

The Challenge of Churn

Does Coverage Change over the Course of a Year?

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A lost job. A drop in income. Getting married. Changing life circumstances can affect health insurance eligibility and lead to “churn” – becoming insured or uninsured or changing types of insurance over the course of a year. Measuring how many Coloradans switch insurance types and status is important because it indicates how successful the health care system is at keeping people covered

during transitions that can leave them vulnerable.

New public and private health insurance programs included in the Affordable Care Act (ACA) mean that churn has the potential to become even more complicated. For the first time, results from the Colorado Health Access Survey (CHAS) provide insight into the magnitude of churn, why it happens and the Coloradans likely to be affected.

What the CHAS Tells Us

1. How Many Coloradans Churn?

More than one of 10 Coloradans - 11.7 percent - experienced a change in health insurance during the 12 months before the survey. This represents approximately 605,000 people. Of those, 8.6 percent moved from insured to uninsured or from uninsured to insured and 3.1 percent changed insurance sources. The majority of Coloradans (76.7 percent) indicated that they were covered consistently by the same health insurance in the 12 months prior to the survey. About 11.6 percent were uninsured during the entire period.

11.7%

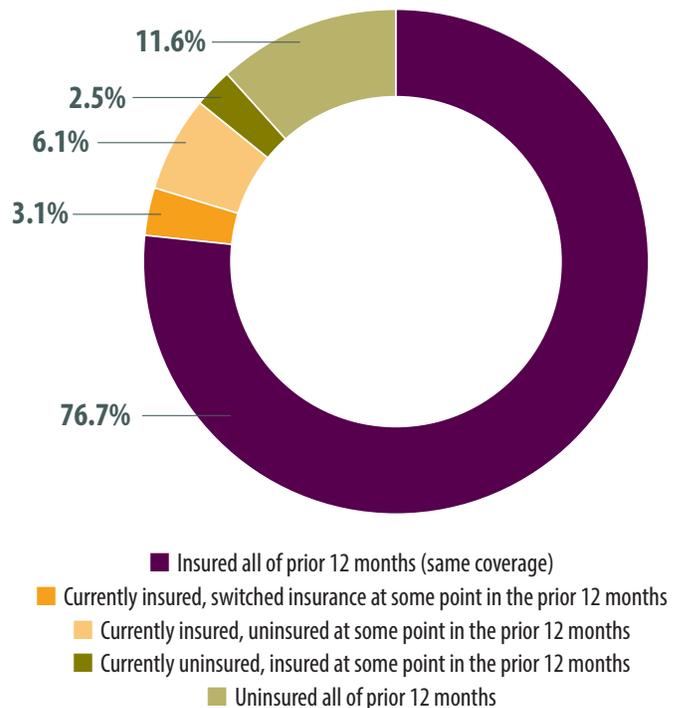
of Coloradans experienced a change in health insurance during the 12-month period

2. Are Some Coloradans More Vulnerable to Churning?

The 2013 CHAS reveals notable distinctions - and some similarities - among groups of Coloradans who experience churn:

- Among those who lost or switched coverage, 62.9 percent indicated that they had previously been insured through an employer. Another 11.3 percent were covered by insurance purchased directly from a carrier, and 10.1 percent were previously enrolled in Medicaid or Child Health Plan (CHP+). The remainder - 15.7 percent - reported some other type of insurance or no

Health Insurance Changes in the 12 Months Before the Survey, 2013



insurance. These percentages generally mirror prior CHAS estimates of how Coloradans are covered.

- Adults approaching retirement – those between the ages of 50 and 64 – have the lowest percentage of churn (8.9 percent) compared with other age groups. Young adults between the ages of 19 and 29 had the highest percentage (14.4 percent).

- Only 8.9 percent of Coloradans with family incomes of more than 400 percent of the federal poverty level (FPL) reported churning – the lowest of any income group. The highest churn was among families just above the poverty line – between 101 and 200 percent FPL at 14.7 percent. The other income groups generally hovered around the state average of 11.7 percent.
- Rural and urban Coloradans churn at about the same rate: 10.8 percent among rural residents and 11.9 percent among urban residents.

3. Why Do Coloradans Churn?

A relatively small percentage (2.5 percent) - or 130,335 Coloradans – indicated that they were currently uninsured but had been covered at some point in the 12 months prior to the survey. Why did their coverage end? About one of three – 34.7 percent – indicated that the job that provided coverage ended. Another 15 percent indicated that they could no longer afford to buy coverage, and 9.9 percent who indicated that they were no longer eligible under a public insurance program such as Medicaid. The table below displays the reasons they provided.

The Challenge of Churn: Implications and Options

Switching insurance – or eligibility for insurance programs – has many implications. It could leave people vulnerable to high medical expenses if they become ill or have a medical emergency while they are uninsured. Churn disrupts the ability of patients to form relationships with their doctors and it may interrupt ongoing treatment plans.

Yet how significant is Colorado’s churn rate of 11.7 percent? Direct comparisons to national or state estimates are hard to come by, but a 2012 recent study by the Commonwealth Fund found that about 10 percent of adults between 19 and 64 were insured at the time of the survey but uninsured in the 12 months prior. According to the CHAS, six percent of Colorado adults fit this description.

Churn continues to be of interest to policymakers. Colorado recently implemented a provision that allows children to be continuously enrolled in Medicaid for 12 months instead of having to be recertified each month.

The Affordable Care Act (ACA) and Colorado’s state health insurance marketplace, Connect for Health Colorado, may complicate the churn issue. Under the

If currently uninsured, what was the main reason your coverage ended (2013)?*

	Number	Percentage
My job that provided coverage ended	207,718	34.7%
Could no longer afford to buy health insurance	89,984	15.0%
No longer eligible under public insurance program	59,273	9.9%
Other Reason (Not Listed)	58,432	9.8%
Lifestyle change	31,789	5.3%
No longer eligible for parent’s policy	29,967	5.0%
A family member’s job that provided coverage ended	27,164	4.5%
Never had health insurance	22,786	3.8%
Ineligible	20,250	3.4%
Moved to state recently and haven’t gotten new insurance	14,704	2.5%
Decided no longer needed or wanted insurance	13,047	2.2%
Never got around to reapplying for public insurance	8,095	1.4%
Employer stopped offering coverage, but still have job	7,746	1.3%
COBRA coverage ran out	7,275	1.2%
Total	598,230	100.0%

Source: Colorado Health Institute analysis of CHAS data
 * Only asked of respondents who said they are currently uninsured and indicated that they lost or switched coverage in the previous year.

ACA, individuals and families with incomes above the Medicaid threshold - between 139 and 400 percent FPL - are eligible for tax credits to help purchase private health insurance. But Medicaid eligibility for adults is determined monthly and the tax credits are determined annually, potentially complicating insurance purchases for thousands of people. Streamlining eligibility systems and leveraging the expertise of enrollment workers and assistance guides could help mitigate the issue.

Understanding the dynamics of insurance coverage and whether churn increases or decreases – or becomes more complicated – will continue to be an important health policy issue. The CHAS and other data sources will be invaluable in informing strategies moving forward.

CHAS: The Basics

Who: 10,224 randomly selected households with one person at least 18 years old

What: Twenty-minute telephone survey on health insurance, access to

health care and use of health care

When: Between April 15 and July 27, 2013

Where: Statewide, divided equally among 21 Health Statistics Regions