

CCIIO DATA BRIEF SERIES

Impact of Enhanced Direct Enrollment During the Open Enrollment Period for 2021 Coverage

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The successful full-scale implementation of Enhanced Direct Enrollment (EDE) over the past two years has yielded outstanding results for the Federally-facilitated Marketplace. When the first two partners went live in December 2018, EDE opened a new pathway for consumers to enroll in a qualified health plan (QHP) directly through an approved QHP issuer or web-broker website without the need to be redirected to HealthCare.gov. During the recently ended Open Enrollment Period (OEP) for 2021 coverage (2021 OEP), the EDE pathway more than doubled the number of consumers who selected a plan from the prior OEP—increasing from approximately 521,000 to 1,130,000 plan selections. In addition to this boost in plan selections, increased utilization of the EDE pathway led to a number of other positive trends.

In particular, compared to non-DE enrollment channels (the HealthCare.gov website and call center), the EDE pathway attracted a higher proportion of new consumers and increased the percentage of returning consumers who made active plan selections during the 2021 OEP as compared to the 2020 OEP.



BACKGROUND

Direct Enrollment (DE) has been a consumer shopping option in the Federally-facilitated Marketplace (FFM) since the initial 2014 OEP.¹ Through DE, a consumer can use a third party site that belongs to a DE partner (either a QHP issuer or a web-broker) to shop for and select a QHP without using HealthCare.gov to facilitate that plan selection. Before enrolling, the FFM must determine the consumer's eligibility for Exchange coverage. Upon request, the FFM will also determine the consumer's eligibility for financial assistance.

The past few years have seen a transformation in the eligibility determination process for DE. Originally, a consumer would start on a DE partner's site, be redirected to HealthCare.gov to complete an application and receive an eligibility determination, and then be redirected back to the partner's site to select a QHP and enroll. The so-called "double redirect" process characteristic of the original version of DE, which we refer to as Classic DE, still exists. EDE offers a more streamlined pathway to enroll. EDE leverages information exchange standards known as application programming interfaces (APIs), which allow an EDE partner to create their own user-facing application that aligns with the FFM single streamlined application and accesses the FFM services created for that streamlined application. Through this connection to eligibility services, EDE partners obtain an eligibility determination from the FFM for the consumer without the cumbersome process of redirecting the consumer to and from HealthCare.gov. Using the EDE pathway, consumers and those assisting them can now enjoy a seamless user experience by avoiding the double redirect for a smoother enrollment process.

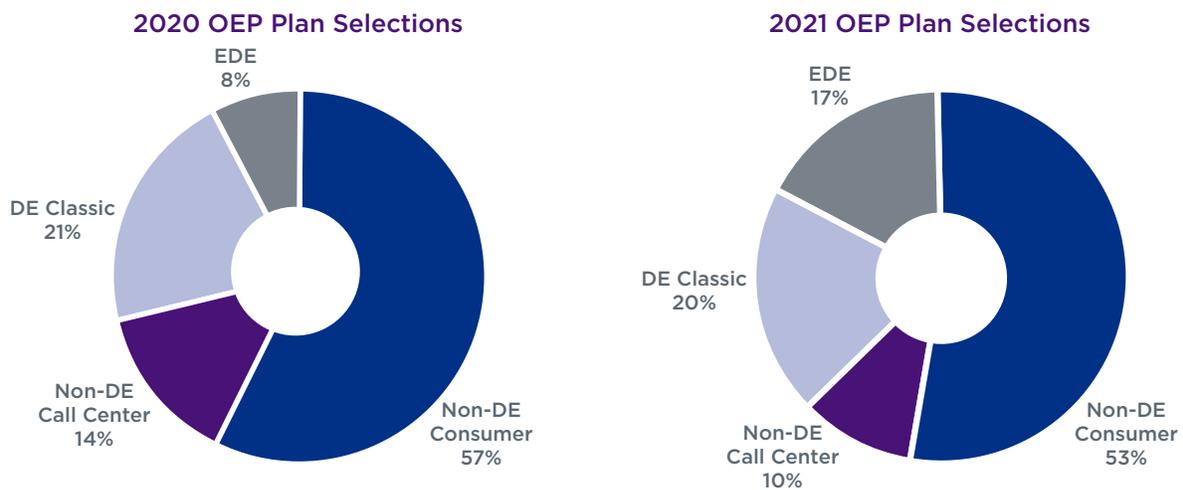
¹ When we use the term Federally-facilitated Marketplace (FFM) in this briefing paper, we are including State-based Marketplaces on the Federal Platforms (SBE-FPs) which use the exact same technology and pathways.

Implementation of EDE came with stricter requirements than had previously existed for Classic DE, principally because the EDE process allowed qualified websites to obtain the eligibility determinations through direct access to FFM eligibility services. Prospective EDE entities need to demonstrate that their websites can ask the eligibility questions in a manner that achieves reliable responses, correctly display Federal eligibility determinations to consumers, and comply with applicable QHP plan display requirements. EDE entities also need to demonstrate compliance with stringent privacy and security standards. Moreover, their sites are subject to ongoing compliance reviews. CMS also began enforcing many of the same website review requirements for entities using Classic DE concurrent with EDE implementation, as well as requiring compliance with applicable privacy and security standards.

ENHANCED DIRECT ENROLLMENT PATHWAY SAW DRAMATICALLY INCREASED USE DURING 2021 OEP

DE (including both Classic DE and EDE) saw dramatically greater utilization during the 2021 OEP, increasing from 29 percent of active 2020 plan selections to 37 percent for 2021 (Figure 1). The entire increase is attributable to the fact that use of the EDE pathway more than doubled, representing 17 percent of active 2021 plan selections, up from 8 percent in 2020. This increase in the percentage of enrollments through DE has occurred at the same time the number of EDE partners has grown. EDE more than quadrupled the number of participating private sector entities in the EDE program from 9 in 2019 (2 primary partners and 7 upstream issuers leveraging those platforms) to 43 in 2021 (10 primary partners and 33 upstream issuers leveraging those platforms).

FIGURE 1
OEP Plan Selections by Channel / 2020 vs. 2021 OEPs



Enhanced Direct Enrollment is a Driving Force in New Consumer Plan Selections

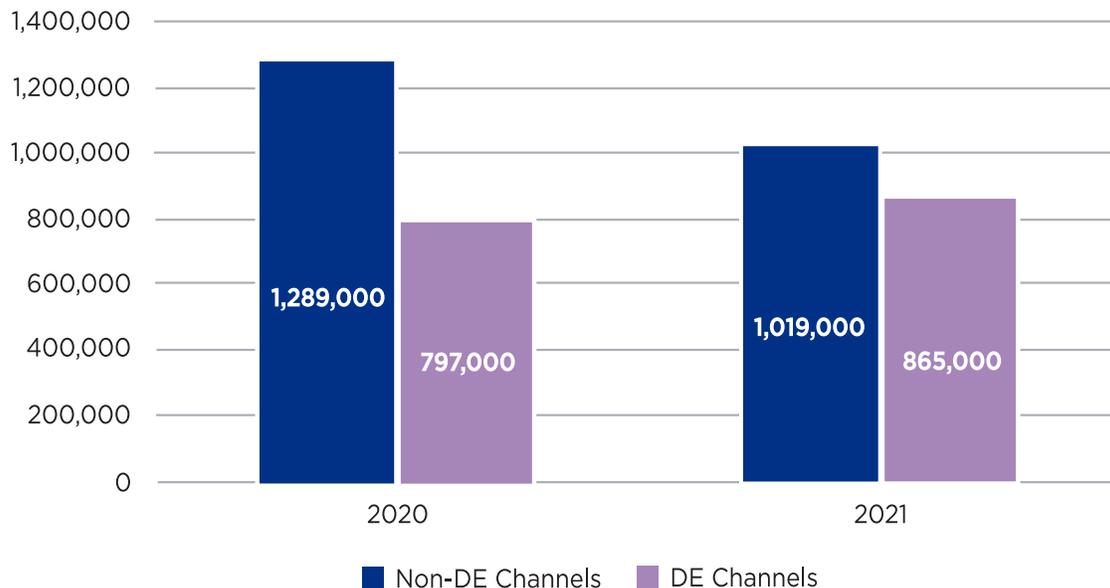
As was the case during the 2020 OEP, the DE pathways continue to be the source of a high percentage of new consumer plan selections on the FFM. Since individual-market health insurance coverage provides transitory coverage for many consumers, each year the FFM needs to enroll nearly 2 million new consumers² in coverage to sustain its size, and the DE pathways are increasingly helping to achieve that threshold. Continuing the increase in new consumers using the DE pathways seen between the 2019 and 2020 OEPs, the number of new consumer plan selections using the DE pathways increased between the 2020 and 2021 OEPs by 9 percent³ to 865,000, as

² During the past three OEPs (2019-2021), the FFM has seen 8.4 million, 8.3 million, and 8.3 million plan selections, respectively, maintaining a relatively consistent level of plan selections. In those same years, the FFM reached those numbers with 2.0 million, 2.1 million, and 1.9 million new consumers making those selections, respectively. See <https://www.cms.gov/newsroom/fact-sheets/final-weekly-enrollment-snapshot-2019-enrollment-period>, <https://www.cms.gov/newsroom/fact-sheets/2020-federal-health-insurance-exchange-enrollment-period-final-weekly-enrollment-snapshot>, and <https://www.cms.gov/newsroom/fact-sheets/2021-federal-health-insurance-exchange-weekly-enrollment-snapshot-final-snapshot>.

³ All comparisons with 2020 plan selections include the states of New Jersey and Pennsylvania in the 2020 data. Those two states, representing 7% of total FFM enrollment, were no longer on the FFM platform in 2021, leading to an expectation of lower numbers of plan selections in 2021.

shown in Figure 2. EDE was the driving force behind this increase, with an 87 percent increase in the number of new consumer plan selections during the 2021 OEP as compared with last year. New consumer plan selections through non-DE channels dropped by about 21 percent during the 2021 OEP as compared with 2020. As a result, the DE pathways represented 46 percent of new consumer enrollments, up from 38 percent last year.

FIGURE 2
New Consumer Plan Selections by Channel / 2020 vs. 2021 OEPs



Enhanced Direct Enrollment Increases Rate of Active Plan Selections among Returning Enrollees

The DE pathways are also driving more returning consumers to make active plan selections. An active plan selection ensures that the FFM has the consumer’s most current income information when calculating advance premium tax credit eligibility. Active plan selections also make it more likely that the consumer ends up selecting a plan that best meets their needs—taking into account the latest premiums, benefit structures, networks, and formularies—and ultimately remains enrolled.

In the 2021 OEP, DE experienced a 38 percent increase in the number of active plan selections by returning consumers as compared to last year, as shown in Figure 3. While Classic DE had a minor increase of 2 percent, most of the increase in the number of active plan selections by returning consumers was again driven by EDE, which jumped by over 140 percent. The overall number of returning consumers making active plan selections through both of the DE pathways increased by 425,000 during the 2021 OEP. This increase builds on last year’s OEP, in which the DE pathways brought in nearly 800,000 new consumers, mainly through agents and brokers. Those new consumers became part of the agents and brokers’ client base, increasing the number of consumers with whom they had a relationship and who they could directly contact to renew in coverage.

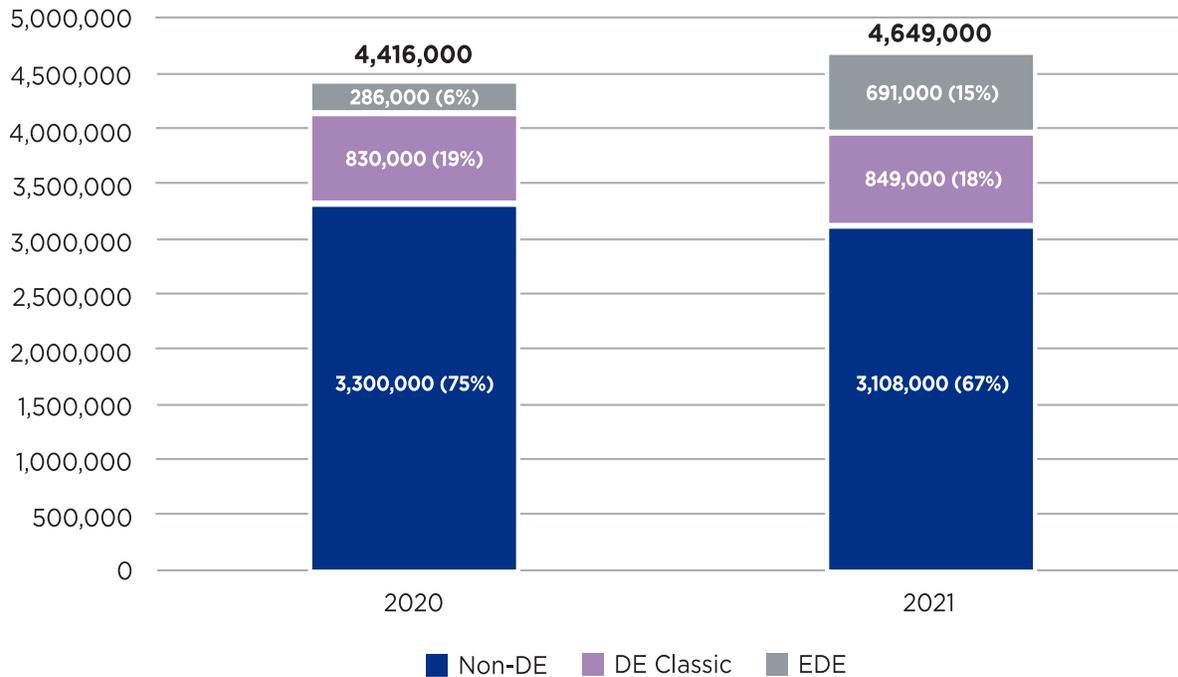
Meanwhile, returning consumers making active plan selections through non-DE channels declined by 6 percent, or about 192,000 consumers. The net effect of all of this activity was a slight increase in the percent of returning consumers making active plan selections, increasing from 71 percent during the 2020 OEP to 73 percent during the 2021 OEP.

Direct Enrollment Pathways Have More Consistency in Consumer Plan Selection Patterns

Through the years that CMS has operated 45-day OEPs (2018-2021), a distinct pattern has become apparent for consumers who come directly to HealthCare.gov to select a plan. The first day of the OEP, and first week as a whole, have higher numbers of plan selections than average. The average daily plan selection activity wanes with each passing week in November, until Thanksgiving week when it predictably bottoms out. Plan selections recover the week following Thanksgiving and continue to increase up through the end of the OEP (December 15), with the final days seeing a tremendous increase in activity. As indicated in Figure 4, the 2021 OEP demonstrated the typical pattern of consumer traffic direct to the HealthCare.gov website.

Using the first five weeks⁴ to establish the average prior to the predictable surge of consumers in the last 10 days of the OEP, consumer activity dropped for three weeks (deviating around the average), dropped dramatically Thanksgiving week and rose the week thereafter. As compared to the first five-week average during the 2021 OEP, the sixth week showed a 72 percent increase in daily plan selections and the final three days showed a 434 percent jump, the annual “deadline surge.”

FIGURE 3
Active Returning Consumer Plan Selections by Channel / 2020 vs. 2021 OEPs

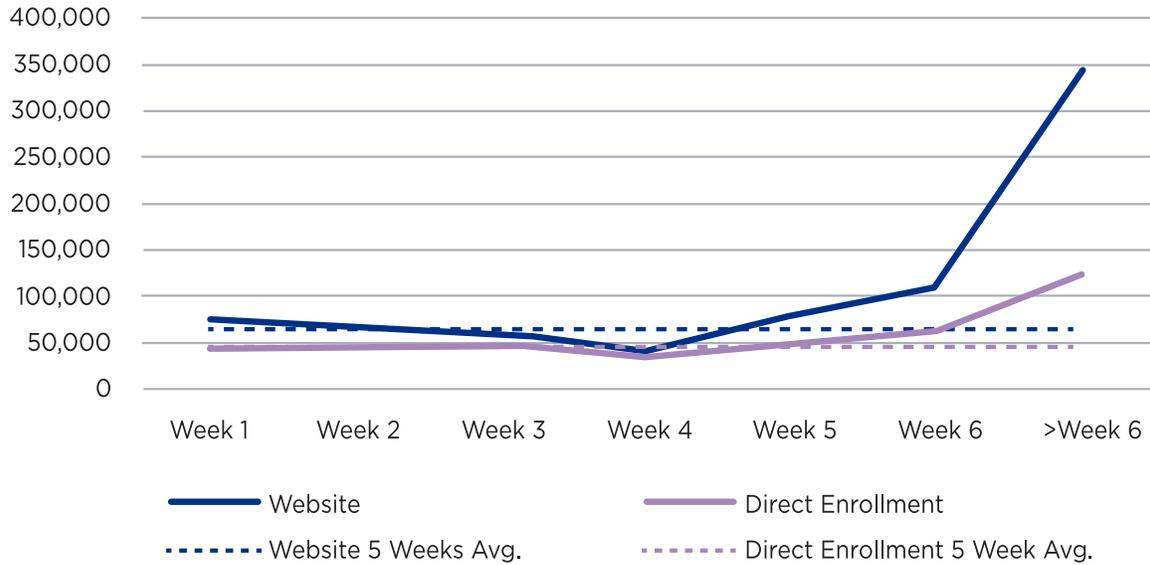


The DE pathways show a much more consistent level of activity throughout the OEP as compared with consumers coming to HealthCare.gov, with daily plan selection levels remaining right around the average for the first five weeks. The DE pathways see a deadline surge towards the end of the OEP, but not nearly as pronounced as HealthCare.gov traffic. Compared to the first five-week average, the daily DE plan selection increased by 42 percent in the sixth week and by 177 percent in the last three days of the OEP. The overall smoother pattern and more moderate deadline surge likely stems from the preponderance of agents and brokers using the DE pathways. Agents and brokers often schedule time with returning members to renew their coverage and need to work throughout the OEP to reach all of their returning consumers. In addition, since agents and brokers are a finite human resource, they need to spread the work out, as there is a limit to how many consumers they can serve in the closing days of open enrollment.

The increased use of the DE pathways and corresponding decrease in plan selections made using non-DE channels (e.g., Healthcare.gov and the FFM call center) appears to have incrementally shifted plan selections to earlier in the OEP. This year, the first five weeks of the OEP had 186,000 more plan selections than last year, while the final 10 days of the OEP had 155,000 fewer plan selections (Figure 5). The DE pathways also yielded 865,000 new consumers this year, leading to an expectation of even greater numbers of returning consumers through the DE pathways next year.

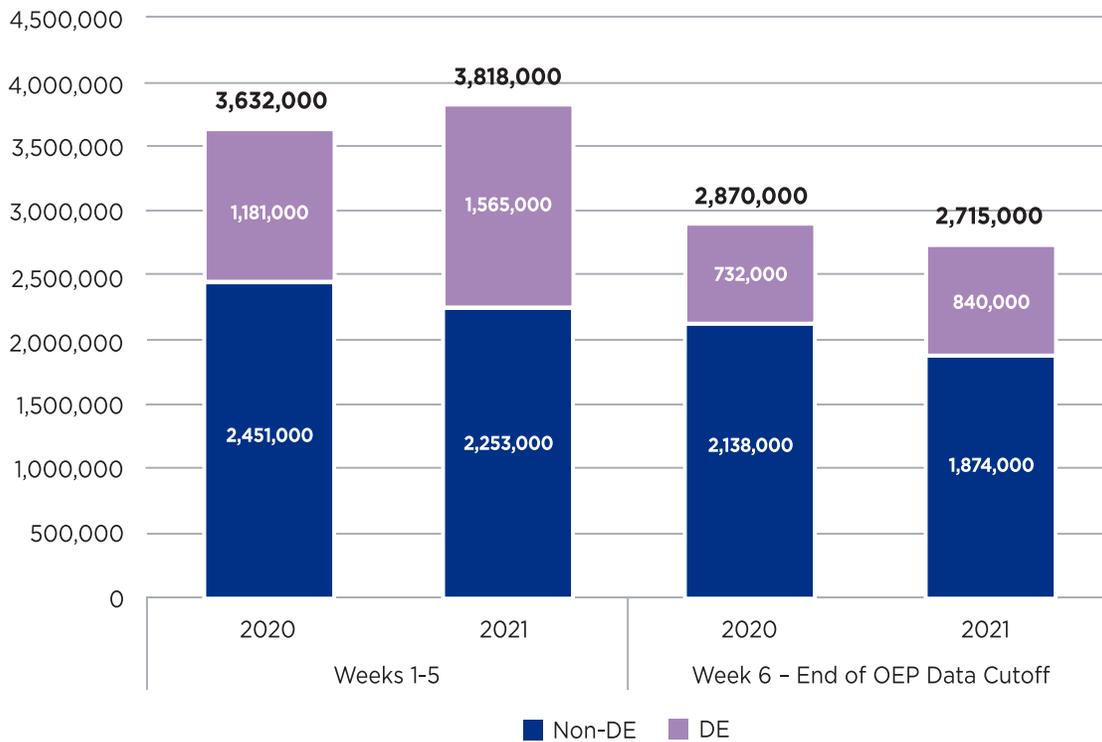
⁴The weeks shown in Figures 4 and 5 (and described in the text) represent seven-day periods, not the weeks as presented in the OEP Snapshots. Therefore, Week 1 is November 1-7, Week 2 November 8-14, etc. Use of full weeks allows more like-to-like comparison, since the Snapshots represent different time periods between 2020 and 2021.

FIGURE 4
Average Daily Plan Selections by Channel / 2021 OEP



Therefore, we expect that this pattern could continue next year, further reducing the number of consumers in the deadline surge and improving the overall experience for consumers. This also means more consumers who receive help through an agent or broker may make their plan selection decisions well before the pressure to choose by the OEP deadline hits. Both of these have positive connotations for the health and growth of FFM enrollment.

FIGURE 5
Plan Selections by Week and Channel / 2020 vs. 2021 OEPs



You can read more about EDE and the third-party entities CMS has approved to use the EDE pathway at <https://www.cms.gov/CCIIO/Programs-and-Initiatives/Health-Insurance-Marketplaces/EDE-ApprovedPartners>.