Insurance Exchanges May Draw Sicker Patients

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SEATTLE – State health insurance exchanges, being designed for 2014 implementation under the Patient Protection and Affordable Care Act, will bring an influx of older, chronically ill people into the medical system, among others, according to Kaiser Family Foundation projections.

Of the 24 million people the Congressional Budget Office estimates will purchase coverage through exchanges by 2019, Kaiser predicts almost 40% will have gone without a checkup for at least 2 years, and have no usual source of care. About 30% will have had no interaction with the health care system for at least a year.

Projected enrollees are also likely to be in poorer health than other insurance populations, but have fewer chronic diagnoses. "It's quite possible the future exchange population is going to have pent-up medical needs," said Anthony Damico, a foundation analyst and one of the report's authors.

The Affordable Care Act calls for health insurance exchanges in all states by January 2014, to help people and small employers purchase insurance. People with incomes between 138% and 400% of the federal poverty level will get subsidies in the form of tax credits to help them afford coverage.

Kaiser's projections, based on the 2007 Medical Expenditure Panel Survey, attempt to define what the exchange population will look like in 2019. "We thought it would be of value to [learn] more about some of the characteristics of who this population is likely to be," to help planners decide how exchanges should be structured, Mr. Damico said.

The projections also give clinicians an idea of what to expect as the exchanges roll out. A key priority "will be getting [enrollees] set up with primary care physicians. It's [also] going to be important to get [enrollees] diagnosed quickly," he said, and monitor whether individuals in the exchanges continue to have difficulty getting care.

About 13% of the adults that Kaiser expects to enroll in exchanges report fair or poor health, a significantly greater share than what current privately insured individuals report.

Kaiser predicts that adult enrollees will be about age 40 years on average and will have median incomes of about 235% of the federal poverty level. Just over half are likely to be male, about half will be married, and perhaps almost a quarter will be unemployed. The foundation also predicts that about 40% will be minorities, 15% will be children, and almost a quarter will speak a language other than English at home. In all, "the projected 2019 exchange population is relatively older, less educated, lower income, and more racially diverse than current privately insured populations," the report noted. And they will be in worse health.

Kaiser estimated that 65% of those entering exchanges will have been previously uninsured. Most of the rest will have lost employer-based insurance, switched from employer-based coverage, or lost Medicaid coverage because of new income-based requirements that limit eligibility to those at or below 138% of the federal poverty level.

Average annual medical costs for exchange adults will range between $3,139 and $3,568, in 2007 dollars, an amount that's in line with expenditures for adults in employer-sponsored insurance plans, according to the report.

"One key component of exchange stability will be to keep the healthier folks in the exchanges. Administrators and policy makers and insurers are really going to have to focus on the effectiveness of the subsidies," Mr. Damico said.

"The presence of subsidies may provide an incentive" for employers "to drop coverage and push their employees into purchasing health insurance through the exchanges, particularly if those employees are less healthy," the report warned.

Mr. Damico said he had no relevant financial disclosures. ■

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