
**CHURN BETWEEN WASHINGTON
APPLE HEALTH AND QUALIFIED
HEALTH PLANS:
A DATA ANALYSIS**

January 12, 2016

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This report was prepared by Cambria Solutions for the Washington Health Benefit Exchange and the Washington Health Care Authority.

Executive Summary

The Washington Health Benefit Exchange (Exchange) and the Washington Health Care Authority (Authority) analyzed data focusing on those who churned between Washington Apple Health and qualified health plans within the Exchange. Between April 2014 and March 2015, more than 30,000 individuals moved between Washington Apple Health (WAH) and qualified health plan (QHP) coverage.

Below are some key findings from this analysis:

- **Churn is affecting small portions of the enrolled population** - Churn impacted 8.5 percent of the QHP population and 0.7 percent of the Medicaid population during the study period.
- **Churn is happening once** – Among those churning between WAH and QHP, most individuals or families are churning just once during the year, as opposed to multiple churns throughout the year.
- **Most churn occurs among mixed households** – Churn is greatest among mixed households (those with both WAH and QHP enrollees) and those with incomes between 151 and 200 percent FPL.
- **Most churning to QHP choose silver plans** - The majority of individuals eligible for cost-sharing reductions are selecting the silver level QHPs, making them eligible for reduced payments when they utilize health care services. There remains, however, churning enrollees choosing bronze plans that would otherwise have qualified for cost-sharing reductions.
- **Most are not choosing the same QHP carrier** - Individuals churning from WAH to QHP are not enrolling in plans offered by their same carrier.

Additionally, as expected, individuals who churned tended to be from lower income levels and more individuals moved from QHP coverage to WAH than from WAH to QHP coverage.

The majority of individuals who moved between WAH and QHP coverage changed carriers when they moved, including those who were enrolled in carriers that offer in both WAH and QHP markets.

More than 52 percent of individuals who churned entered a grace period during the year. This mirrors the trend in the overall QHP population, which saw 51 percent of all QHP enrollees enter a grace period at some point during the year. Only 11 percent churning individuals were in a grace period at the time of churning to Medicaid.

This report is a first step at understanding the characteristics of the churn population and the impact on this population of moving between the two programs. Additional qualitative and quantitative analysis is recommended to fully understand what factors are driving individuals to churn and the relationship between churning and an individual's ability to pay and access health care.

Additionally, implementation of tools to enhance health literacy and collection of additional tax filing information for those experiencing churn would likely reduce some of the negative effects of moving between WAH and QHP coverage.

Introduction

The Affordable Care Act established eligibility criteria for Medicaid (Washington Apple Health) and purchasing QHPs through Washington Healthplanfinder. When individuals have a change in income or life circumstances, they must report those changes to the marketplace to ensure that their eligibility determination is accurate. As an individual's income or household composition changes during their coverage year, the reported changes can affect the household members' eligibility for WAH, advanced premium tax credits (APTC) and cost-sharing reductions (CSRs). This "churn" between enrollment in WAH and QHPs has been an important policy area for the Washington Health Care Authority (Authority) and the Washington Health Benefit Exchange (Exchange) since the Affordable Care Act was passed.

While changes in eligibility can create administrative hurdles for the Authority and the Exchange, the primary concern about churn is the impact it has on individuals. There has been much speculation about the scope of the issue and the demographics and health plan choices of those affected. This report seeks to better understand these issues, and where possible, compare the churning individuals to the broader population enrolled in health insurance plans through Washington Healthplanfinder. It examines the population that has moved between WAH and QHPs between April 2014 and March 2015. This report uses data from the Exchange and the Authority.

Background

Churn is used to describe situations where individuals have a change in their health coverage. This can occur between Medicaid/CHIP, QHP coverage, other insurance coverage, and uninsurance. This report focuses on churning between WAH (Medicaid/CHIP coverage) and QHP coverage. This report uses the churn definition previously used by the Exchange's March 2015 Enrollment Report which describes churn from QHP to WAH as individuals enrolled in a QHP in a given month and the next month enrolled in Medicaid. Likewise, churn from WAH to QHP is defined as individuals who were enrolled in WAH and are enrolled in a QHP the next month. Churn between WAH and QHPs can be the result of several possible eligibility changes, including receiving other insurance, changes in income, changes in household size, pregnancy or aging out of an eligibility category.

Results and Findings

There were over 30,000 individuals, or a 1.6 percent churn rate, who experienced at least one churn event, where their reported income, demographics or household composition changed, which resulted in a different eligibility determination.

As shown in Table 1: Frequency of Churn, more than 94 percent of those experiencing churn had only one churn event during the year. An additional 6 percent had two churn events.¹

Table 1: Frequency of Churn

Churn Count	Total Frequency of Churn	Percent
1	28,237	93.9%
2	1,739	5.8%
3	74	0.3%
4	20	0.1%
5	1	0.0%
6	3	0.0%
7	0	0.0%
8	0	0.0%
9	1	0.0%
10	1	0.0%

The majority (64 percent) of individuals that experience churn are from families with mixed eligibility, meaning some in their family are enrolled in WAH and some in QHPs. Individuals with more than one churn event are slightly more likely to be from families with only individuals enrolled in Medicaid (Table 2: Household Composition of Those Churning).

Table 2: Household Composition of Those Churning

QHP / WAH Eligibility Status	First Churn		Second Churn	
	Frequency	Percentage	Frequency	Percentage
QHP Only	7,211	24.0%	411	22.4%
WAH Only	3,725	12.4%	281	15.3%
Mixed Household	19,140	63.6%	1,143	62.3%
TOTAL	30,076	100.0%	1,835	100.0%

¹ This report focuses on individuals during their first two churn events. Examining those individuals beyond the second churn event could lead to inaccurate results due to their small sample size.

Individuals churning are in every age group with the largest portion (24 percent) being 50 to 60 years old at the time of their first churn event (Table 3: Age at First Churn Event).

Table 3: Age at First Churn Event

Age	Frequency
<20	2,187
20-30	4,821
30-40	5,817
40-50	5,317
50-60	7,213
60-65	4,198
65+	523

Eighty-six percent of those churning were U.S. citizens, which comparable to the 88 percent of overall QHP enrollees who are U.S. citizens (Table 4: Citizenship Status at First Churn Event).

Table 4: Citizenship Status at First Churn Event

Citizenship Status	Frequency
Citizen	25,958
Non-Citizen	4,118

Individuals who were members of Federally-recognized American Indian tribes and Alaska Native Corporations (AI/AN) churned at lower rates than non-AI/AN members. This could be the result of more stable income and household compositions or the outreach that many tribes have performed (Table 5: Rate of Churn for AI/AN Members, Non-AI/AN Members).

Table 5: Rate of Churn for AI/AN Members, Non-AI/AN Members

AI/AN Enrollee	Frequency of Churn	Total Enrollees	Rate of Churn
Yes	283	55,261	0.5%
No	29,793	1,857,932	1.6%
Total	30,076	1,913,193	1.6%

Individuals from every county in the state churned, with the most populous counties seeing the most churn (Table 6: Churn by County). About 67 percent of those churning live in urban counties (Island, King, Kitsap, Pierce, Snohomish, Spokane and Thurston).

Figure 1: Map of First Churn Event by County

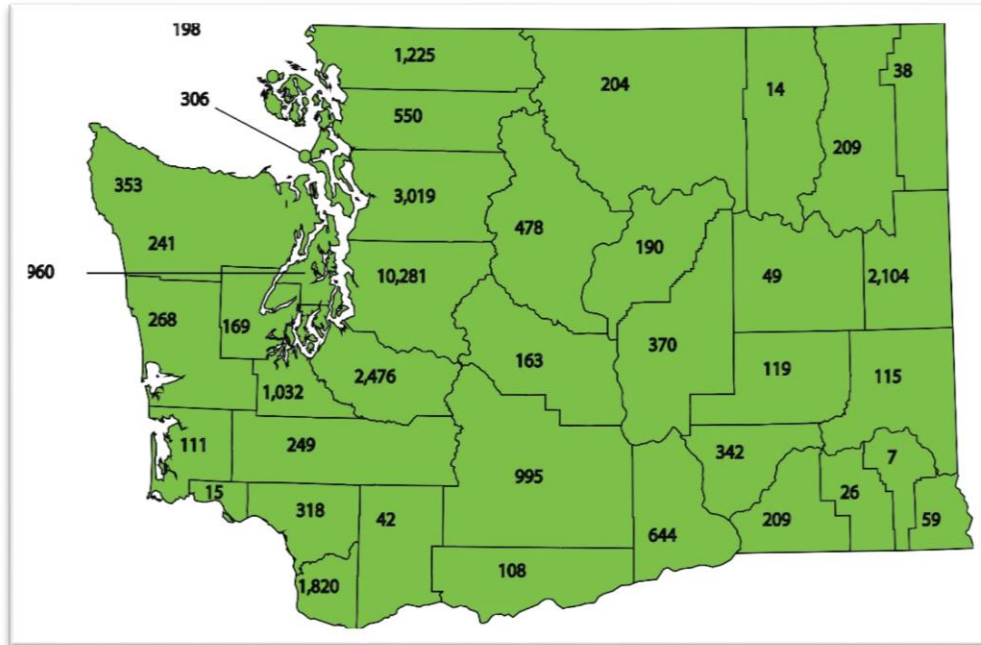


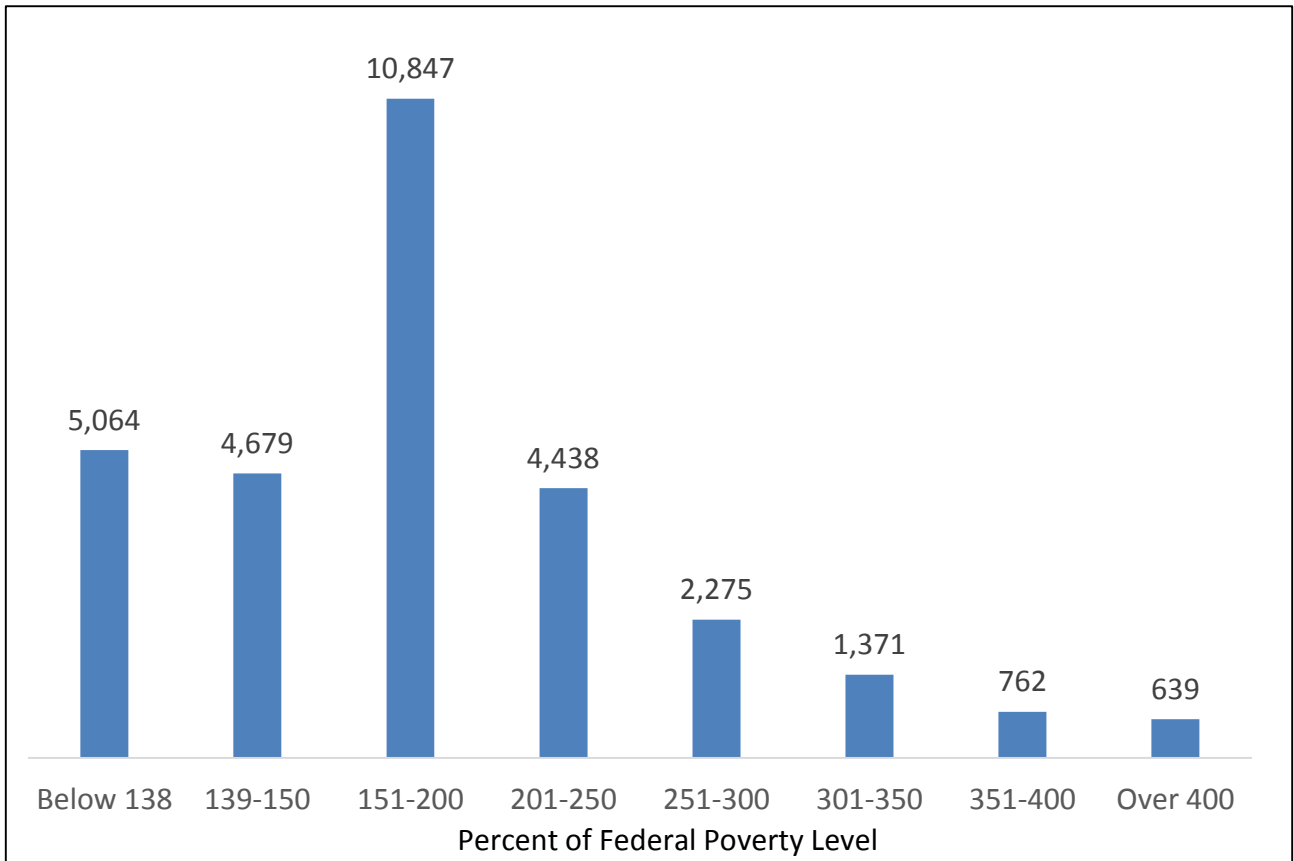
Table 6: Churn by County

County	Frequency at 1st churn event	Frequency at 2nd churn event
ADAMS	119	12
ASOTIN	59	3
BENTON	644	32
CHELAN	478	25
CLALLAM	353	18
CLARK	1,820	94
COLUMBIA	26	3
COWLITZ	318	17
DOUGLAS	190	10
FERRY	14	2
FRANKLIN	342	16

County	Frequency at 1st churn event	Frequency at 2nd churn event
GARFIELD	7	0
GRANT	370	23
GRAYS HARBOR	268	15
ISLAND	306	15
JEFFERSON	241	12
KING	10,281	668
KITSAP	960	64
KITTITAS	163	12
KLICKITAT	108	6
LEWIS	249	15
LINCOLN	49	3
MASON	169	16
OKANOGAN	204	20
PACIFIC	111	11
PEND OREILLE	38	1
PIERCE	2,476	139
SAN JUAN	198	14
SKAGIT	550	38
SKAMANIA	42	3
SNOHOMISH	3,019	214
SPOKANE	2,104	107
STEVENS	209	12
THURSTON	1,032	59
WAHKIAKUM	15	0
WALLA WALLA	209	16
WHATCOM	1,225	66
WHITMAN	115	0
YAKIMA	995	58

The largest percentage of those churning had incomes that placed them between 151 and 200 percent of the federal poverty level (FPL). This mirrors the total enrollment numbers where 29 percent of QHP enrollees earned between 151 and 200 percent FPL. More than two-thirds of those who churned fell below 200 percent FPL (Figure 2: Churn Population by Federal Poverty Level).

Figure 2: Churn Population by Federal Poverty Level



In aggregate, 1.6 percent of the total Healthplanfinder enrolled population churned between QHP and WAH coverage during the year. Fewer than 9 percent of QHP enrollees and less than 1 percent of WAH enrollees churned during the year. The monthly rate varied between 0.1 percent and 0.4 percent (Table 7: Percentage of Population Churning, by Month), with the largest portion churning during the QHP open enrollment period (November 15, 2014 to February 15, 2015). This is to be expected, as many individuals are run through the annual eligibility redetermination process and when individuals are most likely to report changes.

Table 7: Percentage of Population Churning, by Month

Month	QHP Enrollment	Medicaid Enrollment	Number of Individuals Churning from QHP to WAH	Number of Individuals Churning from WAH to QHP	Percentage of QHP Enrolled Population Churning	Percentage of WAH Enrolled Population Churning	Percentage of Total Enrollment Churning
March	102,310	1,229,837					
April	123,402	1,258,012	1,045	988	1.02%	0.08%	0.15%
May	147,154	1,276,819	951	932	0.77%	0.07%	0.14%
June	145,461	1,292,669	1,155	602	0.78%	0.05%	0.12%
July	141,814	1,308,852	1,084	422	0.75%	0.03%	0.10%
August	139,618	1,326,204	998	456	0.70%	0.03%	0.10%
September	136,884	1,337,564	1,078	434	0.77%	0.03%	0.10%
October	134,339	1,355,921	1,286	442	0.94%	0.03%	0.12%
November	130,722	1,374,566	2,931	465	2.18%	0.03%	0.23%
December	123,491	1,410,587	5,577	261	4.27%	0.02%	0.39%
January	99,614	1,422,544	2,505	3,033	2.03%	0.22%	0.36%
February	124,890	1,453,260	647	1,794	0.65%	0.13%	0.16%
March	158,302	1,456,361	719	2,450	0.58%	0.17%	0.20%

Individuals who experienced churn were more likely to move from QHPs to WAH during both the first and second churn events (Table 8: Direction of Churn). It is understandable because of the way the programs operate. For instance, children enrolled in WAH receive 12 months of continuous coverage, regardless of whether their demographics move them out of the program.

Table 8: Direction of Churn

Direction of Churn	Frequency at 1st Churn (percentage)	Frequency at 2nd Churn (percentage)
QHP to WAH	18,522 (61.6%)	1,333 (65.7%)
WAH to QHP	11,554 (38.4%)	696 (34.3%)
Total	30,076	2,029

Individuals who experienced two churn events ended up in WAH at higher percentages than those who ended up in QHPs, specifically those starting in WAH, moving to a QHP and back to WAH (Table 9: Types of Churn for Those Churning Twice). Also of note, there were 385 individuals who experienced the same churn event twice, meaning they moved from QHP to WAH in sequence during the year. This can occur when an individual obtains insurance coverage from an employer or other source and returns to the Healthplanfinder after a period of time. This report did not explore gaps in insurance coverage, and instead focused on movement between WAH and QHPs.

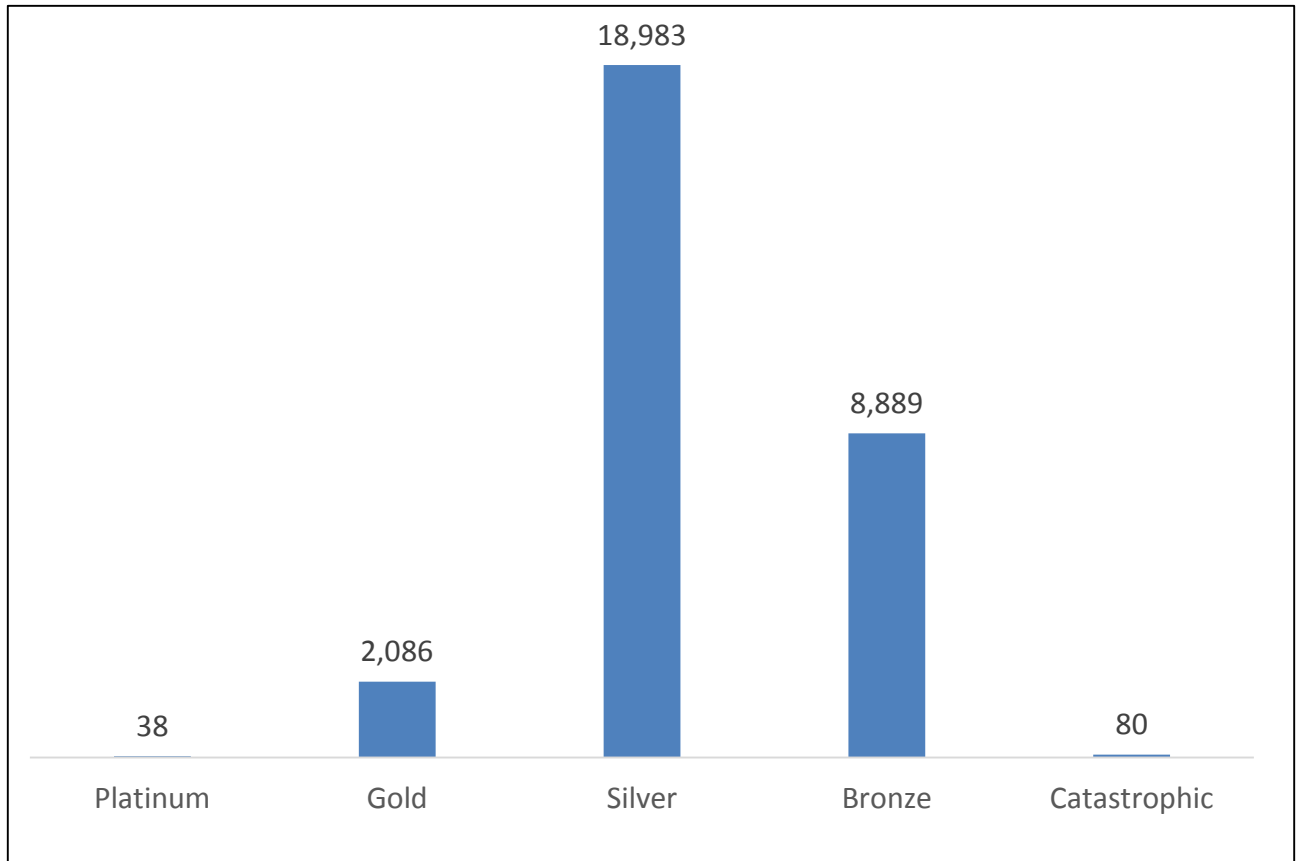
Table 9: Types of Churn for Those Churning Twice

Churn Event	WAH to QHP to WAH	QHP to WAH to QHP	QHP to WAH (twice)	WAH to QHP (twice)
When churning twice	751	601	330	55

Churn by Issuer and Metal Level

Individuals eligible for QHPs are able to select their plan from a variety of options available.² Most individuals (63 percent) selected silver level plans when enrolling in QHPs (Figure 3: Metal Level of Selected QHP) after a churn event.

Figure 3: Metal Level of Selected QHP



² Individuals eligible for Washington Apple Health began being able to choose their plan through Healthplanfinder, called Medicaid Plan Selection, beginning in May 2015. Because this report covers a time prior to May 2015, individuals in Medicaid were still being auto-assigned to a plan.

For individuals selecting silver level plans, corresponding levels of cost-sharing reductions are available depending on income, which results in lower deductibles and copayments for individuals. Nearly 30 percent of the churn population selected a bronze plan (Table 10: Frequency of Metal Level and CSR Tier at First Churn Event).

Table 10: Frequency of Metal Level and CSR Tier at First Churn Event

Metal Level	CSR Tier							Total
	No CSR data	Standard plan	AI/AN below 300% FPL	AI/AN above 300% FPL	73% AV silver plan	87% AV silver Plan	94% AV silver Plan	
Platinum	0	38	0	0	0	0	0	38
Gold	57	2,020	7	2	0	0	0	2,086
Silver	401	2,979	32	2	2,496	8,590	4,483	18,983
Bronze	213	8,464	203	9	0	0	0	8,889
Catastrophic	23	57	0	0	0	0	0	80
Total	694	13,558	242	13	2,496	8,590	4,483	30,076

Note: AV = actuarial value

During the 2nd churn event (Table 11: Frequency of Metal Level and CSR Tier at Second Churn Event), individuals selected silver and bronze level plans at roughly the same percentage (65 and 27 percent respectively).

Table 11: Frequency of Metal Level and CSR Tier at Second Churn Event

Metal Level	CSR Tier							Total
	No CSR data	Standard plan	AI/AN below 300% FPL	AI/AN above 300% FPL	73% AV silver plan	87% AV silver Plan	94% AV silver Plan	
Platinum	0	0	0	0	0	0	0	0
Gold	2	133	0	0	0	0	0	135
Silver	21	167	1	1	147	570	294	1,201
Bronze	9	474	16	0	0	0	0	499
Catastrophic	0	0	0	0	0	0	0	0
Total	32	774	17	1	147	570	294	1,835

Note: AV = actuarial value

Most individuals with incomes below 250 percent FPL, the upper limit for qualifying for CSRs, selected silver level plans. There were still a substantial number (25 percent) of individuals with incomes below 250 percent who selected bronze plans. While some individuals may have made an informed decision to maximize savings in premium costs with a bronze plan, the large percentage suggests additional information during the plan selection process may result in more individuals taking advantage of the CSRs for which they are eligible. Individuals at higher income levels (those above 251 percent FPL) selected bronze plans at higher rates than other metal levels. This suggests that price continues to be a major factor in plan selection even for higher income individuals (Table 12: FPL and Plan Enrollment at First Churn Event).

Table 12: FPL and Plan Enrollment at First Churn Event

Metal Level	FPL Tier									Total
	Below 138%	139-150%	151-200%	201-250%	251-300%	301-350%	351-400%	Over 400%	#N/A	
Platinum	3	0	3	15	5	5	2	5	0	38
Gold	517	113	290	446	339	181	75	124	1	2,086
Silver	2,644	3,891	8,344	2,517	718	455	234	180	0	18,983
Bronze	1,884	674	2,202	1,452	1,197	716	446	318	0	8,889
Catastrophic	16	1	8	8	16	14	5	12	0	80
Total	5,064	4,679	10,847	4,438	2,275	1,371	762	639		30,076

Given that 25 percent of individuals otherwise eligible for CSRs selected bronze plans, additional analysis was conducted to explore the age and federal poverty level of bronze plans enrollees. Individuals selecting bronze level plans come from a variety all ages and FPLs. Lower income, young individuals (below 200% FPL and under age 30) selected bronze plans at a slightly higher percentage than the overall churn population. This suggests a high degree of premium price sensitivity (Table 13: FPL and Age of Bronze Plan Enrollees at First Churn Event).

Table 13: FPL and Age of Bronze Plan Enrollees at First Churn Event

Metal Level	FPL Tier									Total
	Below 138%	139-150%	151-200%	201-250%	251-300%	301-350%	351-400%	Over 400%	#N/A	
Age										
<20	272	7	43	80	114	228	173	82	0	999
20-30	408	144	379	207	118	62	32	32	0	1,382
30-40	377	175	466	220	193	79	37	62	0	1,609
40-50	303	145	424	235	188	68	43	53	0	1,459
50-60	352	133	587	390	354	154	91	62	0	2,123
60-65	132	59	265	282	208	112	64	25	0	1,147
65+	40	11	38	38	22	13	6	2	0	170
Total	1,884	674	2,202	1,452	1,197	716	446	318	0	8,889

Individuals churning enrolled in a mix of plans offered by different health insurance carriers. (Table 14: First Churn Event by Carrier).

Table 14: First Churn Event by Carrier

Carrier	Frequency
BridgeSpan	1,072
CHPW	544
Coordinated Care	7,218
CUP	11
Group Health	4,316
Kaiser Northwest	557
LifeWise	3,084
MODA Health	525
Molina	740
Premera	6,414
Premera MSP	5,595

There are several carriers that offer plans in both WAH and on the Exchange. During the time period included in this report, WAH enrollees were automatically enrolled in a managed care plan. The vast majority (97 percent) of individuals moving from QHP to WAH were enrolled in a plan offered by a different carrier, likely due to auto-assignment. When exploring the population of individuals who churned from QHP to WAH, just 13 percent were enrolled in the same carrier they had previously selected when in QHP coverage (Table 15: Maintaining Same Carrier (QHP to WAH)).

This is of particular interest due to the differences in provider networks among carriers. This report does not explore whether providers are shared across different carrier-provider networks, but future analysis on the networks of providers would inform how individuals are impacted by churning between these programs.

Table 15: Maintaining Same Carrier (QHP to WAH)

Same / Different Carrier	Frequency
Same Carrier	628
Different Carrier ³	17,894

Individuals moving from WAH to QHPs had to select their health insurance plan before enrolling in coverage. The majority of individuals in this situation did not enroll with the same carrier they chose during their time on WAH (Table 16: Maintaining Same Carrier (WAH to QHP)). In fact, only 19% of individuals who were enrolled in a plan offered by carriers on both WAH and the Exchange chose to stay with the same plan.

Table 16: Maintaining Same Carrier (WAH to QHP)

Same / Different Carrier	Frequency
Same Carrier	944
Different Carrier	10,610

³ The 17,894 individuals that had a different carrier when moving to Washington Apple Health included 9,270 who were enrolled in fee-for-service and not a managed care organization.

Churn and Grace Periods

One area of discussion is whether churning individuals have a difficult time paying their health insurance premiums when enrolled in QHP coverage. Individuals who are late in making a premium payment enter a grace period (one month for those not receiving tax credits or three months for those receiving tax credits) to ensure adequate time for payment before being disenrolled from a health insurance plan. The majority of individuals enter a grace period for a short amount of time before making their payment and returning to normal status. Of those who churned, 15,727 individuals entered a grace period during the April 1, 2014 to March 31, 2015 time period. This amounts to more than half (52 percent) of the churn population. While this is a high percentage, it is not substantially different from the non-churn population, of which 51 percent enter a grace period at some point during the year.

Further illustrating the potential hardship involved in premium payment, many churning individuals entered grace periods repeatedly during the year, including 51 individuals who entered a grace period eight times and 10 individuals who entered a grace period nine times. Eventually many of these individuals exhausted their grace period (Table 17: Grace Period Counts and Outcome) and were subsequently disenrolled. Individuals who entered a higher number of grace periods were more likely to exhaust a grace period and be disenrolled.

Table 17: Grace Period Counts and Outcome for Churning QHP Enrollees

Number of Grace Periods Entered	Total Number of Individuals	Individual Paid their Balance and Returned to Normal Status	Exhausted Grace Period Limit of 3 Months or 1 Month	Percent of Individuals Exhausting Grace Periods
1	8,308	7,170	1,138	13.7%
2	3,297	5,745	849	25.8%
3	1,857	4,877	694	37.4%
4	1,111	3,961	483	42.5%
5	635	2,796	379	59.7%
6	324	1,733	211	65.1%
7	134	862	76	56.7%
8	51	376	32	62.8%
9	10	83	7	70.0%

Despite the large number of individuals who entered a grace period, a much smaller number of individuals were in a grace period during their churn event. Approximately 11 percent of those churning were in a grace period during the time of their churn (Table 18: Frequency of Individuals in Grace Period During Churn Event).

Table 18: Frequency of Individuals in Grace Period During Churn Event

	First Churn Event	Second Churn Event
Grace During Churn	3,269	230
Total Churn Events	30,076	2,029

A further breakdown of those churning during grace periods shows more than 70 percent were below 200 percent FPL (Table 19: FPL of Individuals Who Churned During Grace Period).

Table 19: FPL of Individuals Who Churned During Grace Period

FPL	Frequency at 1st Churn	Frequency at 2nd Churn
Below 138	438	14
139-150	581	43
151-200	1,275	82
201-250	485	47
251-300	235	16
301-350	165	16
351-400	69	11
Over 400	21	1

Recommendations and Next Steps

Suggestions for Future Analysis

Despite the important information obtained from this study, additional research would be beneficial to better understand churn between WAH and QHPs. Some helpful additional analysis might focus on the key drivers of churn and the impacts on those affected by churn.

- **Econometric Analysis** – Further analysis of churn population to determine factors that are associated with churning. This would include analyzing the full population of individuals enrolled in health coverage through Healthplanfinder to identify the demographic characteristics that lead to increased rates of churn.
- **Provider Network Analysis** – Additional analysis about carrier provider networks would help to better understand the impacts churning has on enrollees. Different provider

networks, offered by the same carriers in the different markets, could potentially have a significant impact on enrollees when they seek care.

- **WAH Plan Selection Analysis** – In Spring 2015, the ability for WAH enrollees to select their carrier was implemented into Washington Healthplanfinder. Subsequent churn analysis could focus on whether churning individuals are more likely to stay with the same carrier when moving between WAH and QHP coverage.
- **Qualitative Analysis** – Conducting qualitative surveys and analysis about the experiences churn populations face could better inform what steps can be taken to reduce the impacts of moving between QHP and WAH. This analysis could include detailed surveys or discussions on providers, benefit packages, premium, and customer service.
- **Cost Analysis** – Detailed cost analysis, including administrative and claims costs for those churning should be conducted to determine whether churn has a substantial cost to the State, health insurance carriers or the Health Benefit Exchange.

Potential Policy Recommendations

The findings of this report suggest that some initial steps could be taken to help Healthplanfinder users who are experiencing churn events. These recommendations, while not exhaustive, would assist customers in making informed health insurance choices and minimize the challenges faced by the churn population when filing federal taxes.

- **Consumer Experience** – While the majority of individual eligible for cost-sharing reductions selected a silver level plan, there was still a sizable percentage of eligible individuals who selected bronze level plans. Some of these bronze level enrollees may have made an informed decision, but it is unclear how many would have chosen a silver plan if they had fully understood the cost-sharing reductions available. Increasing health insurance literacy would assist customers in making the best insurance decisions for their families. Creating additional tools to enhance health insurance literacy during the shopping experience would better enable customers to select health plans that best meet their health and financial needs.
- **Tax Filing Information** – Individuals that move between WAH and QHP coverage will have a more complicated tax filing experience, as they will be required to reconcile their coverage from multiple entities in addition to reconciling any advance premium tax credit they received with their year-end income. Providing additional support during tax-filing time for those who experienced a churn event during the previous calendar year would help eliminate some confusion and costly tax filing errors. This outreach could take many forms, including additional information or outreach with more detailed information about steps the customers should take to accurately complete their federal taxes.