



Coverage When You Need It: Lessons from Insurance Coverage Transitions in California's Individual Marketplace Pre and Post the COVID-19 Pandemic

Introduction

The Marketplaces created under the Affordable Care Act – always intended to provide a backstop when individuals are not eligible for other coverage through their jobs, Medicare, or Medicaid – are facing an unprecedented test as millions of Americans are experiencing job losses and health coverage disruptions due to the COVID-19 pandemic and recession.

Over the past six years, Covered California has taken active steps to maximize enrollment of subsidy-eligible consumers and keep health insurance premiums as low as possible, which lowers subsidy costs to the federal government but, most importantly, makes premiums less costly for consumers not eligible to receive subsidies. Covered California has continued to use all tools possible since the start of the pandemic to help consumers avail themselves of coverage options through the individual market by creating a COVID-19 special enrollment period, paired with ongoing and increasing investments in outreach and marketing.

The pandemic and recession are the first major test to see how the individual marketplaces and the Medicaid expansions launched by the Affordable Care Act can meet consumers needs in a down-economy. Administrative and survey data from Covered California indicate that coordinated state and marketplace policies and implementation decisions can be

Summary of Findings

- Using the tools of the Affordable Care Act, Covered California's experience demonstrates the positive role a marketplace can play to meet health coverage and economic needs of Americans, especially in the time of the COVID-19 recession, as **the California marketplace has reached its the highest number of covered members since its launch in 2014** (over 1.53 million).
- Building on its outreach and promotion with a COVID-19 SEP, **Covered California has enrolled over twice as many people as in the year prior**, with almost 290,000 Californians gaining coverage since March 20, 2020.
- While enrollment in states served by the federally-facilitated exchange (FFE) grew in the months since the beginning of the COVID-19 pandemic, if the FFE states experienced California's trend for new sign-ups in 2020 – driven by outreach and the COVID-19 SEP– **nearly 500,000 more Americans would have signed up for insurance coverage** during the special enrollment period through May 2020.
- There have been dramatic changes in the mix of consumers signing up for coverage since the COVID-19 pandemic began, **with far more signing up after losing job-based coverage**, and one-fifth of new sign-ups from those who likely would be been ineligible to enroll without California's COVID-19 SEP.
- The insurance-related impacts of the recession are evident in changes in where consumers are going when they leave Covered California. **A much smaller share of consumers are leaving for job-based coverage** (only 15 percent compared to the pre-COVID rate of 55 percent), more are enrolling in Medi-Cal as they lose income, and a greater share of consumers are leaving to become uninsured – a troubling indicator of unaffordability of even subsidized coverage in tough economic times.

This analysis was prepared by Covered California for its ongoing planning and to inform policy making in California and nationally.

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important factors in how effectively coverage disruptions are addressed. Covered California’s data confirms that, as in all states confronting the pandemic, there have been profound changes in consumers joining or leaving its marketplace. Our data also suggests, however, that by leveraging all the eligibility and marketing tools of marketplace, California reduced the number of those who would have otherwise been uninsured to a far greater degree than states that did not or could not employ such actions.

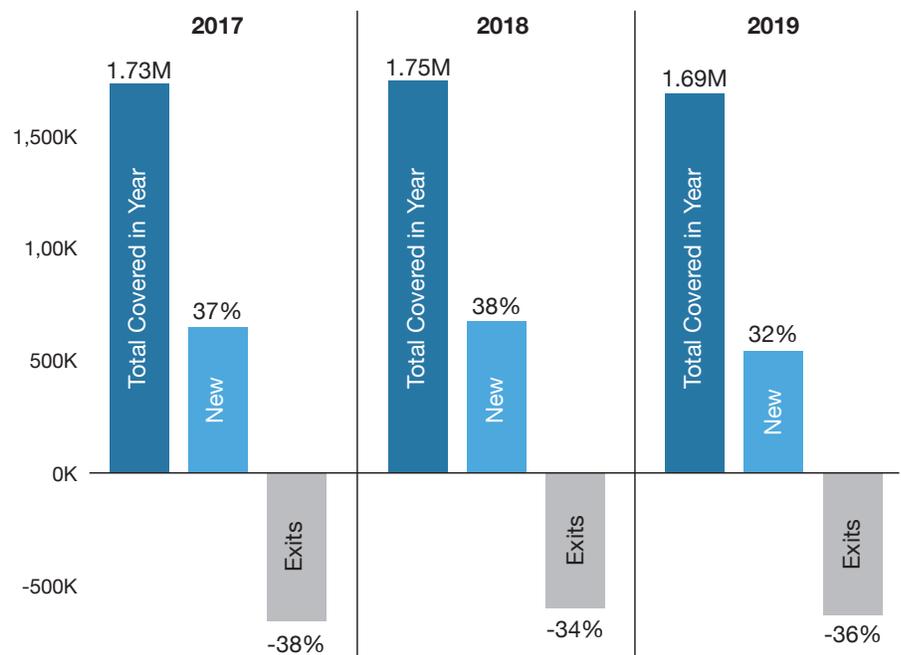
Churn and Individual Marketplace Coverage: Meeting the Changing Needs of Consumers

The individual market has always served as an option for those without other coverage options and for those who experience changes in life circumstances. Transitions between coverage sources are natural aspects of America’s health care landscape, as individuals experience changes in eligibility for employer coverage, Medicaid, or Medicare (due to shifts in factors such as employment, income, and age).¹ Each year, about one-third of Covered California’s membership consists of new enrollees, and one-third of its annual membership leaves the marketplace within the plan year (see Figure 1: Changes in Covered California’s Effectuated Membership: 2017-2019). Historically, enrollment in

Covered California has peaked each year at the end of Open Enrollment, the total enrollment declining slightly each month thereafter, as the number of those enrolling who qualify for a special enrollment period does not fully offset the number who leave the Marketplace to get other coverage.

In years prior to the pandemic, Covered California survey data documents that employer-sponsored insurance (ESI) is consistently the most common source of prior coverage among new entrants, with about one-third of new consumers having had ESI prior to joining the exchange – while others report Medi-Cal, off-exchange individual market coverage, and being uninsured in relatively equal shares.² For those leaving Covered California, by far the largest portion have historically transitioned into ESI, with only very few going to be uninsured. As discussed on the next page, the COVID-19 pandemic has disrupted many of these normal marketplace transitions, leaving far more consumers churning through coverage sources than at any other point since the exchange began in 2014.

Figure 1: Changes in Covered California’s Effectuated Membership: 2017 to 2019



Label percentages shown are the share of total covered members in the year for new entrants and exits, respectively. Source: Covered California administrative data.

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California's Individual Marketplace Going Into the COVID-19 Pandemic

State and national policies, as well as actions taken by Marketplaces themselves, influence how effectively the exchanges met the needs of consumers through 2019 – a time with a strong job economy and job market – and now, in 2020, with the nation facing one of the biggest economic downturns in history.

Since its launch in 2014, the state of California and Covered California have implemented an array of policies to support and even build on the Affordable Care Act (ACA) to promote broad coverage take-up. These policies include expanding Medi-Cal (the state's Medicaid program), limiting the availability of short-term insurance products, and Covered California (the state-based Marketplace) undertaking a range of actions to protect consumers and promote enrollment. These actions include:

- Promoting a marketplace with robust competition among health plans, with over 75 percent of enrollees having a choice of four or more carriers;
- Offering stable plan options, with essentially the same eleven health plans offering coverage since 2014;
- Requiring all plans to offer standardized consumer-centered benefit designs;
- Providing an Open Enrollment period that spans from November through the end of January, with even late January enrollments benefiting from a February 1 effective date; and
- Conducting broad outreach, marketing, and promotion activities, including support for a robust Navigator program.

The combined results of these policies have demonstrated the positive potential impact of effective implementation of the ACA. Through 2019, California showed the largest decline in the rate of uninsured in any state – dropping from 17 percent in 2013 to 7.7 percent.³ In 2019, Covered California saw the effects of national policy that repealed the individual mandate penalty, with the health plans pricing for an average premium increase of nearly 9 percent in anticipation of an enrollment drop, especially among healthier consumers. Unfortunately, the health plans' concerns were indeed borne out, with new enrollment declining significantly in the 2019 Open Enrollment (dropping by 24 percent) and a premium increase averaging 8.7 percent.

The Open Enrollment period for 2020 reflected the impact of California, under the leadership of Governor Gavin Newsom and the State Legislature, enacting policies to protect and build on the ACA. The State of California provided new state subsidies to supplement the federal Advanced Premium Tax Credits (APTCs) for about 600,000 consumers as well as provide new state subsidies for tens of thousands of Californians whose incomes exceed 400 percent of the federal poverty level, making them ineligible for federal financial assistance due to the ACA's "subsidy cliff."⁴ In addition, California implemented a state tax penalty for going uninsured in response to federal action that eliminated the federal individual mandate penalty. Covered California used these new tools as it continued its practice of making large marketing and outreach investments, which were budgeted at \$121 million for the 2020 open enrollment year.⁵

In 2020 Open Enrollment results showed the impact of these policies and actions. Health plans priced their premium increases at an average level of 0.8 percent, in anticipation of an increased and healthier enrollment. The new sign-ups during Open Enrollment in Covered California did increase by 41 percent, driven by the state policies and more than offsetting the 24 percent decline in new enrollments seen in 2019, the first year that the federal penalty was zeroed out. The collective effect on Covered California is that it ended the 2020 Open Enrollment period with slightly over 1.5 million plan selections, the largest number since 2016.⁶

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The COVID-19 Pandemic and Recession – New Need for Marketplace Coverage

The COVID-19 pandemic has introduced the first significant coverage shock for the marketplaces since they began in 2014, and is testing marketplaces in their capacity to serve as a safety net for individuals experiencing coverage disruptions.⁷ Prior to the pandemic, roughly half of adults in California relied on their employers for health coverage.⁸ But California recorded 3.1 million unemployment claims in July 2020, translating to an estimated 1.4 million workers and their dependents who may lose their ESI coverage.^{9,10,11} Similarly across the nation, estimates for loss of job-based coverage range from 17.7 to 33.0 million individuals over the course of the recession.¹²

Under the ACA, the loss of job-based coverage is a qualifying life event for a consumer to obtain coverage outside of the annual Open Enrollment period during the standard special enrollment period (SEP) that runs between the Open Enrollment periods each year. Additionally, both the Centers for Medicare and Medicaid Services (CMS) – which operates the federally-facilitated exchange (FFE) serving 38 states – and state-based exchanges that operate their own marketplaces have the authority to implement separate qualifying life events for SEP under exceptional circumstances. At the onset of the COVID-19 pandemic, California created a COVID-19 qualifying life event (as did 11 other state-based marketplaces), ensuring that all would have access to coverage options during the pandemic, including those who may have been uninsured at the onset of the pandemic. CMS has extended some SEP deadlines for those who lost job-based coverage, but has not created a new qualifying life event in response to the pandemic.¹³ Covered California created the COVID-19 qualifying life event to promote coverage as broadly as possible, complementing efforts to assure broad testing and treatment for people concerned about getting infected. Covered California also launched a major marketing campaign, which included newly developed material specific to the COVID-19 pandemic. It is important to note, that the COVID-19 qualifying life event was put in place for the Covered California marketplace, but was mirrored by regulatory action for the off-exchange individual market in California.¹⁴ In California, the non-subsidized off-exchange individual market has approximately 800,000 consumers enrolled, with the vast majority enrolling in “mirrored products” of those offered through Covered California – reflecting identical pre-subsidy prices negotiated and the same consumer-centered benefit designs.¹⁵ This report reflects only enrollment in the individual market directly through Covered California.

Dramatic Increase in New Covered California Sign-ups during 2020 Special Enrollment Period

Covered California’s total SEP plan selections in 2020 have increased dramatically compared to the same period in 2019, with over 357,000 consumers enrolling, which is more than 167,000 over the 2019 levels. Since the announcement of the COVID-19 SEP on March 20, 2020 until it concluded on August 31st, almost 290,000 consumers have signed up for coverage, more than twice the rate of new sign-ups for the same period in 2019 (see Table 1. Covered California Special Enrollment Plan Selections: 2019 and 2020).¹⁶

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Table 1. Covered California Special Enrollment Plan Selections: 2019 and 2020

Measures	2020	2019	Difference (2019 to 2020)	Percent Change
Pre-COVID SEP (Feb. 1 to March 19)	67,710	54,780	12,930	24%
Post-COVID SEP (March 20 to Aug. 31)	289,460	134,700	154,760	115%
Total (as of August 31)	357,170	189,470	167,700	89%

Source: Covered California administrative data.

Even as Covered California is experiencing a surge in new sign-ups compared to prior years, the rate of members leaving the marketplace is similar to that seen in 2019, with an average monthly disenrollment to-date of 2.9 percent in 2020 compared to 3.1 percent in 2019. The larger number of enrollments and the same general level of disenrollments has resulted in an estimated net gain of over 100,000 consumers with effectuated coverage as of June 2020 due to the pandemic and recession.

The increase in plan selections has also led to a corresponding increase in “effectuated” membership that has more than offset the level of disenrollments. Effectuated enrollment in Covered California is at its highest level ever in its six year history, with over 1,530,000 effectuated consumers with active coverage as of June 2020, based on available effectuation data. This level of enrollment is about eight percent higher than the previous enrollment high point, which was 1,420,000 as of March 2018, and over 14 percent higher than the level of effectuated enrollment for the same period in 2019 (see Figure 2. Covered California Monthly Effectuated Membership: 2018 to 2020). Additionally, the effectuation rate among new SEP sign-ups is just slightly lower than the rate seen among 2019 SEP plan selections.¹⁷

The Reasons Consumers Are Enrolling in Covered California Have Shifted Dramatically During the COVID-19 SEP Compared to Prior Periods

Results from a survey of Covered California enrollees and of those leaving during the 2020 COVID-19 SEP show that the recession has had dramatic impacts on the flows between coverage sources.¹⁸ Among the COVID-19 SEP sign-ups, far more than half (57 percent), or approximately 165,000 sign-ups, report being previously enrolled in ESI in February (see, Figure 3. Prior Source of Coverage Reported by Newly Enrolling Covered California

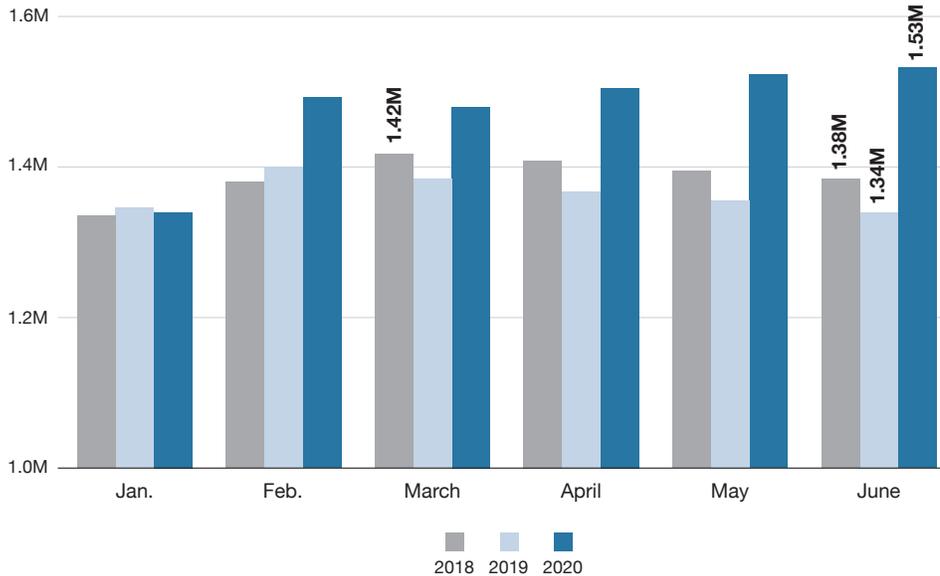
A Note About Measuring Changes in Sources of Coverage:

Measurements of movement between sources of insurance in this analysis coverage rely on self-reported survey data, which Covered California began collecting in 2015 through its member survey (now the California Health Coverage Survey), fielded annually at the end of Open Enrollment. Survey data is used as Covered California is currently unable to collect comprehensive administrative data about sources of coverage before and after enrollment. As indicated in the data from 2018 and 2019 in the Figures below, key metrics related to sources of coverage before and after marketplace coverage have stayed relatively stable since Covered California began measuring, until 2020. To better understand the 2020 pandemic response during SEP, Covered California administered a new survey (the “2020 SEP survey”). This brief presents results from that survey, and makes comparisons with the most relevant metrics from the member survey – despite the inherent limitations for some comparisons related to differences in survey administration, sampling design, and timing – because Covered California does not have equivalent survey data exist for the SEP population for years prior to 2020.

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Consumers: 2020 COVID-19 SEP Compared to 2018 and 2019). This is a far higher share compared to prior surveys of new enrollees, with 39 percent of new entrants during the 2019 Open Enrollment period reporting ESI as their main source of prior coverage.¹⁹

Figure 2. Covered California Monthly Effectuated Membership: 2018 to 2020

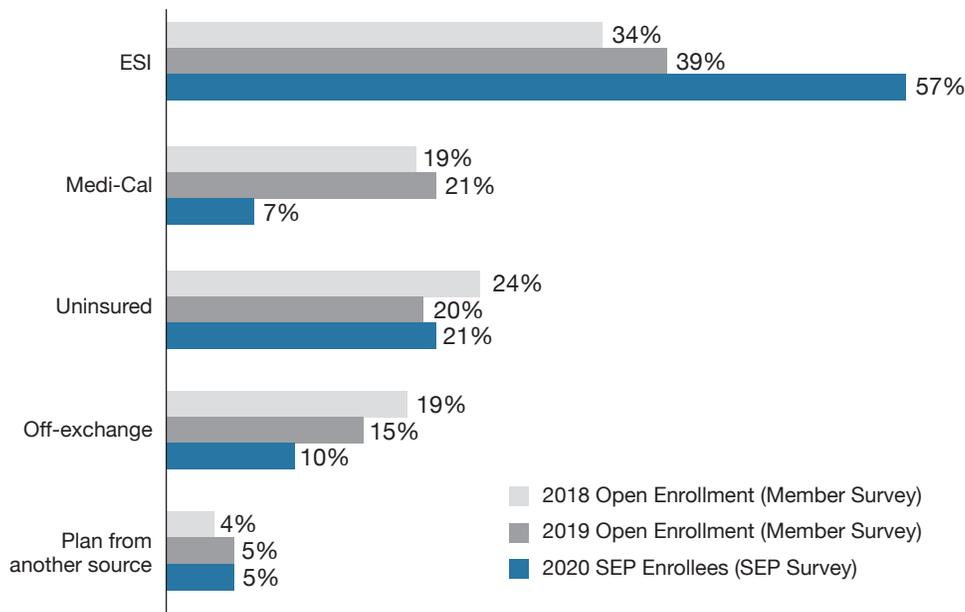


Source: Covered California administrative data.

The shift in coverage sources among new sign-ups also reflects a dramatic drop in consumers reporting Medi-Cal as their prior source of coverage; with only seven percent of new sign-ups coming from Medi-Cal in the COVID-19 SEP, this group dropped to one-third of their relative share in Open Enrollment 2019. One reason for the reduction in new sign-ups reporting Medi-Cal coverage is likely due to the halt on Medi-Cal redeterminations and discontinuances due to the public health emergency.^{20,21}

The share of new enrollees reporting being uninsured is relatively consistent with the shares of uninsured signing up for coverage during Open Enrollment. More specifically, 21 percent of those enrolling in Covered California coverage report that they were previously uninsured prior to the COVID-19 SEP, which is similar to the 20 percent of previously uninsured 2019 Open Enrollment sign-ups, when there are no exceptional circumstance requirements to be eligible to enroll.

Figure 3: Prior Source of Coverage Reported by New Covered California Consumers: 2020 COVID-19 SEP Compared to 2018 and 2019²²



2020 SEP Survey Question: “What was your main source of health coverage or insurance on February 15, 2020?” N=3,210. Member Survey Question is a combination of many questions, primarily: “What was your main source of health coverage in 2018?” Uninsured estimates reflect those who were uninsured for the entire year. N=916 in 2019, n=1298 in 2018. In both surveys, ESI share represents employer-coverage and COBRA coverage. Source: Covered California 2020 SEP Survey and California Health Coverage Survey.

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Covered California has succeeded in connecting hundreds of thousands of Californians to affordable coverage during a dramatic shock to employment-related coverage caused by the recession. This fact supports the contention that the structure of the ACA can work effectively to ensure continuity of coverage for many during times of coverage transitions.

A well-functioning marketplace is always important, but the need will be highlighted as particularly essential as the pandemic and recession continue. National survey data from The Commonwealth Fund indicate that more Americans will continue to lose their employer coverage in the months to come, as survey data indicated that more than half of adults who had ESI but were furloughed due to the recession were still covered through their job as of early June.²³ It remains unclear how long employers will continue to offer coverage to their furloughed employees, but even as the unemployment rate improves, there is likely to be continued instability and uncertainty for many who had ESI at the beginning of 2020. Further analysis of the overall rate of the uninsured will be essential to evaluate how well consumers have been able to access coverage during this pandemic.

While Covered California’s COVID-19 SEP Enrollment Mirrors Previous Diverse Enrollment, Negative Clinical Impacts of COVID-19 on Latinos and African Americans Warrant Further Study

There is compelling and deeply troubling evidence that people of color are disproportionately affected by COVID-19 – with African Americans, Latinos and some Asian-Pacific Islanders having higher infection and mortality rates.²⁴ In addition, there are data that indicate some of these same groups are likely to be overrepresented in industries most impacted by the recession.²⁵ There have not been studies that have specifically assessed the likely changes in insurance coverage by race or ethnicity. Nonetheless, Covered California aggressively invests in and implements ongoing, population-sensitive marketing and outreach programs that target minority communities and evaluate enrollment activities on a range of metrics, including the ethnic and racial mix of consumers enrolling.

Enrollment in Covered California during the COVID-19 SEP shows the distribution among race and ethnicity that is very comparable to the past two years Open Enrollment and 2019’s Special Enrollment Periods (see Table 2. Covered California Enrollment by Race/Ethnicity: Open and Special Enrollment Periods – 2019 and 2020.)²⁶

Covered California and others need to do further research on the actual insurance coverage impacts of the COVID-related economic downturns and the extent to which it and other marketplaces are getting coverage to those who need it most.

Table 2: Covered California Enrollment by Race/Ethnicity: Open and Special Enrollment Periods – 2019 and 2020

Race / Ethnicity - Share of Total Plan Selections				
	Open Enrollment		Special Enrollment (March 20 to August 31)	
	2019	2020	2019	2020
American Indian/Alaska Native	0.2%	0.2%	0.4%	0.3%
Asian	20.2%	22.4%	21.0%	20.7%
Black or African American	3.9%	3.7%	3.8%	3.9%
Latino	30.6%	32.6%	28.3%	29.9%
Multiple Races	2.7%	2.5%	2.6%	2.9%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.2%	0.2%
Other	7.8%	7.4%	8.7%	7.5%
White	34.4%	31.1%	35.1%	34.6%
Grand Total	100.0%	100.0%	100.0%	100.0%
(nonrespondent)	21.2%	19.8%	20.3%	21.5%

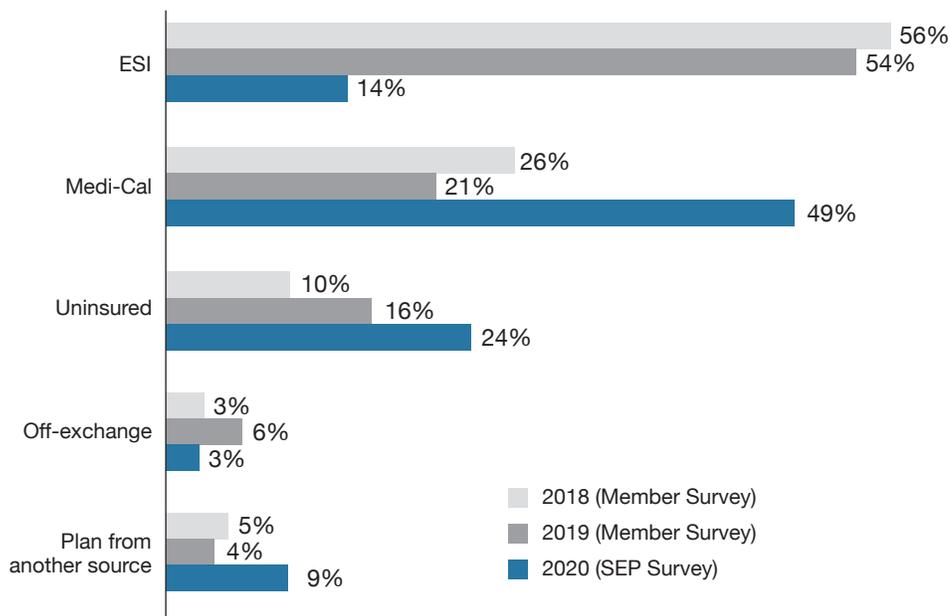
Race/Ethnicity is a roll-up dimension that combines three CalHEERS application questions on race and ethnicity, such that a consumer who reports a Latino, Hispanic, or Spanish origin is counted as "Latino" in Race/Ethnicity. All % calculations except the non-respondents calculated out of respondents only. Non-respondent % is of total population of enrollees.

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During the COVID-Recession, Fewer Leave Covered California for Job-Based Coverage, but Transitions to Medi-Cal Increase

While the percentage of enrollees disenrolling each month has been similar to past years (about 2.9 percent of enrollees in 2020 compared to 3.1 percent in 2019), there have been important changes in where those leaving Covered California are going. Prior to the recession, by far the most common source of coverage reported after leaving the marketplace was to ESI, followed by coverage with Medi-Cal – a finding that has been (roughly) consistent in the Covered California member survey data for many years. But new survey data show that for 2020 the trends between ESI and Medi-Cal have reversed, and far more consumers are going to be uninsured (see Figure 5. Source of Coverage Reported by Consumers Leaving Covered California: 2020 COVID-19 SEP Compared to 2018 and 2019).

Figure 5: Source of Coverage Reported by Consumers Leaving Covered California: 2020 COVID-19 SEP Compared to 2018 and 2019



Member Survey data covers consumer exits from July to December while 2020 SEP survey reports exits from January to June; all exclude exits due to non-renewal. 2020 SEP Survey Question: “What is your main source of current health coverage?” N=1,040. Member Survey Question: “Do you have health coverage right now? What is your main source of health coverage right now?” N=695 in 2019, N=692 in 2018. Sources: Covered California 2020 SEP Survey & 2018 California Health Coverage Survey (“Member Survey”).

When comparing to available data from prior years in Covered California’s Member Survey, some of the major observations regarding these changes in the current recession are:

- **Far Fewer are Leaving for Job-based Coverage** – Exits to job-based coverage have dropped precipitously: only 14 percent of consumers exiting now reports receiving ESI, compared to more than half of disenrolled consumers in 2018 and 2019.
- **Large Growth in Transitions to Medi-Cal** – Exits to Medi-Cal have more than doubled as the reported source of coverage (to 49 percent), compared to the 21 percent in 2019.²⁷
- **More Consumers are Leaving Covered California to Go Uninsured** – The share of consumers reporting no insurance after leaving the marketplace appears to be increasing dramatically, with nearly one in four (24 percent) reporting they are uninsured, compared to 10 percent 2018.²⁸ This data appears to reinforce prior research that affordability of individual market coverage remains a challenge, a concern especially in the context of a global health pandemic.²⁹

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Where consumers report going when they leave Covered California is, unfortunately, consistent with expectations for a recession. First, in a weak economy consumers are not finding jobs or the coverage that accompanies employment. Second, more Covered California consumers are seeing their incomes fall and are becoming newly eligible for Medi-Cal. And finally, even with the state-individual mandate in place in California, more consumers are finding their coverage options unaffordable and are choosing to go without any health insurance. These outcomes reinforce the importance of policies that ensure consumers have real options for affordable coverage when employment and incomes fall.

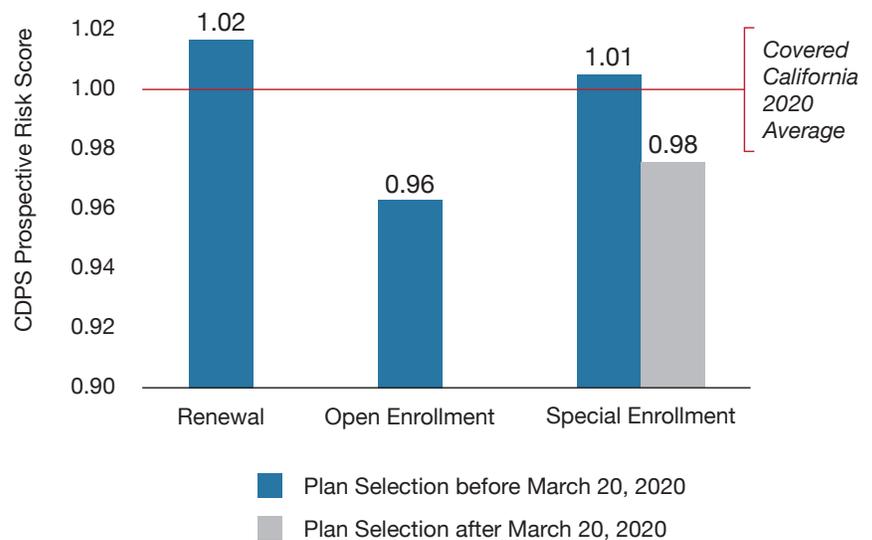
Data on Risk Profile of those Enrolling During the 2020 Open Enrollment Period and the COVID-19 Special Enrollment

One of the rationales behind restricting enrollment outside of the Open Enrollment period is to avoid the possibility of adverse selection and the associated higher costs when consumers choose to enroll only when they are sick. Covered California works closely with the 11 health plans that offer coverage through the exchange and conducts independent reviews of the health status of consumers to understand the risk profile of enrollees so that health plans can price appropriately.

Historically, California’s lower health insurance premium increases have been driven by its ability to promote broad enrollment, resulting in the state having one of the healthiest risk mixes in the nation: the health status of those enrolled in California being about 21 percent healthier than the rest of the nation in 2019.³⁰ Prior analysis has shown that this healthier risk mix has resulted in savings of approximately \$2.5 billion per year for enrollees and the U.S. Treasury, totaling \$12.5 billion from 2014 to 2018.³¹ This healthier risk mix has also helped keep premiums down for consumers; premium rates increased only 0.8 percent for the 2020 plan year.

To inform its negotiations with its contracted health plans, Covered California conducted analysis of both the 2020 Open Enrollment risk profile and the risk profile of those enrolling in SEP, both before and after the announcement of the COVID-19 SEP. While this analysis only looks at prior health experience among the enrolling individuals, it appears that the risk profile of the COVID-19 SEP sign-ups is most similar to the risk mix of the 2020 Open Enrollment cohort.³² The positive risk profile also showing that new enrollment in 2020 was six percent healthier than the overall average contributed to the cycle of maintaining low premiums for consumers – 2021 premiums increased only 0.6 percent.

Figure 6: Relative Risk Scores Among 2020 Plan Selections, by Sign-up Period



Source: Covered California analysis of OSHPD data.

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Comparing California and Federal Marketplace Enrollment During COVID-19 Pandemic and Recession

For the 38 states using the federally-facilitated exchange (FFE), CMS has primarily relied on the existing SEP policies to meet the needs of individuals experiencing coverage transitions during the pandemic. In June, CMS released SEP enrollment data from the end of Open Enrollment through the end of May of 2020, highlighting that total SEP sign-ups are up 27 percent compared to the same period in 2019.³³

California’s 2020 SEP enrollment is double that from the prior year, a markedly larger growth than states on the FFE (see Table 3. New Enrollments During the 2020 Special Enrollment Period – Comparing The Federally-Facilitated Exchange and Covered California). There are several factors that may influence the variation in SEP sign-ups, including differences in unemployment rates and state decisions about Medicaid expansion.³⁴

Table 3: New Enrollments During the 2020 Special Enrollment Period, Comparing the Federally Facilitated Exchange and Covered California³⁵

	Federally-Facilitated Exchange	Covered California
2018	712,507	115,757
2019	704,106	108,647
<i>Percent change from the prior year</i>	-1%	-6%
2020	892,141	215,035
<i>Percent change from the prior year</i>	27%	98%

Source: CMS Special Trends Report 2020 & Covered California administrative data.

Among the factors that may be driven by the actions of the state-based or federal marketplaces and may contribute to the different enrollment experiences seen in California and the FFE are:

- The history of marketing efforts, name recognition, and enrollment infrastructure that supports enrollment and retention, both during Open Enrollment and throughout the year;
- Whether and how to a marketplace implements special and targeted outreach to spread awareness about the availability of marketplace coverage during SEP; and
- Whether a marketplace institutes a new qualifying life event to allow all consumers affected by the pandemic to enroll for coverage, even for those who would not otherwise qualify under standard qualifying life events, such as loss of coverage or moving.

For Covered California, almost four of five (79 percent) consumers who signed up for coverage during the COVID-19 SEP would have been eligible under standard qualifying life events. This means that of the 289,000 who signed up for coverage with Covered California during this period, over 228,000 would have been eligible to enroll without a “special” SEP event that opened the doors, making coverage access more equivalent to Open Enrollment eligibility standards. Given that the largest proportion of the growth in enrollment comes from already eligible individuals, Covered California believes the main driver of increased enrollment was its COVID-19 outreach, which totaled additional spending of about \$9 million during SEP. These investment included launching COVID-specific advertising content on May 04, 2020,³⁶ historic investments in marketing and name recognition,³⁷ and on-the-ground enrollment capacity – consisting of more than 500 Covered California branded storefronts

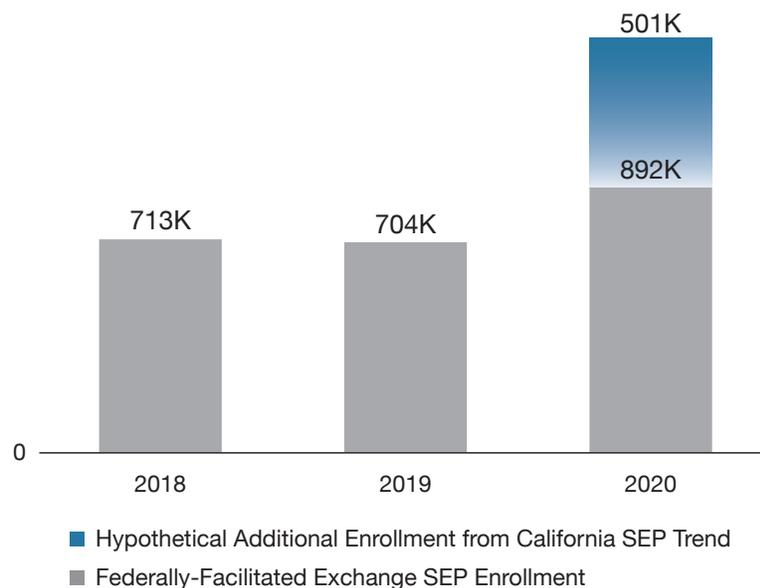
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across that state, a network of 12,000 licensed insurance agents, and a robust paid navigator program with community organizations. This meant that consumers who lost job-based coverage during the recession knew where to go to get coverage.

The creation of a COVID-specific qualifying life event did, however, have a substantial impact in providing coverage to individuals who would likely not have been eligible, with 21 percent of new Covered California COVID-19 SEP sign-ups reported being previously uninsured (see Figure 3). Most, if not all, of these are individuals who would likely have been ineligible to enroll in marketplace coverage under federal policies. Based on the overall volume of new sign-ups with Covered California the decision to open a new qualifying life event allowed an estimated 60,000 more Californians to sign up for coverage than would have otherwise.

If the FFE states had seen the same scale of increased SEP enrollment as seen in California – driven by both historic and ongoing marketing and the COVID-19 SEP – FFE enrollment would total nearly 1.4 million during this time, an increase of 500,000 individuals (see, Figure 7. Federally Facilitated Exchange Enrollment for 2020: Actual Enrollment and Growth if Enrollment Mirrored Covered California).

**Figure 7: FFE SEP Plan Selections:
Hypothetical 2020 Enrollment using California Trends**



Source: CMS Special Trends Report 2020 & Covered California administrative data.

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Endnotes

- ¹ Although most individual market enrollment occurs during Open Enrollment, a special enrollment period (SEP) allows individuals who experience various life events to enroll in marketplace coverage throughout the plan year. One of these life events, “loss of minimum essential coverage,” permits individuals who lose their coverage to enroll in coverage during SEP.
- ² For 2015 Covered California survey data on marketplace exits and churn, see: <https://hbex.coveredca.com/data-research/library/Active-Membership-Slides.pdf>.
- ³ American Community Survey. “Health Insurance Coverage Status and Type of Coverage by State and Age for All Persons” for 2013 and 2019. <https://www.census.gov/data/tables/time-series/demo/health-insurance/acs-hi.2019.html>
- ⁴ Federal premium assistance is available for individual market consumers with incomes above 100 percent and below 400 percent of the federal poverty level (FPL). Because there is no phase-out of subsidies beyond 400 percent, the abrupt cutoff for tax credits is referred to as the “subsidy cliff.” California’s new state subsidy program extends premium assistance to consumers with incomes between 400 and 600 percent of FPL.
- ⁵ Covered California. June 2019. Covered California’s Combined Annual Report to the Governor and Legislature and Annual Fiscal Year 2019-20 Budget. <https://hbex.coveredca.com/financial-reports/PDFs/2019/fy-2019-20-annual-report-final.pdf>.
- ⁶ “Plan selections” reflects both renewing and new consumers’ choice to enroll in coverage, it does not reflect payment of premium and coverage taking effect – which is often called “effectuated coverage” and in Covered California has generally been between 80 percent and 85 percent of those who enroll.
- ⁷ Banthijn J and Holahan J. August 2020. Making Sense of Competing Estimates: The COVID-19 Recession’s Effects on Health Insurance Coverage. Urban Institute. <https://www.urban.org/research/publication/making-sense-competing-estimates-covid-19-recessions-effects-health-insurance-coverage>
- ⁸ KFF. Health Insurance Coverage of Adults 19-64. <https://www.kff.org/other/state-indicator/adults-19-64/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>
- ⁹ State of California Employer Development Department. August 2020. California unemployment lowers to 13.3 percent in July. <https://edd.ca.gov/newsroom/unemployment-august-2020.htm>
- ¹⁰ Estimates are drawn from Lucia, Lee, & Jacobs 2020, adjusted for July 2020 California unemployment data. Estimates exclude partial UI claims for reduced work hours and estimates of coverage loss include adjustments for those who may have retained ESI through furloughs. Lucia L, Lee K, Jacobs K, et al. May 2020. Health coverage of California workers most at risk of job loss due to COVID-19. <https://laborcenter.berkeley.edu/pdf/2020/Health-coverage-of-California-workers-most-at-risk-of-job-loss-due-to-COVID-19.pdf>.
- ¹¹ For reference, in 2020, unemployment rates in California rose from 3.9 percent in February to more than four times that to peak at 16.4 percent in April (compared to 14.0 percent nationally). U.S. Bureau of Labor Statistics. Economic News Release: States and selected areas: Employment status of the civilian non-institutional population, January 1976 to date, seasonally adjusted. <https://www.bls.gov/web/laus.supp.toc.htm>.
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- ¹³ Centers for Medicare and Medicaid Services. Marketplace coverage & coronavirus. Healthcare.gov. <https://www.healthcare.gov/coronavirus/>.
- ¹⁴ Department of Managed Health Care. March 2020. APL 20-010 Special Enrollment Period and Coverage Effective Dates. [https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-010%20Special%20Enrollment%20Period%20and%20Coverage%20Effective%20Dates%20\(3%2021%2020\).pdf?ver=2020-03-23-081042-343](https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-010%20Special%20Enrollment%20Period%20and%20Coverage%20Effective%20Dates%20(3%2021%2020).pdf?ver=2020-03-23-081042-343).
- ¹⁵ Covered California analysis of Department of Manged Health Care (DMHC) and California Department of Insurance (CDI) data on off-exchange enrollment.
- ¹⁶ These counts focus on the SEP timeframe since the announcement of the COVID SEP, but it is important to note that Covered California had launched a separate SEP prior to the COVID-19 pandemic to allow for consumers who had newly become aware of the new state mandate penalty as well as expanded financial assistance through the state subsidy program. Due to the need to adapt the CoveredCA.com application quickly, the application used the same drop-down value for each of: (1) newly becoming aware state subsidies or the penalty; (2) responding to the COVID-19 pandemic; and (3) loss of job-based coverage for several months in 2020, making it difficult to distinguish between the qualifying life events in the administrative data. Plan selection data are as of August 31, 2020.
- ¹⁷ The effectuation rate is the percentage of consumers who pick a plan that make the first month’s premium payment. The effectuation rate for consumers with a plan selection that have coverage beginning April through June is 82.4 percent, compared to 84.3 percent in 2019.

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Endnotes (continued)

- ¹⁸ To shed light on how many people benefited from the policy, as well as broader employment and income changes among its membership, Covered California fielded a survey in early July 2020 (“2020 SEP survey”) to understand the impacts of COVID-19 on its consumers. The survey was administered online with an email invitation to a representative sample of Covered California consumers, stratified by three distinct consumer groups: (1) individuals who had enrolled or renewed during the 2020 Open Enrollment period; (2) individuals who had signed up for coverage during SEP before Covered California instituted its COVID SEP on March 20th; and (3) individuals who signed up for coverage after Covered California instituted its COVID SEP on March 20th.
- ¹⁹ The California Health Coverage Survey (“Member Survey”) is an annual probability-based representative survey conducted by NORC at the University of Chicago for Covered California immediately following Open Enrollment.
- ²⁰ One reason for the reduction in new sign-ups reporting Medi-Cal coverage is likely due to the March 16, 2020 instruction from the Department of Health Care Services for counties to delay the processing of annual redeterminations and delay discontinuances and negative actions for Medi-Cal due to the public health emergency. Department of Health Care Services. March 2020. Medi-Cal Eligibility Division Information Letter No.: I 20-07. Access to Care During Public Health Crisis or Disaster for Medi-Cal. <https://www.dhcs.ca.gov/services/medi-cal/eligibility/letters/Documents/I20-07.pdf>.
- ²¹ Note that the survey question asks consumers to recall their source of coverage in February, and Covered California’s prior survey cognitive testing indicates that consumers may not perfectly recall the exact timeframe of recent coverage. As a result, it is possible that some consumers reported Medi-Cal when surveyed about coverage in February, but were actually uninsured prior to enrolling in Covered California.
- ²² Note about Figures in this report using 2019 and 2020 survey data: due to the unique nature of the pandemic and the need to get a survey into the field quickly, the 2020 SEP survey differed from the Member Survey in timing, sample design, and data collection, which should be taken into consideration when comparing the results from each survey.
- ²³ Collins SR, Gunja MZ, Aboulafia GN, et al. June 2020. An Early Look at the Potential Implications of the COVID-19 Pandemic for Health Insurance Coverage. The Commonwealth Fund. <https://www.commonwealthfund.org/publications/issue-briefs/2020/jun/implications-covid-19-pandemic-health-insurance-survey>
- ²⁴ Rubin-Miller L, Alban C, Artiga S, et al. September 2020. COVID-19 Racial Disparities in Testing, Infection, Hospitalization, and Death: Analysis of Epic Patient Data. KFF. <https://www.kff.org/report-section/covid-19-racial-disparities-in-testing-infection-hospitalization-and-death-analysis-of-epic-patient-data-issue-brief/>
- ²⁵ Thomason S, Rhee N, & Bernhardt A. April 2020. Industries at Direct Risk of Job Loss from COVID-19 in California: A Profile of Front-Line Job and Worker Characteristics. UC Berkeley Labor Center. <https://laborcenter.berkeley.edu/industries-at-direct-risk-of-job-loss-from-covid-19-in-california/>
- ²⁶ Covered California. 2020 Special Enrollment Plan Selection Profile. https://hbex.coveredca.com/data-research/library/cc_special_enrollment_plan_selection_profile_2020.xlsx.
- ²⁷ Administrative data also support the survey findings showing a roughly two-fold increase in transitions of consumers exiting from Covered California to Medi-Cal.
- ²⁸ We compared to 2018 data on uninsured terminations here because it was the last year of available data when the federal penalty was in effect.
- ²⁹ Gunja MZ and Collins SR. August 2019. Who Are the Remaining Uninsured, and Why Do They Lack Coverage? The Commonwealth Fund. <https://www.commonwealthfund.org/publications/issue-briefs/2019/aug/who-are-remaining-uninsured-and-why-do-they-lack-coverage>
- ³⁰ Covered California analysis of 2019 risk adjustment data from CCIIO. See “Appendix A to 2019 Benefit Year Risk Adjustment Summary Report – HHS Risk Adjustment Program State-Specific Data.” <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Premium-Stabilization-Programs>.
- ³¹ Covered California. December 2019. Covered California’s First Five Years: Improving Access, Affordability, and Accountability. https://hbex.coveredca.com/data-research/library/CoveredCA_First_Five_Years_Dec2019.pdf.
- ³² Risk scores derived using the Chronic Illness & Disability Payment System. For more on the CDPS see: Kronick R, Gilmer T, Dreyfus T, and Lee L. 2000. “Improving Health-Based Payment for Medicaid Beneficiaries: CDPS.” Health Care Financing Review 21(3): 29-64. For more on Covered California’s 2021 premium rates, see: <https://www.coveredca.com/newsroom/news-releases/2020/08/04/californias-efforts-to-build-on-the-affordable-care-act-lead-to-a-record-low-rate-change-for-the-second-consecutive-year/>.
- ³³ Centers for Medicare and Medicaid Services. June 2020. Special Trends Report: Enrollment Data and Coverage Options for Consumers During the COVID-19 Public Health Emergency. <https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/SEP-Report-June-2020.pdf>
- ³⁴ For example, California’s unemployment rate has been higher than FFE states, suggesting California might have experienced greater churn during the pandemic due to that factor. Yet many of the largest FFE states did not expand Medicaid under the ACA, which should have led to even more marketplace enrollment among those experiencing loss of employer coverage in those states.

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- ³⁵ Data for 2018 and 2019 include Nevada, which utilized the FFE platform for those years. In 2020, Nevada launched its own state-based exchange and thus are excluded from 2020 SEP FFE reporting. CMS did not release state-level SEP plan selection data, and thus the change from 2019 to 2020 may be slightly understated without the ability to exclude Nevada from this assessment.
- ³⁶ See Covered California May 21, 2020 Board Meeting materials, Slide 8: Lee P. May 2020. Executive Director's Report. Covered California. <https://board.coveredca.com/meetings/2020/May%202020%20Meeting/PPT.ED%20Report.May%202020.5-21.12.30.NEW%20PHONE%20NUMBER.pdf> See <https://www.coveredca.com/newsroom/news-releases/2020/05/04/covered-california-launches-new-ad-campaign-that-focuses-on-the-covid-19-pandemic-and-encourages-the-uninsured-to-sign-up-for-coverage/>.
- ³⁷ During the 2020 Open Enrollment period, Covered California made large marketing investments, as it has done each enrollment period. For 2020 those investments were about \$110 million and included outreach and marketing activities in the first months of the Special Enrollment Period before the COVID SEP, which were designed to raise awareness for a separate special Qualifying Life Event that allowed individuals to enroll in coverage if they recently learned of the reinstatement of the state mandate penalty or new state subsidies that expanded the opportunity of subsidized coverage to many consumers.

About Covered California

Covered California is an independent part of the state government whose job is to make the health insurance marketplace work for California's consumers. It is overseen by a five-member board appointed by the governor and the Legislature. For more information about Covered California, please visit our consumer site at CoveredCA.com, or the Exchange site at hbex.coveredca.com/.