



March 2011

A Profile of Health Insurance Exchange Enrollees

The Patient Protection and Affordable Care Act (ACA) signed into law in March 2010 calls for the creation of Health Insurance Exchanges (HIEs) in all states by January 1, 2014. These HIEs are intended to facilitate the purchasing of health insurance by individuals and small employers. While all legal residents are eligible to purchase insurance through the Exchanges, the health reform legislation dictates that individuals with incomes between 138% and 400% of the Federal Poverty Level (FPL) will be eligible to receive sliding-scale Federal subsidies, in the form of tax credits, for the purchase of health insurance through these Exchanges. It is expected that these subsidies, increased purchasing flexibility via the creation of Exchanges, and the inclusion of an individual requirement to purchase health insurance in the legislation will lead to increased insurance coverage among Americans.

The legislation outlines the creation of both American Health Benefits (AHB) Exchanges and Small Business Health Options Program (SHOP) Exchanges, serving the individual and small group markets, respectively. States have considerable flexibility in designing these HIEs under ACA. States may decide whether to merge the AHB and SHOP Exchanges into one Exchange, whether to allow the continued operation of individual and small group “parallel markets” outside the Exchange, and whether to enter into regional multi-state Exchanges or create multiple subsidiary Exchanges within a state. Additionally, states have the option to decide not to operate an Exchange at all, in which case the Federal government will assume this role.

The Congressional Budget Office (CBO) has estimated that approximately 24 million people will purchase coverage through the AHB Exchanges by 2019.¹ This report highlights key characteristics of this population, based on CBO estimates of the effects of ACA on insurance coverage, to help Federal and state policymakers and other researchers make informed decisions regarding how to structure the Exchanges to meet the healthcare needs of individuals across the country. Since this analysis does not attempt to examine the expected SHOP Exchanges enrollee population, the term “Exchanges” hereafter refers to AHB Exchanges.

We used the 2007 Medical Expenditure Panel Survey (MEPS) to simulate a demographic, health status, and health utilization profile of the individuals across the nation expected to obtain health insurance coverage through the Exchanges in 2019. We first compare the simulated 2019 Exchange population to the population currently uninsured or covered by private insurance in order to help Exchange administrators understand the projected population with respect to another population that they might be familiar with. We then compare the simulated 2019 Exchange population to those who could enroll but either remain in the nongroup market outside the Exchanges or forgo coverage to illuminate the differences between these newly-forming insurance groups and a new insurance forgoing population. Our simulation projects who we expect to enroll in the Exchanges in 2019, and we then evaluate the current demographic and health status characteristics of these individuals as they are reported in the 2007

¹ The CBO estimates that 24 million people will purchase their own coverage through the Exchanges in 2019. An additional 5 million people are expected to receive health insurance through the Exchanges because they work for an employer who allows all of their workers to choose among health insurance plans offered from the Exchange (though these individuals are not eligible for subsidies). While this puts the projected total number of individuals receiving coverage through the Exchanges in 2019 at 29 million, the CBO estimates consider these 5 million individuals covered by employment-based insurance.

