

Covered California Announces 2019 Enrollment

Strong renewal rates but a significant drop in new enrollment signals potential challenges ahead

This week, Covered California, California's Affordable Care Act (ACA) marketplace, announced the results of the 2019 open enrollment season which ended on January 15, 2019.

Combined renewals and new enrollment totaled 1.5 million individuals who selected a health plan, just slightly below 2018 levels. As Table 1 shows, renewals increased 7.5 percent, while new enrollments dropped significantly, down 23.7 percent. The 7.5 percent increase in renewals indicates that individuals who have coverage through Covered California value the coverage, choosing to stay enrolled.

Category	2018	2019	Change
Renewals	1,133,180	1,217,903	+7.5%
New Sign-Ups	388,344	295,980	-23.7%
Total	1,521,524	1,513,883	-0.5%

Source: Covered California, "[Covered California 2019 Open Enrollment Early Observations and Analysis](#)," January 30, 2019.

In a detailed [analysis](#) accompanying the announcement, Covered California suggests several factors that might explain the drop in new enrollment, most notably the elimination of the federal tax penalty for not having coverage (individual mandate penalty) and continuing affordability challenges for individuals seeking coverage.

ITUP previously published multiple blog posts and articles on these topics, including most recently this [blog](#) on projected impacts from elimination of the individual mandate penalty and this [issue brief](#) which takes a look at affordability challenges and potential policy solutions.

Covered California noted that the reduction in new enrollment affected all ages and incomes, except for a sizeable drop among limited-English speakers from prior years. (See discussion below.)

There was also a significant drop in new enrollment in the Bronze plan, typically the plan with the lowest monthly premiums for comprehensive coverage, but the highest costs for consumers at the point of care. The number of subsidy-eligible consumers newly signing up for bronze coverage dropped from 143,000 in 2018 to 100,000 in 2019.¹ According to Covered California, this drop in new enrollment is consistent with predictions that consumers choosing a bronze plan are on average healthier and most likely to remain uninsured if there is no mandate penalty. The decline was even higher among the new sign-ups in unsubsidized Bronze coverage, which dropped 38.1 percent compared to the 28.6² percent

decrease overall. The difference in rates of unsubsidized and subsidized consumers highlights the importance of premium assistance in helping many individuals purchase and afford coverage, including healthy individuals.

The drop in bronze plan enrollment could foreshadow a change in the risk-mix of healthy and higher cost enrollees in Covered California, leading to higher premiums for exchange coverage.

Federal climate casts a shadow on efforts to encourage Californians to enroll

It is also worth noting that the 2019 open enrollment period took place within a confusing and unfavorable federal context that, combined with the challenges mentioned above, may have discouraged some individuals from signing up for coverage. The federal government reduced its investment in marketing over the last two years and shortened the federal open enrollment period. Although California offers a longer open enrollment period, it may have been hard for consumers to sift through the competing messaging and understand their options.

In addition, in mid-December, the federal court ruling in *Texas v U.S.* found the entire ACA to be unconstitutional, creating confusion and potentially further deterring individuals from enrolling in Covered California. California's Attorney General, Xavier Becerra, is leading a coalition of 17 state attorneys general appealing the ruling. While legal scholars on both sides of the ideological spectrum agree that the *Texas v U.S.* ruling is unlikely to be upheld on appeal, every day Americans may not be tracking the legal complexities of the case. *Texas v U.S.* is one of many legal challenges to the ACA and comes on the heels of highly visible Congressional efforts to repeal and replace the ACA.

Finally, there is a growing sense that enhanced federal immigration enforcement, and proposed new rules affecting immigrants seeking legal status, may be having a chilling effect on immigrants signing up for coverage, even when they are legally eligible to do so. Federal rules make accessing certain public benefits one potentially negative factor for individuals seeking an adjustment of their legal status (known as public charge determinations), if federal agents determine they have or are likely to access specific benefits. Proposed federal rules would add to the list of public benefits considered in a public charge determination including, for the first time, adding non-emergency Medicaid and other health programs. Recent research reveals that the rule is likely to increase the number of uninsured as immigrants shy away from any public programs despite being eligible. (See [ITUP public comments](#) on the proposed rule for more information.)

Largest reductions in limited-English speakers. To underscore the possibility that the federal changes may be having some chilling effect, the most significant decline in new sign-ups was in Korean, Spanish and Mandarin speakers, the largest limited English-speaking groups in Covered California. Compared to the 21.7 percent drop in 2019 new enrollments among English-speakers, Mandarin speakers dropped by 28 percent, Spanish speakers by 29 percent and Korean speakers by 46 percent. Therefore, it is possible that some individuals who are legally eligible for coverage, including subsidies, are hesitant to engage with public programs out of fear, confusion or concerns related to other family members who might be seeking or will seek a change in legal status.

Table 2				
Primary Languages of Covered California Enrollees				
Open Enrollment, 2016 - 2019				
	2016	2017	2018	2019
Korean	5,330	3,790	4,320	2,320
Mandarin	7,780	8,280	11,690	8,450
Spanish	48,930	41,350	41,360	29,280
English	333,770	317,350	349,590	273,900

Source: Covered California, [Covered California 2019 Open Enrollment Early Observations and Analysis](#), January 2019. Covered California, [2016, 2017 and 2018 Open Enrollment Plan Selection Profile](#), February 2016, 2017 and 2018.
Table prepared by Insure the Uninsured Project.

The decline in new enrollment, and Covered California’s early analysis of the results, will serve as an important backdrop for legislative deliberations in California this year. Governor Newsom [proposed](#) a state level individual mandate, and state-funded affordability enhancements, and California legislators have already introduced multiple bills on both issues. Stay tuned!

¹ Covered California, [Covered California 2019 Open Enrollment Early Observations and Analysis](#), January 2019.

² Covered California, 2019.