



## Health Insurance Churn: The Basics

### What is churn?

Churn has nothing to do with milk and butter, but refers to a consumer's transition between different types of coverage and/or becoming uninsured. The term churn is often used because of the cyclical nature of moving between coverage sources or uninsurance. Prior to the Affordable Care Act (ACA), consumers experienced changes in coverage between Medicaid and CHIP to uninsurance. Today, a new kind of churn emerges. . In states that have closed the coverage gap, consumers are at risk of moving on and off the Marketplace and Medicaid and/or employer-sponsored insurance. In states that have not closed the coverage gap, consumers may churn into the coverage gap from Medicaid or Marketplace coverage.

### Is all churn the same?

As we enter the fourth open enrollment period for Marketplace coverage, new research has emerged that informs the magnitude of churn in the post-2014 health coverage landscape. A recent study, published in Health Affairs, found that one in four consumers, on average, move in and out of health insurance coverage at least once or twice over a twelve month period. Interestingly, the study highlights some populations who are at greater risk of churn—these include women and young adults. This is important information about churn as we begin another enrollment process.

### What are the common factors that cause churn?

Changing life circumstances—a drop in income, a job offered, getting married, having a child—can affect health insurance eligibility and result in churn. Low-income individuals are more at risk of churning from one type of coverage to another as their income may be more variable or seasonal, changing over the course of a given year—this variability of income can result in consumers teetering between Medicaid and Marketplace eligibility ceilings and floors. Drivers of churn range from administrative complications in enrollment and renewal process and/or system errors to affordability. When faced with high premiums and/or co-pays, consumers may choose to forgo health care for other more immediate needs such as housing, food and transportation. Even with financial assistance, many low-income individuals can still find premium and cost-sharing amounts unaffordable.

### What are the impacts of churn?

Churn can have serious health impacts on consumers. Consumers that experience gaps in coverage face worse health outcomes as they tend to delay seeking routine care or skip needed treatments. For those who transit from one type of coverage to another, they are forced to switch

plans, which result in changes in their doctor, disruptions in medical care, interruptions in patient-provider relationships and complications with access to medications.

### **The work ahead: The role of enrollment specialists**

The Affordable Care Act has expanded health insurance coverage to approximately twenty million Americans, creating a pathway to better health. However, holding on to that coverage is not always easy as barriers remain for many consumers. Enrollment specialists—Navigators, in-person assisters, Certified Application Counselors—have a unique role in helping consumers avoid churn. Over the upcoming months, enrollment specialists will spend countless hours educating consumers about the importance of health insurance, guiding them through the application process (including updating their application information), helping them enroll or re-enroll in an affordable plan that fits their health care needs and reminding them to pay their premiums on time. Additionally, as they have done in the last three open enrollment seasons, they continue to partner with consumer health advocates to provide feedback to policymakers about policy and administrative opportunities to minimize the frequency and adverse effects of churn on consumers.

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