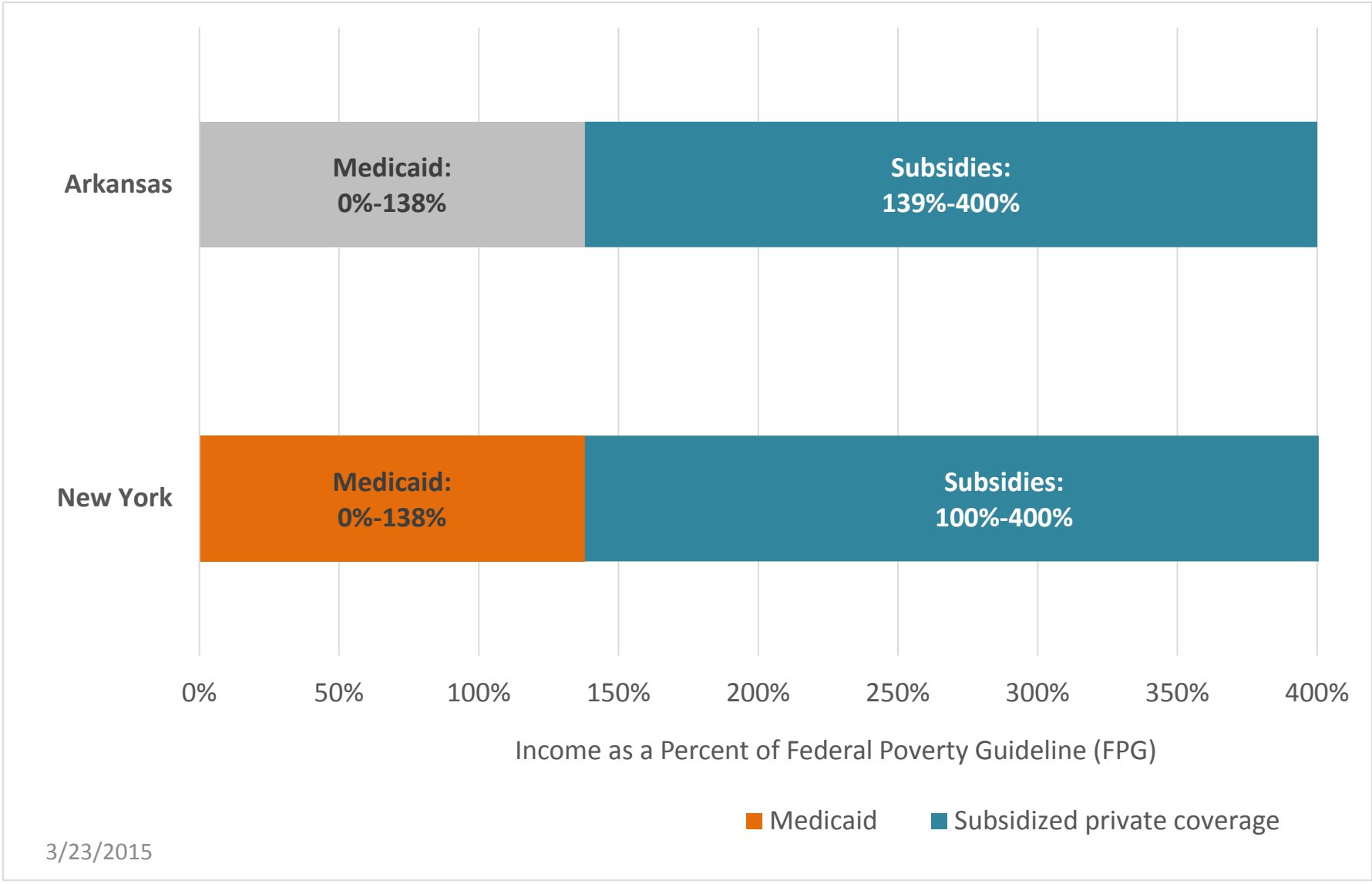
Arkansas: Premium Assistance Medicaid Expansion



New York: Medicaid Continuous Eligibility



State Policy Options for Addressing Churn



Estimating Churn to Inform Policy Considerations

- **Step 1:** Identify the purpose of the churn estimate.
- **Step 2:** Define the type of churn for the estimate.
- **Step 3:** Identify your model for estimating churn.
- **Step 4:** Select a data source for producing the estimate.

Step 1: Identify purpose of estimate

- No single best approach to estimating churn; different churn estimates require different approaches
- Is there a specific policy option under consideration?
- What are the analytic questions?
  - How prevalent is churn?
  - What are the key drivers of churn?
  - Who is more likely to churn?

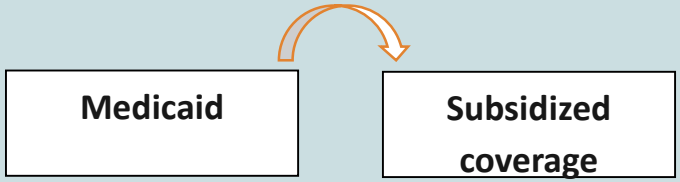
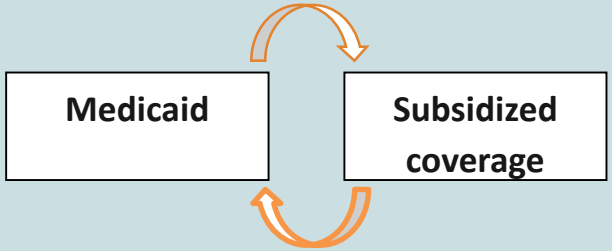
Step 2: Define churn type

- Churn between what coverage types?
  - e.g., only churn between Medicaid and exchange-based coverage
- Churn in which directions?
  - e.g., only churn when an individual leaves a coverage type and returns within a period of time

Step 2: Define churn type, by coverage type

Coverage types	Description
Medicaid-uninsurance	• Same issue as pre-ACA churn • Expected to be less prevalent (especially in Medicaid expansion states)
Uninsurance-exchange	• More likely in Medicaid non-expansion states
Medicaid-exchange	• More likely in Medicaid expansion states

Step 2: Define churn type, by directionality

Directionality	Illustration
One-way shifting	
Two-step shifting	
Two-way looping	

Step 3: Identify model for estimation

- Two types of models:

1. Income eligibility model
   - Estimate potential churn by identifying changes in income eligibility for programs (e.g., Medicaid or tax credits)
   - Uses longitudinal data on family size, income to identify changes in income as a percentage of Federal Poverty Guidelines

2. Enrollment model
   - Estimate churn based on program enrollment, rather than income-eligibility
   - Accounts for non-eligibility factors (e.g., take-up and drop-out)

Step 4: Select a data source for estimate

Survey data

- Behavioral Risk Factor Surveillance System (BRFSS)
- Current Population Survey (CPS)
- Survey of Income and Program Participation (SIPP)
- Medicaid Expenditure Panel Survey-Household Component (MEPS-HC)

Administrative data

- Medicaid data
- Marketplace data

Data linkages

- Medicaid-Marketplace linked data

Step 4: Survey data

Survey	Monthly income estimate	Monthly enrollment estimate	State-level data
BRFSS		Limited ability for rough estimate in 38 states	✓
CPS		Possibly, pending how data are released	✓
SIPP	✓	✓	
MEPS-HC		✓	

Step 4: Administrative data

Source	Monthly income estimate	Monthly enrollment estimate	State-level data
Medicaid		✓	✓
Marketplace		✓	✓
Medicaid-Marketplace Linked Data		✓	✓

State Policy Examples

Arkansas

- Medicaid expansion via premium assistance to purchase private plans
- Smoother transitions during churn from Medicaid expansion plans to subsidized QHPs

New York

- Medicaid continuous 12-month eligibility
- Reduction in churn caused by temporary income fluctuations

Arkansas Example:

1. **Identify purpose of estimate:**
   Project number of people affected by this "smoother" churn

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3. **Identify model:**
   Income eligibility estimate based on eligibility for Medicaid (0-138% FPG) and QHP subsidies (139-400% FPG)

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3. **Identify model:**
   Income eligibility estimate based on eligibility for Medicaid (0-138% FPG) and QHP subsidies (139-400% FPG)

4. **Select data source:**
   Survey on Income and Program Participation (SIPP), weighted to Arkansas characteristics

New York Example:

1. **Identify purpose of estimate:**
   Estimate administrative cost savings by preventing Medicaid churn due to temporary income fluctuations or program drop-out

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   Two-way looping (out of Medicaid, then back in) within 12 months

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   Estimate of actual program enrollment

New York Example:

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3. **Identify model:**
   Estimate of actual program enrollment

4. **Select data source:**
   Medicaid administrative data

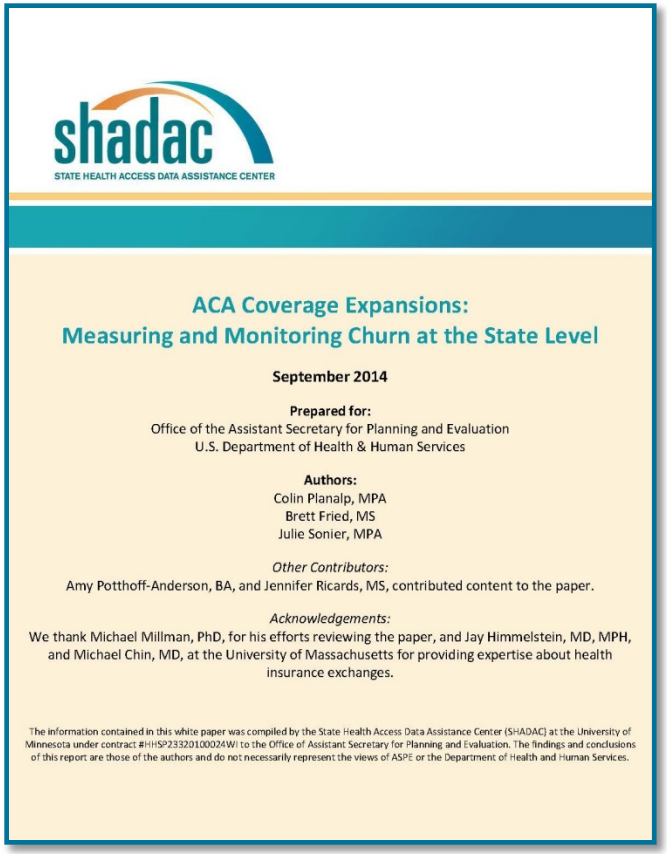
More Information …

Literature summary on churn

More state examples of churn-related policy options

Framework for measuring churn

Discussion of potential data sources for estimating churn



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ACA Coverage Expansions:
Measuring and Monitoring Churn at the State Level

September 2014

Prepared for:
Office of the Assistant Secretary for Planning and Evaluation
U.S. Department of Health & Human Services

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Available at: ***www.shadac.org/OregonChurnWebinar***

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Addressing Churn: Coverage Dynamics in Oregon's Insurance Affordability Programs

March 24th, 2015

Oliver Droppers, MS, MPH, PhD,
Oregon Health Authority

Presentation Overview

- Anticipating ACA implementation
- Churn estimates (*2013)
- Policy options modeled to address churn
- Key considerations for other states

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Why is churn an issue?

- Coverage gaps can lead to increased use of the ED and hospital for ambulatory sensitive conditions, poorer management of chronic disease, and lower rates of preventive care.
- Differences in benefit coverage and provider networks can lead to fragmented, lower quality health care and increased costs.
- Decreased affordability, i.e. higher out-of-pocket costs as individuals churn out of Medicaid into commercial coverage.
- Undermines incentives for health plans/providers to invest in long-term health improvements.
- Difficult to measure and compare quality across health plans over time.
- Increased administrative expenses for state Medicaid programs and health plans.

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OREGON ESTIMATES OF CHURN

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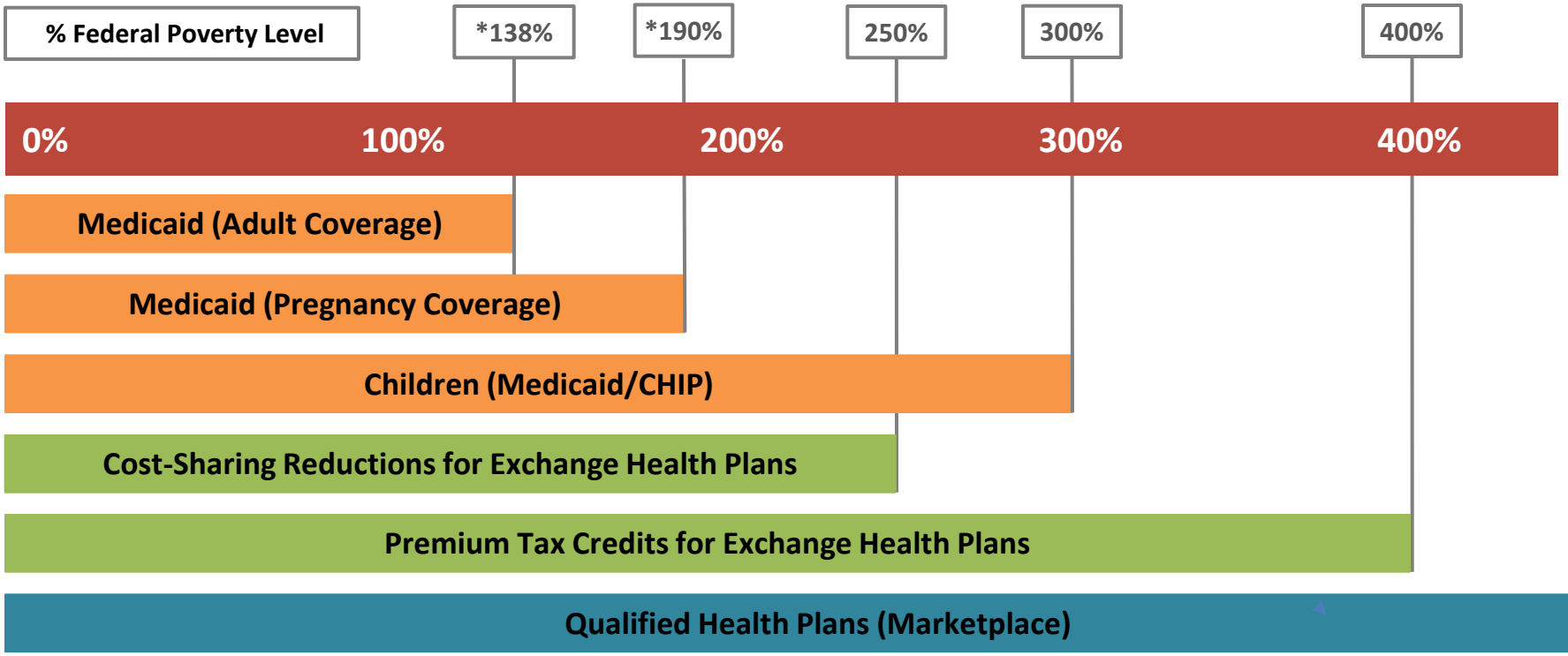
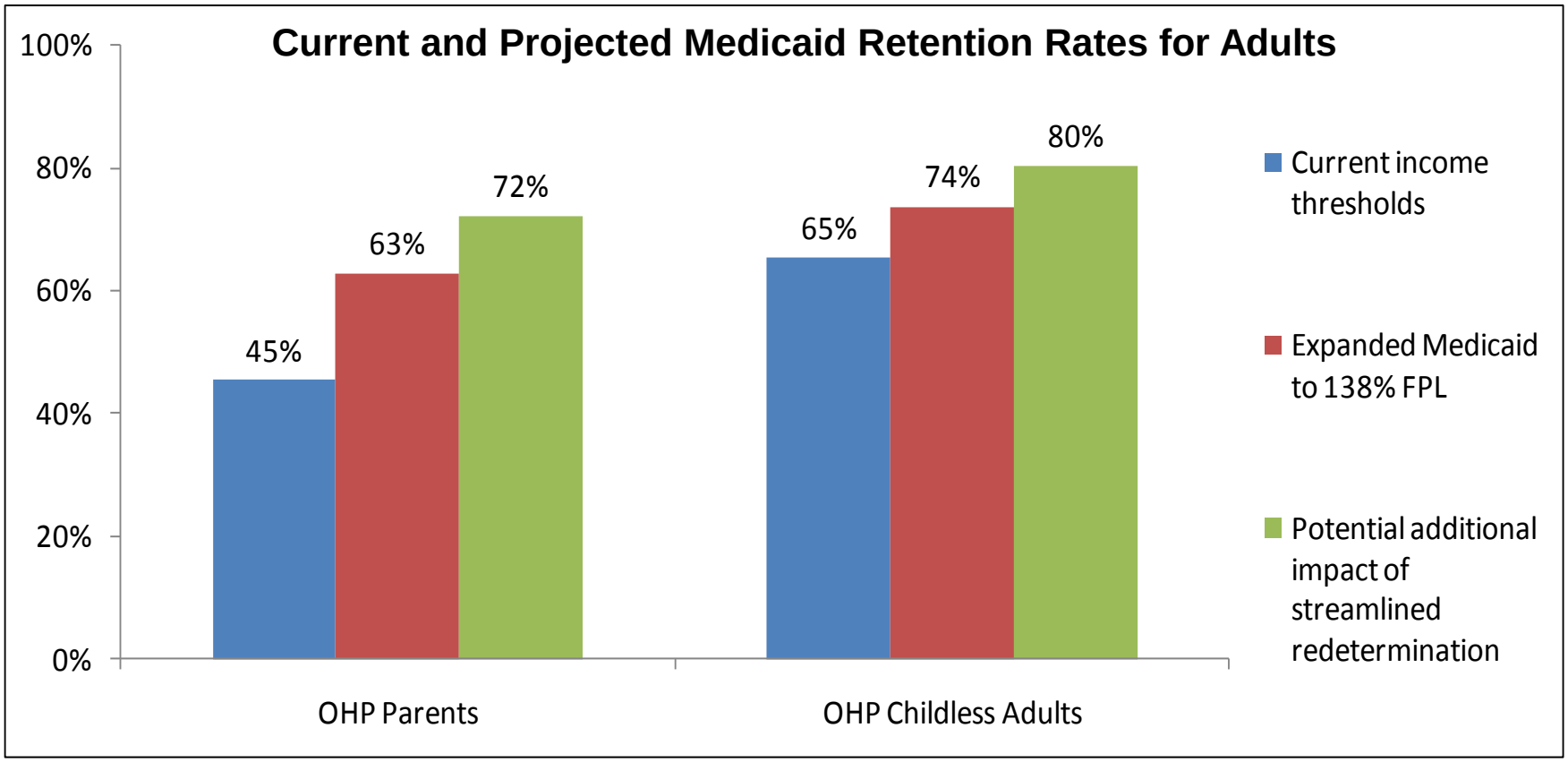
ACA Insurance Affordability Programs in Oregon

As of Jan. 2015, 1 million Oregonians enrolled in the Oregon Health Plan.



*The ACA's "133% FPL" is effectively 138% FPL due to a 5% across-the-board income disregard. (Illustration adapted from the Washington State Health Care Authority.)

At new eligibility levels, at least 70% of adults remain income-eligible after 12 months



Source: SHADAC analysis of Medicaid administrative data from Oregon (% of people who remain enrolled in the same eligibility category 12 months after initial enrollment or eligibility redetermination); SHADAC analysis of SIPP data. Additional impact of streamlined redetermination assumes that process-related terminations (currently around 50% of terminations) would be reduced by half.

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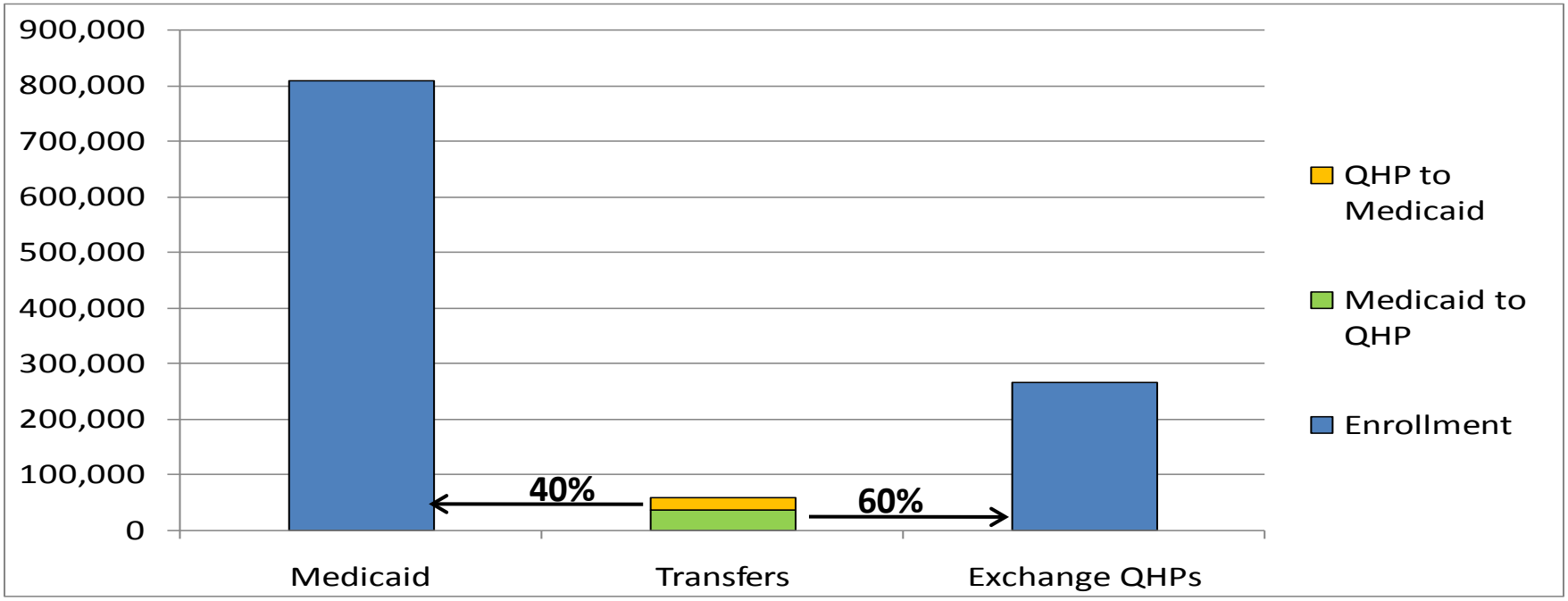
Transfers Between Markets (*2016 Estimates)

Shifts From Medicaid and Marketplace to Other Coverage Sources							
Shifts out of Medicaid to:				**Shifts out of Marketplace to:**			
ESI	**Marketplace**	**Other Nongroup**	**Uninsured**	**ESI**	**Other Nongroup**	**Uninsured**	**Medicaid**
157,000	36,000	5,000	21,000	77,000	-	9,000	24,000
72%	16%	2%	10%	70%	0%	8%	22%



* **Estimates** were developed in March 2013

Source: SHADAC analysis of SIPP data applied to Oregon Health Plan administrative data from November 2012-March 2013.

Expected characteristics of individuals likely to churn*

- Approximately 38% between the ages of 45 and 64 (the baby boomer generation)
- Approximately 47% married
- Almost 49% with a household size of 3-5 individuals
- More than 70% either not working or have only part-time employment
- Approximately 47% previously uninsured
- Around 33% likely to have a work-limiting or work-preventing physical or mental condition
- An estimated 40% have incomes between 101-138% FPL
- Over 68% with high school as highest level of education

- **Source:** SHADAC analysis of SIPP data applied to Oregon Health Plan administrative data from November 2012-March 2013.

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Additional Data Sources

Oregon Health Study (OHA) offered a supplemental analysis to understand how family incomes changed over time to predict churning **across programs** post-ACA expansion

- Average annual variation in household income was ±41.5% of FPL.
- Approximately 17% of households likely to churn across the 138% FPL threshold annually.
- Greater income variation was experienced by those with chronic conditions and living in urban households.
- Higher starting incomes were associated with increased churn rates between OHP and the Marketplace.
- Poorer households were less likely to move “upward.”

Source: Wright, B., and Carlson, M. (2012, September) The OHP Standard Disenrollment Study, Final Report.

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OREGON CHURN STUDY

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Reduce or Avoid Churn

Goals:

- Reduce the number of times an individual moves from one coverage vehicle to another
- Minimize insurance gaps as individuals transition

Strategies:

- Align income budget period rules
- Implement adult 12 month continuous eligibility for Medicaid
- Simplify and streamline eligibility, enrollment and redetermination processes
- Adopt transparent eligibility, enrollment and redetermination performance indicators

Churn Mitigation

Goals:

- Maintain access to the same plans and providers as family circumstances change
- Reduce the affordability cliff as a result of a transition from Medicaid to a QHP
- Enroll families in the same plan

Strategies:

- **Basic Health Plan:** reduces affordability cliff; may facilitate continuity of plans and providers
- **Medicaid Bridge Plan:** facilitates continuity of plans and providers; reduces affordability cliff; enables families with mixed coverage to enroll in the same plan; smooths change in benefits
- **Cost Sharing and Benefits Wrap:** reduces affordability cliff; smooths changes in benefits

Churn Mitigation Strategies Modeled

For each churn mitigation option, we estimated:

- Size and demographic characteristics of eligible population likely to enroll in 2016.*
- Funding available for implementation (private, state, federal).
- Financial impact to the consumers, State, and Cover Oregon under three scenarios.
- Tested results by varying values for a few key assumptions.

*Enrollment scenarios were modeled using the following data sources: Enrollment from the SHADAC projection model and American Community Survey (ACS).

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Oregon Mitigation Churn Model (2013)

Estimates for 2016	BHP†	Bridge	QHP Wrap
Covered Benefits	Medicaid or EHB		
Provider Reimbursement	Average Commercial & Medicaid or 100 % Commercial		
Member Premium/Cost Sharing (*Relative to QHP Coverage)	Level of subsidization beyond federal requirements ($0 ⟶ 100% of maximum allowed)		
Estimated Eligible Pop.	72,412	109,895*	
Consumer Savings (annual)	$460-$1,500	$600-$1,725	$272-$3,215
State Costs (millions)	$6-14	$2.1-$5.7	$24-$144

*Total includes: 69,452 prev. eligible Medicaid and 40,444 and CHIP Parents 138-200% FPL

† In 2014, Oregon contracted with Wakely/Urban to conduct a comprehensive BHP feasibility study

Policy Considerations for other States

- Oregon recognizes some level of churn is inevitable but potential adverse impacts (i.e. disruptions in care, gaps or loss in coverage, and increased exposure to out-of-pocket costs) can be mitigated.
- Benefits of estimating churn using multiple data sources; use of state specific data to develop precise estimates.
- States benefit from considering a range of comprehensive and practical strategies to address churn.
  - Any churn mitigation option should ensure consumer access and promote seamless continuity across all existing IAP programs.
  - States must balance financial viability and operational self-sufficiency.
- Several strategies may be implemented simultaneously and be complementary.

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- Key contributors: Manatt and Wakely Consulting

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Oregon Churn Report

- Available: http://www.oregon.gov/oha/OHPR/MAC/Documents/2014%20MAC%20Churn%20Report.pdf

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Question & Answer

Submit questions using the chat feature on the left-hand side of the screen.

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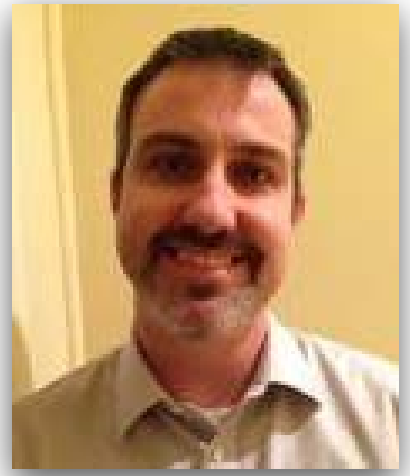

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Additional Resources

- **ACA Coverage Expansions: Measuring and Monitoring Churn at the State Level**
  - SHADAC Report for ASPE
- **Addressing Churn: Coverage Dynamics in Oregon's Insurance Affordability Programs**
  - Report from Oregon Medicaid Advisory Committee to the Oregon Health Policy Board
- **Sub-Annual Income Fluctuations and Eligibility for Coverage Assistance under the ACA**
  - Issue brief from the SHARE program
- **Income Eligibility for Assistance under the ACA: The Question of Monthly vs. Annual Income**
  - Issue brief from the SHARE program
- **Other Resources**

Links at www.shadac.org/OregonChurnWebinar

Measuring and Monitoring Churn at the State Level

- Direct inquiries to Colin Planalp at **cplanalp@umn.edu or shadac@umn.edu**
- Webinar slides and recording will be posted at **www.shadac.org/OregonChurnWebinar**
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