

RESEARCH REPORT

Helping Special Enrollment Periods Work under the Affordable Care Act

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Helping Special Enrollment Periods Work under the Affordable Care Act

In Brief

Under the Affordable Care Act (ACA), special enrollment periods (SEPs) were designed so people whose circumstances change because of job loss or other factors can obtain Marketplace coverage outside of the designated open enrollment period (OEP). After carriers claimed that ineligible people were using SEPs to obtain coverage for newly arising health problems, the Centers for Medicare and Medicaid Services (CMS) announced a new requirement for SEP applicants to document their eligibility. State-based Marketplaces (SBMs) are also considering similar approaches.

SEP utilization has fallen far short of its potential, with roughly 5 percent of SEP-eligible consumers enrolling in 2015. Although limiting SEP use to eligible consumers is important, other approaches to verification may be more effective at addressing underlying concerns:

- Unlike most ACA verification, which begins with data matches, CMS's new approach starts by asking consumers for documents. Fewer eligible people will likely enroll, especially among the relatively healthy. It is thus not clear whether risk pools will improve, on balance.
- CMS and SBMs could instead request documentation only when the Marketplace cannot verify eligibility by accessing data. Reducing consumers' procedural burdens would increase sign-ups, especially among healthy eligible people. Rapid verification would also limit the need to provide coverage while consumers' documentation is being analyzed.

Introduction

As a general rule, consumers may buy individual coverage, within and outside health insurance Marketplaces, only during an annual OEP. This rule seeks to prevent consumers from waiting until they get sick before they enroll. If the sick alone signed up, such "adverse selection" would raise premiums to unsustainable levels. Similar OEP requirements govern most employer-sponsored insurance (ESI) and Medicare.

However, events occurring between OEPs can create an unexpected need for coverage. For example, 28.8 million laid-off workers and their dependents lose ESI each year between OEPs; 2.6 million people lose Medicaid because of rising income; and 580,000 people lose spousal coverage through divorce (Buettgens, Dorn, and Recht 2015). Such consumers qualify for SEPs, during which they may sign up for Marketplace plans or other individual insurance.

Through January 2016, CMS did not verify SEP eligibility. Instead, applicants qualified for SEPs based on attestations. Insurers complained that consumers who developed health problems midyear were falsely claiming SEP eligibility and obtaining Marketplace coverage. Carriers cited as evidence higher claims for SEP than OEP enrollees. Several insurers claimed financial losses on SEP members as one reason they might stop offering Marketplace coverage;¹ at least one carrier later withdrew from multiple states.²

In February 2016, CMS announced a new policy of requiring consumers to document eligibility for common SEPs.³ SEP applicants who provide documentation will receive coverage while their documents are being reviewed.⁴ The new policy first took effect on June 17, 2016.

SBMs are also re-evaluating SEP verification. California's Marketplace, for example, which previously allowed SEP enrollment based on consumer attestations, is analyzing a sample of SEP enrollees, gathering information to shape the state's longer-term approach.⁵

In May 2016, CMS announced another change focused on SEPs triggered by consumers who change their residence by moving between counties or states. Responding to carrier concerns, CMS limited this SEP category to people who had coverage before their move. CMS sought to end "an opportunity for adverse selection where persons undertake a permanent move solely for the purpose of gaining health coverage" (CMS 2016).

This report asks three questions: Is verification of SEP eligibility a good idea? What are the trade-offs and limitations of CMS's new verification policy? Do alternative approaches merit consideration by CMS and SBMs?

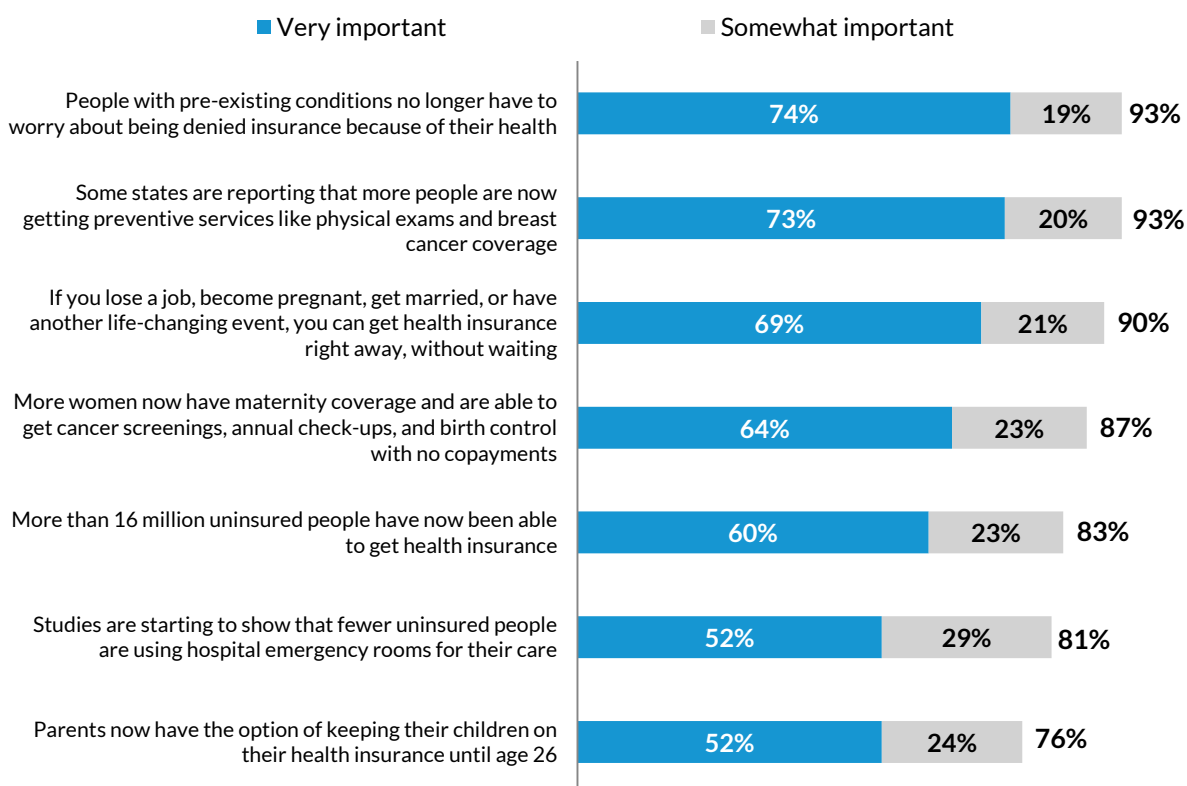
The Need for SEP Verification

SEPs' Importance

Survey data suggest that SEPs are one of the ACA's most valued components. In September 2015,⁶ 90 percent of residents in five states said an "important" result of the ACA was that "if you lose a job, become pregnant, get married, or have another life-changing event, you can get health insurance right away without waiting"; 69 percent described this feature of the ACA as "very important." Coverage during life transitions was valued more than many other aspects of the ACA, including millions of uninsured gaining insurance and young adults staying on parental coverage through age 26 (figure 1).

FIGURE 1

Percentage of Potential Voters in Florida, Nevada, Ohio, Pennsylvania, and Virginia Who Describe Various Affordable Care Act Results as Important

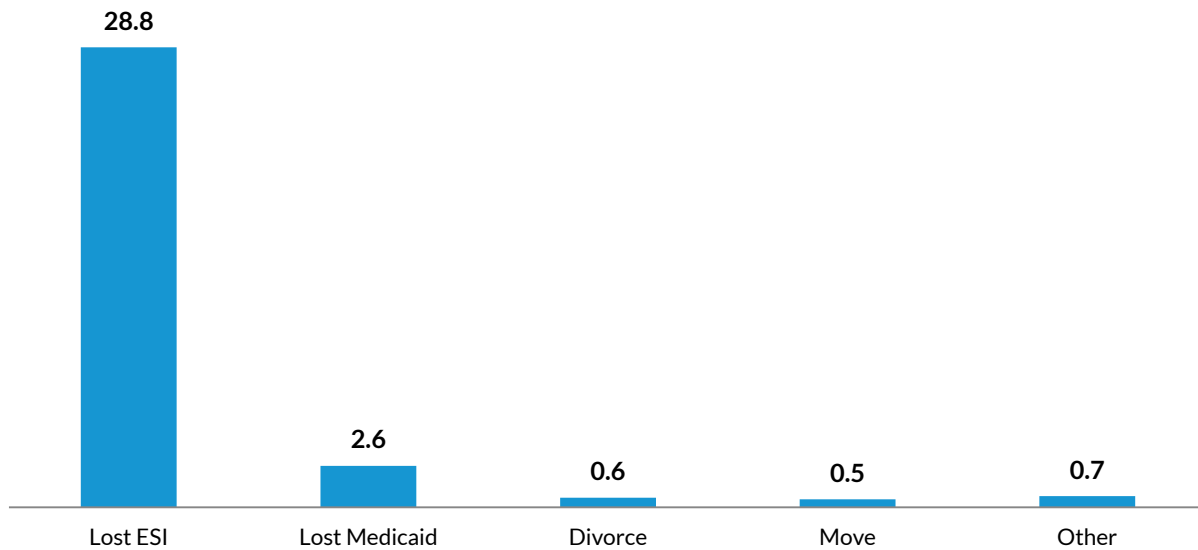


Source: PerryUndem Research/Communications, "Likely Voters Feel the Affordable Care Act Is Here to Stay. They Agree on Ways to Improve the Law," Oct. 8, 2015, www.communitycatalyst.org/news/press-releases/media-report.final.pdf.

It is understandable that SEPs are highly valued. Access to coverage during life transitions fills a major hole in America’s insurance system. In a typical year, 33.5 million Americans lose coverage between OEPs for reasons that qualify for SEPs (figure 2). More than 6 in 10 of them (62 percent) regain coverage by the end of the year (data not shown), but even short-term gaps can reduce access to care and cause financial loss (Gulley, Rasch, and Chan 2011; Olson, Tang, and Newacheck 2005).⁷

Out of 33.5 million SEP-eligible Americans who experience coverage gaps, 28.8 million, or 86 percent, lose ESI when they become unemployed, as noted above. Adding the 2.6 million who lose Medicaid when their income rises, 94 percent of SEP coverage gaps involve loss of minimum essential coverage.

FIGURE 2
SEP-Qualifying Reasons for Coverage Gaps between OEPs (millions of people per year)



Source: Buettgens, Dorn, and Recht (2015).

Note: ESI = employer-sponsored insurance; OEP = open enrollment period; SEP = special enrollment period. Sources of SEP eligibility in the “other” category include marriage, adding a child to the family, gaining citizenship, turning 26 and losing access to parental insurance, and qualifying for tax credits by moving from below to above the federal poverty level in a state that has not expanded Medicaid.

Buettgens, Dorn, and Recht (2015) estimate that 1.5 million people enrolled via SEPs in 2015—roughly 5 percent of SEP-eligible consumers who experienced coverage gaps. SEP enrollees’ high risk levels described by carriers thus reflect not just participation by those with health problems but likely also a lack of participation by eligible healthy consumers.⁸ Consumers “with the greatest health care

needs are the most likely to seek out information about mid-year enrollment opportunities, spend the time necessary to complete the application process, and enroll within the limited enrollment window permitted (typically 60 days after their life change).⁹

Marketplace attrition suggests SEPs' underutilization. Presumably, consumers leaving the Marketplace because of job offers with ESI should be roughly offset by consumers who lose employment and ESI, then join the Marketplace. Instead, Marketplace enrollment between OEPs declined significantly in 2014 and 2015.¹⁰

Increasing eligible consumers' SEP enrollment would lower the number of uninsured people. It could improve risk pools by adding healthier consumers, increase Marketplaces' administrative funding,¹¹ and establish Marketplaces as America's coverage source during life transitions. However, such results are unlikely if carriers believe they lose money on SEP enrollees. To limit SEP participation, some insurers neither advertise nor pay brokers between OEPs.¹² Reversing this trend may require SEP verification and other steps that mitigate carriers' claimed losses on consumers who enroll between OEPs.

Limited Evidence of SEP Abuse

Several consumer groups rightly note that many facts cited by carriers do not prove SEP abuse.¹³ Higher health costs for SEP enrollees¹⁴ are consistent with risk selection by eligible consumers, because medical problems increase the likelihood that such consumers enroll.¹⁵

Carriers also report that when non-Marketplace plans request proof of SEP eligibility, many consumers drop their applications.¹⁶ However, "hassle factors" may be stopping eligible consumers from enrolling. According to behavioral economics research, minor procedural requirements—requesting the completion of simple forms¹⁷ or requiring a box to be checked¹⁸—can greatly reduce participation.

Nevertheless, evidence from California suggests some SEP abuse:

- When California's non-Marketplace plans ask SEP applicants for proof of eligibility, many shift to the Marketplace, where verification is not required.¹⁹
- If hassle factors alone were preventing the completion of SEP applications, average costs would be higher in plans that request documentation, because the sickest people are most likely to make the effort needed to prove eligibility. Instead, average costs of SEP enrollees are lower in

California's non-Marketplace plans, which request documentation, than in the state's Marketplace plans, which do not.²⁰ This finding supports carriers' argument that, when consumers drop their SEP applications after being asked to show eligibility, some do so because they are ineligible, not because hassle factors stop them from moving forward.

Potential Challenges with CMS's New Policy

CMS's new policy begins SEP verification by asking consumers for documents to confirm their SEP eligibility. This approach departs from standard ACA practice, which avoids burdening consumers if the government can find proof of eligibility on its own. The ACA statute states, "to the maximum extent practicable," Marketplaces and Medicaid must "determine . . . eligibility on the basis of reliable, third-party data."²¹ ACA regulations thus begin verification with data matches. Only if matches fail to confirm eligibility may consumers be asked for documentation.²²

CMS's new SEP documentation procedures could reduce the number of eligible consumers who enroll, as suggested by experience with the Deficit Reduction Act of 2005, which required Medicaid applicants to document citizenship. Consistent with the behavioral economics research noted above, adding this procedural step reduced eligible citizens' participation:²³

- The Government Accountability Office found that, in less than a year, 22 of 44 states found documentation requirements lowered enrollment, 12 saw no effect, and 10 could not yet assess the impact. The first group mainly attributed the drop to "delays in or losses of coverage for individuals who appeared to be eligible citizens." The one state that carefully tracked results reported that 15.6 percent of all Medicaid applications were denied for lack of citizenship documentation.²⁴
- By 2007, 13 states found documentation requirements had a "significant negative impact on enrollment"; 24 observed some or modest effects; and 11 found insignificant or no effects (Smith et al. 2007).
- The Children's Health Insurance Program Reauthorization Act of 2009 repealed citizenship documentation requirements. The Congressional Budget Office estimated that 500,000 people would receive coverage as a result, noting that "virtually all of those who have been unable to provide the required documentation are U.S. citizens."²⁵

Given this history, requiring SEP documentation will probably reduce enrollment among eligible people,²⁶ which is likely to raise the average cost of eligible SEP enrollees. All else equal, consumers with health problems are the ones most likely to take the time needed to submit requested documentation.²⁷ It is not clear whether this unfavorable effect on Marketplace risk pools outweighs the risk-pool benefits of SEP verification. Compounding uncertainty about the overall risk-pool effects of CMS's policy, carriers suggest that some SEP-ineligible consumers with health problems may obtain months of coverage while their documents are being processed.²⁸

Alternative Approaches

SEP Verification

Instead of requiring documentation from all SEP applicants, Marketplaces could first seek to confirm eligibility on their own. Such approaches may be possible for several SEPs.²⁹ However, we focus on loss of minimum essential coverage, which causes 94 percent of SEP eligibility, as noted above. Such loss could be verified as follows:

1. The SEP application form requests information about the applicant's former insurer.
2. The Marketplace attempts verification by automated data matches with the former insurer, using an established automated procedure through which providers routinely query insurers to verify patient coverage.³⁰
3. If such data matching does not show the consumer had minimum essential coverage that recently ended, the Marketplace calls the consumer's former insurer for verification.
4. If eligibility remains unconfirmed, the Marketplace calls the consumer for verification.
5. If eligibility continues to be unconfirmed, the Marketplace sends the consumer a written notice requesting documentation.

No research shows the effect of procedures like these under the ACA. However, previous research shows the effectiveness of similar policies used by several Medicaid programs before the ACA:

- Starting in 2010, Oklahoma's Medicaid program requested documentation from consumers only if data matches did not prove eligibility; 55 percent of applications and 80 to 85 percent of renewals were then verified electronically without asking consumers for documents.³¹

- Louisiana’s pre-ACA renewal process obtained enough information to determine eligibility for more than 99 percent of enrolled children.³² This process contributed to a program-wide eligibility error rate of 0.3 percent, roughly one-tenth the national average (CMS 2012). Among renewing children, 56 percent had eligibility verified through data matches, 20 percent were verified manually by agency staff without contacting families, 15 percent were verified by telephoning families, and only 4 percent required families to submit written paperwork (Dorn, Minton, and Huber 2014). The state kept 95 percent of children insured,³³ a share significantly above the national average.³⁴

Two factors would improve Marketplace risk pools if the verification process suggested here replaced CMS’s approach. First, reducing applicant burdens should increase enrollment among eligible consumers who are relatively healthy, as explained above. Second, the first steps of the process suggested here would seek verification before enrollment. Such a practice would reduce the need to provide coverage while documents are being processed, thus lowering the number of ineligible, high-cost consumers who obtain interim coverage. Moreover, with the latter result, fewer consumers would face the financial risks of receiving coverage for which they later turn out to be ineligible.³⁵

However, this five-step verification process has trade-offs and limitations:

- Necessary information technology investments may be costly, although some offsetting operational savings will result. Electronic verification of SEP eligibility eliminates the need to pay staff for manual verification. Oklahoma and Louisiana found that ongoing savings from data-based verification exceeded information technology investment costs (Hoag et al. 2013).
- Automated SEP verification systems will take time to develop and test. Until such systems are deployed, Marketplaces could verify eligibility by calling the former carriers identified on SEP application forms.³⁶
- Even if lost minimum essential coverage is confirmed, some consumers may be ineligible. Those who lose coverage because they stop paying premiums, for example, do not qualify for SEPs.³⁷
- Carrier cooperation is needed for manual verification, which generates costs for responding insurers. Some carriers may not cooperate.

Increasing SEP Take-up by Healthy Consumers

Public education could address consumers' lack of knowledge about SEPs, but information alone is unlikely to substantially increase take-up.³⁸ Based on past experience with laid-off workers, enrollment gains will likely require hands-on application assistance for consumers who lose ESI (Dorn 2006). Such consumers comprise 86 percent of SEP-eligible people, as noted above, which argues for making them a priority.

If insurers see SEP enrollees as profitable, brokers who have relationships with employers would have incentives to enroll departing employees into Marketplace coverage. For this change to occur, however, more than SEP verification is needed. Risk adjustment must also change to compensate carriers for the short-term costs that can prompt SEP enrollment, an issue currently under CMS consideration.³⁹ Another potential contribution to carrier engagement is CMS's recent limitation of eligibility for SEPs that are triggered by a change in residence, as described above.

Along with encouraging carriers to market between OEPs, Marketplaces could partner with state workforce agencies to add health application assistance to services for the unemployed. Moreover, improving electronic linkages between Medicaid and Marketplace eligibility systems could prevent some consumers from "falling between the cracks" when they lose Medicaid because of rising incomes (Wishner et al. 2015).⁴⁰

However, the enrollment and risk-pool gains from these efforts will be constrained by consumer affordability concerns. Many uninsured people cite such concerns as reasons they have chosen not to join Marketplace plans during OEPs (Dorn 2014).⁴¹

Conclusion

Some carriers are reportedly avoiding SEP members because of their high average cost. This higher cost results from three factors: (1) enrollment by costly consumers who are *ineligible* for SEPs, (2) enrollment by costly consumers who are *eligible* for SEPs, and (3) limited enrollment by *healthy and eligible* consumers. CMS's policy to verify eligibility by requesting consumer documentation addresses the first factor. However, it does not address the second, and it worsens the third by adding procedural requirements that are likely to lessen eligible consumers' participation, especially among the healthy.

To reduce consumer burdens and align with broader ACA principles, both CMS and SBMs could instead

- use data matches to verify eligibility whenever possible,
- verify eligibility manually if data matches do not suffice, and
- request consumer documentation only if these proactive steps fail to confirm eligibility.

To increase SEP take-up by healthy, eligible consumers, Marketplaces could target application assistance to the most common SEP categories and facilitate the involvement of insurers and brokers. If carriers stop seeing SEP enrollment as financially harmful, they could join Marketplaces in recruiting consumers between OEPs. This would help Marketplaces fill an important gap in America's health insurance system by routinely providing coverage during major life transitions.

Notes

1. Julie Appleby, "UnitedHealth Warns of Marketplace Exit," Kaiser Health News, Nov. 20, 2015, <http://khn.org/news/unitedhealth-warns-of-marketplace-exit-start-of-a-trend-or-push-for-white-house-action/>.
2. Phil Galewitz, "UnitedHealthcare to Exit All but 'Handful' of Obamacare Markets in 2017," Kaiser Health News, April 19, 2016, <http://khn.org/news/unitedhealthcare-to-exit-all-but-handful-of-obamacare-markets-in-2017/>.
3. These SEPs are based on loss of health insurance; permanent moves between counties or states; birth; adoption; and marriage (CMS, "Fact Sheet: Special Enrollment Confirmation Process," Feb. 24, 2016, <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-24.html>).
4. CMS (2016, June) Eligibility Notice: Special Enrollment Periods (2016 Coverage). JoAnn Volk, "NAIC Roundup: Catching Up on the Spring Meeting and Looking Ahead," CHIRblog, April 28, 2016, <http://chirblog.org/naic-roundup-catching-up-on-the-spring-meeting-and-looking-ahead/>.
5. Anne Price, "Special Enrollment Period Policies," Covered California Policy and Action Items, April 7, 2016, <http://board.coveredca.com/meetings/2016/4-07/PPT%20Covered%20California%20Policy%20and%20Action%20Items%20April%207%202016%20-%20DRAFT.pdf>.
6. PerryUndem Research/Communications, "Likely Voters Feel the Affordable Care Act Is Here to Stay. They Agree on Ways to Improve the Law," Oct. 8, 2015, www.communitycatalyst.org/news/press-releases/media-report.final.pdf.
7. See also the Incidental Economist, "The Consequences of Health Insurance Coverage Gaps," Academy Health blog, Jan. 6, 2014, <http://blog.academyhealth.org/the-consequences-of-health-insurance-coverage-gaps/>.
8. Sarah Lueck, "Insurers' Push to Restrict Special Enrollment Periods Would Block Uninsured People," Center on Budget and Policy Priorities, Feb. 10, 2016, <http://www.cbpp.org/health/insurers-push-to-restrict-special-enrollment-periods-would-block-uninsured-people>. Also, short-term plans that are not ACA compliant may siphon off better risks. Such plans can lower premiums by denying insurance to consumers with pre-existing conditions, capping paid claims per year, and so on (Sabrina Corlette, "One Way Insurers Could Improve Marketplace Risk Pools? Stop Cannibalizing Their Own Business," CHIRblog, April 22, 2016, <http://chirblog.org/one-way-insurers-could-improve-marketplace-risk-pools/>). However, these plans do not meet the ACA's individual-coverage requirement. The penalty for violating that requirement is slated to increase, and more people could learn about the penalty over time. If so, some market share may shift from non-ACA short-term coverage to ACA-compliant plans. More important, in June 2016, federal authorities proposed new regulations to greatly limit the operation of short-term plans outside of the ACA's insurance framework. See CMS (2016, June) "Strengthening the Marketplace—Actions to Improve the Risk Pool."
9. Laurel Lucia, "How Do We Make Special Enrollment Periods Work?" *Health Affairs* blog, Feb. 16, 2016, <http://healthaffairs.org/blog/2016/02/16/how-do-we-make-special-enrollment-periods-work/>.
10. For example, by the end of the 2015 OEP, the federally facilitated Marketplace lost 22 percent of its 2014 enrollees, and SBMs lost 31 percent (Carolyn F. Pearson, "State-Based Exchanges Saw Higher Attrition from 2014 to 2015 Than Federally Facilitated Exchanges," April 7, 2015, Avalere Health LLC). Factors other than new employment contribute to attrition, including members' financial reversals that stop premium payments, members completing treatment for a condition that originally motivated enrollment, and so on.
11. In most Marketplaces, administrative costs are financed by carrier fees that reflect the number of Marketplace enrollees.

12. J. Hancock, "Licking Wounds, Insurers Accelerate Moves to Limit Health-Law Enrollment," Kaiser Health News, Feb. 4, 2016.
13. Sarah Lueck, "Insurers' Claims about Special Enrollment Periods Deserve Tougher Scrutiny," Center on Budget and Policy Priorities, Feb. 25, 2016, <http://www.cbpp.org/blog/insurers-claims-about-special-enrollment-periods-deserve-tougher-scrutiny>.
14. Paul Demko, "Gaming Obamacare," Politico, Jan. 12, 2016; John Bertko, "Emerging Potential Trends for Covered California Special Enrollment Period Enrollees," Covered California, Feb. 18, 2016. See also Chris Carlson and Kurt Giesa, "Special Enrollment Periods and the Non-Group, ACA-Compliant Market," Oliver Wyman, Feb. 24, 2016, <https://www.ahip.org/wp-content/uploads/2016/03/Oliver-Wyman-Analysis-of-SEP-Enrollment-in-ACA-Nongroup-Market.pdf>.
15. SEP enrollees also retain coverage for shorter periods, on average, than OEP members (Carlson and Giesa, "Special Enrollment Periods"). These shorter coverage periods do not prove SEP misuse, however, because (as noted above) more than 60 percent of SEP-eligible consumers regain coverage from employers or Medicaid before the end of the year.
16. Bertko, "Emerging Potential Trends."
17. For example, David Laibson found that application requirements lowered early participation in 401(k) plans from 90 to 33 percent ("Impatience and Savings," NBER Reporter Online, 2005). Blavin, Dorn, and Dev (2014) report that in four states, application requirements limited take-up of Medicaid targeted-enrollment offers to 27 and 33 percent (in two states) and 41 and 46 percent (in two states that attempted to call nonrespondents) of consumers who were sent mailings of enrollment materials.
18. For example, Johnson and Goldstein (2004) found that check-box completion requirements lowered consent rates to organ donation from 82 to 42 percent; and Dorn, Wilkinson, and Benatar (2012) found that check-box requirements reduced by 62 percent the average number of Louisiana children receiving Medicaid based on monthly Supplemental Nutrition Assistance Program applications and express lane eligibility.
19. Bertko, "Emerging Potential Trends."
20. Bertko, "Emerging Potential Trends."
21. ACA §1413(c)(3)(A).
22. See, for example, 42 CFR §435.952(c); 45 CFR §155.315(b), (c), (e), (f), and (i); and 45 CFR §155.320(b)(1), (c)(1)(i), (c)(3)(ii)(C) and (D), (c)(3)(iii), (c)(3)(v)(A), and (c)(3)(vi)(A).
23. See also the finding that seven states with relatively good enrollment data reported significant enrollment declines that officials attributed to citizenship documentation requirements (Donna Cohen Ross, "New Medicaid Citizenship Documentation Requirement Is Taking a Toll: States Report Enrollment Is Down and Administrative Costs Are Up," Center on Budget and Policy Priorities, revised March 13, 2007, <http://www.cbpp.org/archiveSite/2-2-07health.pdf>) and Sommers's (2010) finding that citizenship documentation requirements may have contributed to roughly 2 million Medicaid-eligible children becoming uninsured.
24. Other states estimated between 1 and 14 percent increases in monthly denials (Government Accountability Office 2007).
25. P. R. Orszag, Congressional Budget Office, letter to Speaker Nancy Pelosi, Oct. 25, 2007.
26. Additional reductions may result if Marketplaces continue to have problems processing consumers' documents (Sandy Ahn, "Healthcare.gov Changing Approach to Special Enrollment Periods, May Be Bumpy Road for Consumers," CHIRblog, Feb. 25, 2016, <http://ccf.georgetown.edu/all/healthcare-gov-special-enrollment-periods-may-be-bumpy-road-for-consumers/>).

27. As Austin Frakt notes, “Any barrier, any work an individual must do to enroll is a form of payment. Adverse selection results” (“Simply Put: Adverse Selection,” *The Incidental Economist*, April 15, 2011, <http://theincidentaleconomist.com/wordpress/simply-put-adverse-selection/>). See also Maria Polyakov (“Regulation of Insurance with Adverse Selection and Switching Costs: Evidence from Medicare Part D,” Dec. 22, 2013, <http://www.igier.unibocconi.it/files/9376-Polyakova.pdf>), who found that more procedural requirements for changing Medicare Part D plans were associated with higher levels of adverse selection.
28. Gabriel McGlamery, Blue Center for Health Policy, personal communication, May 2016.
29. For the SEP category related to moving, for example, WhitePagesPro.com, a commercial vendor, has address data for roughly 90 percent of the US adult population (Andrea Falling, WhitePagesPro.com, personal communication, April 2016).
30. Nationally standardized forms for data exchange show whether an insurer has a particular individual on file and, if so, the details of the individual’s past and current coverage. These forms are among the standardized national formats of electronic data exchange required by the Health Insurance Portability and Accountability Act of 1996. Coverage inquiries use the “270 Benefit Inquiry” form, and responses from insurers or their contractors use the “271 Information Response” form.
31. Sheila Hoag and Adam Swinburn, “CHIPRA Express Lane Eligibility Evaluation: Case Study of Oklahoma’s SoonerCare Online Enrollment System,” Mathematica Policy Research, May 31, 2013, https://www.staterforum.org/system/files/mathematica-_case_study_of_oklahomas_online_enrollment_system_5_31_13.pdf.
32. Tricia Brooks, “The Louisiana Experience: Successful Steps to Improve Retention in Medicaid and SCHIP,” Georgetown University Health Policy Institute, Feb. 26, 2009, <http://ccf.georgetown.edu/ccf-resources/louisiana-experience-successful-steps-improve-retention-medicaid-schip/>.
33. Brooks, “The Louisiana Experience.”
34. Sommers (2005) estimated that 29 percent of Medicaid and Children’s Health Insurance Program children lost coverage at renewal nationally, and 44 percent of children losing coverage remained eligible.
35. See Price, “Special Enrollment Period.” Current statutes and regulations do not seem to require repayment of advance premium tax credits from consumers who enroll through SEPs for which they were ineligible. See 26 USC §36B(b)(2)(A) and 26 CFR §1.36B-4(a)(1)(iii), (a)(4) Example 9. However, depending on state law and the applicable insurance contract, some consumers who enroll by wrongly attesting to SEP eligibility might be required to refund carriers’ paid claims. See, for example, *Imperial Casualty & Indemnity Co. v. Sogomonian*, 198 Cal. App. 3d 169 (1988). See also California Insurance Code §§ 330, 331 and California Civil Code §1692.
36. To significantly lower the administrative costs of this manual approach, a Marketplace could test consumers’ use of SEP applications. Most applicants who complete the form may turn out to qualify, as applicants will see that the Marketplace can contact their supposed former carriers for verification. With federal income taxes, when taxpayers know that W-2s or 1099 forms allow verification, returns have an accuracy rate of almost 99 percent (Government Accountability Office 2012). If initial testing shows minimal SEP ineligibility among those who complete the SEP application form, the Marketplace could manually verify samples of SEP applicants, rather than all such applicants, much as the Internal Revenue Service audits selected income tax returns. Describing its document review process as “modeled after approaches used by the Internal Revenue Service,” CMS may be planning a similar, audit-based strategy (CMS 2016). However, the auditing approach discussed here is intended, not as an ongoing policy, but as an interim measure that transitions to verifying all SEP applications once a data-matching system comes online, based on the 270/271 transactions described earlier.
37. 45 CFR 155.420 (e)(1).

38. Mary June Flores and Laurel Lucia, "Maximizing Health Insurance Enrollment through Covered California during Work and Life Transitions," UC Berkeley Center for Labor Research and Education, May 13, 2013, <http://laborcenter.berkeley.edu/maximizing-enrollment/>.
39. CMS is planning to change current risk adjustments for "partial year" enrollees (Center for Consumer Information and Insurance Oversight, "March 31, 2016, HHS-Operated Risk Adjustment Methodology Meeting: Discussion Paper," March 24, 2016, <https://www.cms.gov/CCIIO/Resources/Forms-Reports-and-Other-Resources/Downloads/RA-March-31-White-Paper-032416.pdf>); Center for Consumer Information and Insurance Oversight (2016, June) March 31, 2016, HHS-Operated Risk Adjustment Methodology Meeting Questions & Answers. However, CMS's analysis, which is based primarily on ESI claims, shows the cost of, for example, people who change jobs and health plans midyear—a very different group from SEP enrollees into individual-market plans. CMS may also need to create new risk adjustments for acute care costs that (1) do not currently qualify for risk adjustment because they do not involve chronic conditions but (2) can prompt SEP use. Illustrating the magnitude of such effects, trauma-related health care costs exceed those associated with any other diagnosis (Agency for Healthcare Research and Quality, "Total Expenses and Percent Distribution for Selected Conditions by Type of Service, United States, 2013," Table 3, Medical Expenditure Panel Survey Household Component Data https://meps.ahrq.gov/mepsweb/data_stats/tables_compendia_hh_interactive.jsp?_SERVICE=MEPSSocket0&_PROGRAM=MEPSPGM.TC.SAS&File=HCFY2013&Table=HCFY2013_CNDXP_C&_Debug=).
40. Samantha Artiga, Jennifer Tolbert, and Robin Rudowitz, "Implementation of the ACA in Kentucky: Lessons Learned to Date and the Potential Effects of Future Changes," April 20, 2016, <http://kff.org/health-reform/issue-brief/implementation-of-the-aca-in-kentucky-lessons-learned-to-date-and-the-potential-effects-of-future-changes/>.
41. See also Sara R. Collins, Munira Gunja, Michelle M. Doty, and Sophie Beutel, "To Enroll or Not to Enroll? Why Many Americans Have Gained Insurance under the Affordable Care Act While Others Have Not," The Commonwealth Fund, September 2015, http://www.commonwealthfund.org/~media/files/publications/issue-brief/2015/sep/1837_collins_to_enroll_not_enroll_tb.pdf; Enroll America, "Reaching Consumers in the Third Open Enrollment Period: Who Are They and What Do They Need to Hear?," Oct. 28, 2015, <https://www.enrollamerica.org/research-maps/webinars/third-open-enrollment-period-messaging-mike-perry/>.

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