Guide to Equity in the Health Insurance Marketplace

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April 2024

ABOUT THIS GUIDE

This guide equips advocates with key information about the Health Insurance Marketplace, including an overview of the system's inequities, and highlights the policy and accountability levers that can **advance equity.**

This guide is part of a larger project on inequities and policy levers in the US health care system. For the complete guide, visit **urbn.is/4054rNQ.**

The other topics **covered include the following**:

- behavioral health care system
- Children's Health Insurance Program
- health care for the uninsured
- Indian Health Service
- Medicaid
- Medicaid-Medicare
- Medicare
- pharmacy services
- Veterans' Affairs

OVERVIEW

The Affordable Care Act (ACA) of 2010 created several important opportunities to reduce uninsurance in the US, which is particularly high for people of color, including by establishing the federally subsidized health insurance Marketplaces. The Marketplace allows individuals and families who do not qualify for public health insurance (such as Medicaid) and whose employers do not offer health coverage to purchase affordable health insurance. Depending on their income, which must be at least equal to 100 percent of the federal poverty level (FPL), individuals may qualify for financial assistance to help them cover the cost of the insurance. Small businesses can purchase group coverage for their employees through the Small Business Health Options Program (SHOP) Marketplace.

The Marketplace allows individuals and families to compare various available health plans, get assistance to understand coverage options, and enroll in a plan. People can shop for a plan during the annual open enrollment period (typically November through early January), but people who have a change in circumstances (such as the birth of a child or job loss) may qualify for a special enrollment period. The Marketplace is available in every state, and some are operated by state governments and may have distinct names, such as the Maryland Health Insurance Exchange. Most states use a federally facilitated Marketplace known as HealthCare.gov.

For More Information

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- **Marketplace overview:** "What Is the Health Insurance Marketplace?," *KFF*, accessed March 26, 2024; and "When Can You Get Health Insurance?," HealthCare.gov, accessed March 26, 2024.
- **SHOP Insurance:** "How To Enroll in SHOP Insurance," HealthCare.gov, accessed March 26, 2024.

Patient Story

"I have recently been diagnosed with Parkinson's Disease. This particular illness also made it impractical to continue on my career path. As a result of the need to leave my career to attend to my health, I suddenly was faced with the insurance market for the first time. The Affordable Care Act made it possible for me and my spouse to access insurance that was affordable. The coverage also allowed us to keep our current medical team in place. Given my recent diagnosis, without the ACA coverage I would not have been able to find affordable coverage."

—Excerpted from "Affordable Care Act Stories," Chellie Pingree 1st District of Maine, accessed March 29, 2023, https://pingree.house.gov/news/documentsingle.aspx?DocumentID=1951.

POPULATION

US residents who are not incarcerated, including lawfully present immigrants, qualify for Marketplace coverage. The record high number of people, over 21 million, enrolled in the individual Marketplace coverage in the 2024 plan year. This includes over 16 million returning customers and 5 million people who enrolled through the Marketplace for the first time.

Race and ethnicity data are optional to report as part of the Marketplace application, so we lack a complete understanding of the demographic characteristics of Marketplace enrollees. Recent analysis estimates that slightly over half (51 percent) of Marketplace enrollees are white, 25.3 percent are Hispanic/Latino, 12.7 percent are Black, 8.5 percent are Asian American Native Hawaiian or Pacific Islander, 1.9 percent are multiracial, and 0.7 percent are American Indian and Alaska Native. This analysis also indicates that Marketplace enrollment grew considerably among Hispanic/Latino and Black people between 2020 and 2022.

For More Information

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PROVIDERS AND SERVICE DELIVERY

On average, six health insurance companies participate in each state Marketplace, ranging from two to 15 per state. Each insurer may offer several health plans to provide consumer choices in terms of premiums, deductibles, cost sharing, and comprehensiveness of provider networks and covered benefits. Health plan provider networks include doctors, hospitals, and other health professionals and health care facilities that contract with the health plan to

cover medical services provided to the members at no or reduced cost. Before enrolling in a specific plan, consumers can check whether their preferred providers and facilities are included as in-network providers. Consumers may be responsible for the full cost of care if seeing an out-of-network provider.

At the minimum, all plans must cover 10 essential benefits, which include emergency services, hospitalizations, ambulatory patient services, maternity and newborn care, mental health and substance use disorder services, prescriptions, rehabilitative and habilitative services and devices, laboratory services, preventative and wellness visits, and pediatric care (which include oral and vision services). All Marketplace plans must also cover birth control and breastfeeding benefits but may offer additional benefits.

For More Information

- **Marketplace insurers: "**Number of Issuers Participating in the Individual Health Insurance Marketplaces," *KFF*, accessed March 26, 2024.
- **Provider networks**: "What You Should Know About Provider Networks," CMS.gov, accessed March 26, 2024
- **Marketplace benefits:** "What Marketplace Health Insurance Plans Cover," HealthCare.gov, accessed March 26, 2024.

FINANCING

People with low incomes are eligible for federal subsidies to offset costs associated with Marketplace coverage. This financial assistance consists of premium tax credits, which help reduce the monthly payments that enrollees have to pay for coverage. The amount of premium assistance depends on family income; for example, people with incomes at 150 percent of FPL may qualify for $0 premium plans, while people with higher incomes (up to 400 percent of FPL) may be required to make some contribution toward the premiums. People with incomes up to 250 percent of FPL may qualify for varying levels of cost-sharing reductions (depending on income), which help them pay for out-of-pocket expenses such as deductibles, copays, and coinsurance.

The American Rescue Plan Act of 2021 temporarily expanded eligibility for subsidies to people with incomes above 400 percent of FPL and increased the amount of Marketplace financial assistance for people with lower incomes. The American Rescue Plan Act is estimated to increase the number of people eligible for a subsidy by 20 percent and save recipients $70 per month on average. Though the American Rescue Plan Act tax credits were expanded for two years initially, the Inflation Reduction Act of 2022 extended this assistance through the 2025 plan year.

Regardless of whether Marketplace enrollees qualify for federal subsidies, people are financially responsible for a portion of the health care costs they incur when covered by a Marketplace plan. Consumer costs vary by type of plan (ranked by metal tiers) ranging from 10 percent of health care costs paid by consumers for platinum level, 20 percent for gold level, 30 percent for silver level, and 40 percent for bronze level plans. Typically, the lower the enrollee cost sharing, the higher the premium payments, and vice versa. In addition to premium payments, consumers may be responsible for other out-of-pocket costs, such as annual deductibles and copays (or coinsurance) for visits and prescriptions.

For More Information

- **Marketplace subsidies:** "Explaining Health Care Reform: Questions About Health Insurance Subsidies," *KFF*, October 6, 2023; and Matthew Rae, Cynthia Cox, Gary Claxton, Daniel McDermott, and Anthony Damico, "How the American Rescue Plan Act Affects Subsidies for Marketplace Shoppers and People Who Are Uninsured," *KFF*, March 25, 2021.

- **Plan categories:** "The Health Plan Categories: Bronze, Silver, Gold & Platinum," HealthCare.gov, accessed March 26, 2024.
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BARRIERS TO ENROLLING IN MARKETPLACE HEALTH INSURANCE

Though the health insurance Marketplaces improved access to coverage for millions of low- and moderate-income Americans who otherwise may be uninsured, several barriers persist, leaving many individuals without affordable insurance, including the following:

Some people do not qualify for Marketplace coverage and/or federal subsidies

Those who do not qualify include undocumented immigrants, Deferred Action for Childhood Arrivals recipients, and people who are incarcerated. A few states, however, created programs to enable undocumented immigrants to purchase Marketplace-like coverage with state-funded subsidies.

People in nonexpansion states are in a coverage gap

The Marketplace coverage was designed with the expectation that all states will expand eligibility for Medicaid to adults with incomes up to 138 percent of FPL under the ACA, and the Marketplace will serve those with incomes above the Medicaid thresholds. However, the Supreme Court made the Medicaid expansion optional, and 10 states have not expanded Medicaid as of April 2024. An estimated 1.5 million people in these states are in a so-called "coverage gap," meaning their incomes are too high for Medicaid coverage but too low to qualify for the Marketplace subsidies.

A challenging health plan enrollment process

Having so many options can make it challenging and overwhelming for consumers to understand what health plan will best serve their needs, estimate the impact of potential out-of-pocket costs, or determine whether they qualify for financial assistance. Though the Marketplace offers enrollment assistance, navigation and enrollment services may not be easily accessible or available in languages other than English and Spanish.

Affordability

By far, the most common reason people remain uninsured is the cost. Even though federal subsidies can help pay for premiums and some out-of-pocket health care costs, consumers may still be responsible for considerable medical bills. Pricing is an important selection criterion for consumers, but low premiums often mean high cost sharing, which may leave consumers with high expenses in the event of serious illness or medical emergency.

For More Information

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- **Cost barriers to insurance:** Munira Z. Gunja and Sara R. Collins, "Who Are the Remaining Uninsured, and Why Do They Lack Coverage?" New York: The Commonwealth Fund, August 28, 2019.

BARRIERS TO ACCESSING HEALTH CARE

Little is known about access to care and utilization of services among Marketplace enrollees, but available evidence suggests that some enrollees may have challenges finding a provider and accessing behavioral health services. One study found that while provider acceptance of Marketplace insurance was greater than Medicaid, it was lower than acceptance of employer-sponsored insurance. Some Marketplace plan provider networks may not be as robust for mental health services as primary care services. Several studies found that many Marketplace plans have narrower provider networks, meaning enrollees have few options for in-network providers they can see.

Furthermore, cost concerns may lead to avoiding or delaying needed health care. Marketplace enrollees pay, on average, much more for out-of-pocket health care expenses than those on Medicaid. A recent analysis of Marketplace claims showed that 17 percent of all claims for in-network services were denied, with some plans denying nearly 80 percent of all claims submitted, which can both restrict access to care and result in high out-of-pocket medical spending among Marketplace enrollees.

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DISPARITIES

The lack of complete and reliable race and ethnicity data for Marketplace enrollees prevents us from understanding if access to coverage and health care services are equitable.

For More Information

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OVERSIGHT AND ACCOUNTABILITY

The US Congress and the executive branch are the primary sources of accountability for implementing the ACA, including the Marketplace. Several federal and state entities oversee and operate the Marketplace and ensure health insurers' compliance with federal rules and regulations.

Major entities, programs, and tools that support Marketplace oversight, accountability, and transparency include the following:

- **Centers for Medicare and Medicaid Services (CMS),** within the US Department of Health and Human Services, oversees all federal health care programs, including the Marketplace. Among its core functions, CMS ensures the adequacy of provider networks for Marketplace plans offered on federally facilitated exchanges.
- **Center for Consumer Information and Insurance Oversight (CCIIO)** is an agency within CMS responsible for operating the federally facilitated Marketplace (HealthCare.gov), including in states that use the federal platform, and overseeing state-based Marketplaces. Among other key functions, CCIIO ensures consumer protections, including setting and enforcing health insurers' compliance with federal rules and regulations and offering consumer education on insurance options.
- **Government Accountability Office (GAO)**: Dubbed "the investigative arm of Congress" and "the congressional watchdog," GAO aids Congress in improving the performance of federal programs, including the Marketplace, by conducting independent research and providing recommendations.
- **State governments:** States that operate their own Marketplaces are responsible for all its functions, including (1) maintaining the website where consumers can research, compare, and purchase health insurance; (2) certifying health insurance products offered on the Marketplace and monitoring insurers' compliance with rules and regulations; and (3) providing education, outreach, and consumer assistance to Marketplace enrollees. Some states established independent state agencies or public-private entities to operate state-based Marketplaces.
- **Navigators:** The ACA created a program to help consumers understand and enroll in adequate insurance. Navigator programs are available in every state.
- **Cost protections**: The ACA and Congress included ways to hold insurance companies accountable and protect consumers from unreasonable medical costs. Marketplace plans must have their premium rates reviewed and publicly explain any premium increases greater than 15 percent. Many states require insurers to submit any and all rate changes for review. The so-called "80/20 rule" directs insurers to spend at least 80 percent (or 85 percent, depending on the size of the insurer) of their revenues on health care services and quality improvement projects. The No Surprises Act of 2022 protects all health insurance consumers, including those covered through the Marketplaces, from receiving surprise high medical bills for receiving emergency services, nonemergency services from out-of-network providers at in-network facilities, and services from out-of-network air ambulance service providers.

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- **Surprise medical bills**: "No Surprises: Understand Your Rights against Surprise Medical Bills," CMS.gov, January 3, 2022

POLICIES AND ACTIONS THAT COULD LESSEN BARRIERS AND DISPARITIES

Beyond creating Marketplaces where millions of low- and moderate-income individuals and families can shop for affordable health insurance, the ACA introduced important provisions to reduce disparities in coverage and access to health care. These include prohibiting insurers from denying coverage to people with preexisting health conditions and discriminatory benefit designs, requiring preventative health care coverage at no cost to consumers, and requiring Marketplace plans to contract with safety net providers, such as community health centers and public hospitals.

The federal and state governments could further strengthen the enforcement and oversight of the Marketplaces and participating insurers and, more explicitly, prioritize equity in Marketplace policies and practices. The following strategies could reduce barriers and advance health equity in the Health Insurance Marketplace:

Enhancing consumer education and enrollment assistance

- Improving the ease of website navigation and tools that enable consumers to compare health plan options, review participating providers, and easily calculate premium subsidies and cost sharing could reduce confusion and choice overload and promote informed decisionmaking to protect consumers from selecting inadequate coverage.
- Improving consumer education and assistance by robustly funding navigator programs and ensuring information and navigation services are culturally effective and available in multiple languages.

Improving access to care

- Strengthening and enforcing provider network adequacy requirements, such as by ensuring parity between coverage of physical and behavioral health services and providing more guidance and oversight of prior authorization and claim denial processes.
- Creating incentives for insurers to design more comprehensive and cost-effective plans. For example, HealthCare.gov requires participating insurers to offer standardized plan design options to consumers, and some state-based Marketplaces only allow standardized plan design plans to be offered to consumers. Standardized plans both maximize access to covered benefits at lower cost-sharing and simplify plan shopping for consumers.

Incorporating equity considerations in oversight and accountability

- Improving the quality and completeness of Marketplace enrollees' race and ethnicity data, as well as data on other demographic characteristics such as language, gender identity, and sexual orientation, would allow federal and state Marketplaces to identify disparities and develop more effective policies and strategies to advance equity.
- Incentivizing and holding insurers accountable for delivering high-quality and equitable care to enrollees, such as by requiring Marketplace plans to achieve National Committee for Quality Assurance health equity accreditation.

For More Information

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- **Standardized plans**: Karen Pollitz, Justin Lo, and Rayna Wallace, "Standardized Plans in the Health Care Marketplace: Changing Requirements," KFF, May 8, 2023.
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GLOSSARY

Accountability is an assurance that an individual or organization is evaluated on its performance or behavior related to something for which it is responsible.

An **appeal** is a request to a health insurer to review a decision that denies a benefit or payment for health care services or medications.

Choice overload refers to difficulties in making decisions if too many choices are available to consumers. It can result in consumers choosing default options or being unable to decide.

A **coverage gap** results from state decisions not to expand Medicaid, meaning their income was above Medicaid eligibility but below the lower limit for Marketplace premium tax credits.

The **Deferred Action for Childhood Arrivals (DACA)** program was created to protect eligible young adults who were brought to the US as children from deportation and to provide them with work authorization for temporary, renewable periods.

Employer-sponsored insurance is health insurance offered to employees and their dependents (and, in most cases, spouses) as an employment benefit.

The **federal poverty level** is a measure of income issued every year by the Department of Health and Human Services. Federal poverty levels are used to determine your eligibility for certain programs and benefits, including savings on Marketplace health insurance and Medicaid and Children's Health Insurance Program coverage**.**

Federal subsidies are cash assistance available to purchase health coverage at reduced or no cost for people with incomes below certain levels.

Health disparities are preventable differences in disease, health status, or opportunities to achieve optimal health experienced by socially disadvantaged racial, ethnic, and other population groups and communities.

Health equity is the state in which everyone has a fair and just opportunity to attain their highest level of health.

Prior authorization is a required approval from a health plan before a patient receives a service or fills a prescription for the service or prescription to be reimbursed.

The **Small Business Health Options Program (SHOP)** is a way for small employers who want to provide health and/or dental insurance to their employees affordably, flexibly, and conveniently.

ACKNOWLEDGMENTS

This guide was prepared for the Urban Institute's Unequal Treatment at 20 (UT@20) initiative with generous support from the Robert Wood Johnson Foundation, the Commonwealth Fund, the Episcopal Health Foundation, the California Endowment, and the California Health Care Foundation. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute's funding principles is available at urban.org/fundingprinciples.

The authors gratefully acknowledge helpful comments, suggestions, and guidance from Faith Mitchell, Erik Wengle, and UT@20 Advisory Committee member Ameina Moseley. The authors also recognize and greatly appreciate the advice and contributions of members of a RWJF-funded community advisory board focused on health equity, in particular Dung Ngo and Shereese Rhodes.