

**TO:** The Secretary

Through: DS \_\_\_\_\_  
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**FROM:** Marilyn Tavenner, CMS Administrator  
Don Moulds, Acting Assistant Secretary for Planning and Evaluation

**DATE:** September 5, 2013

**SUBJECT:** Projected Monthly Enrollment Targets for Health Insurance Marketplaces in 2014 – **INFORMATION**

### ISSUE

This memo provides you an overview of projected monthly enrollment targets in the Health Insurance Marketplace for the first open enrollment period: October 1, 2013 – March 31, 2014.

This memo is for your information only; you do not need to take any action on this. Please let us know if you have questions or guidance regarding these estimates.

### DISCUSSION

#### *Projections*

The Department projections begin with the Congressional Budget Office (CBO) national Marketplace enrollment estimate of 7 million individuals in 2014 and project monthly enrollment totals for each month of the open enrollment period (see Table 1). These projections rely on state targets where available.

In developing these projections, we draw on the experience of Commonwealth Care in Massachusetts, Medicare Part D, and conversations with employers, issuers and states. We project that Marketplace enrollment will start slowly, with significant peaks in December (as we approach the January 1 coverage date) and March (as we approach the close of open enrollment).

**Table 1: Projected Monthly National Enrollment Targets for Health Insurance Marketplaces, 2014**

Month of Open Enrollment for Year One	Incremental portion of 7 million enrolled	Cumulative portion of 7 million enrolled
Oct. 2013	494,620 (7%)	494,620 (7%)
Nov. 2013	706,600 (10%)	1,201,220 (17%)
Dec. 2013	2,119,800 (30%)	3,321,020 (47%)
Jan. 2014	1,059,900 (15%)	4,380,920 (62%)
Feb. 2014	1,271,880 (18%)	5,652,800 (80%)
Mar. 2014	1,413,200 (20%)	7,066,000 (100%)

***Rationale***

We expect enrollment in the initial months to be low, for a number of reasons:

- **Benefit lag:** There is a three month lag between the beginning of open enrollment on October 1, 2013, and January 1, 2014 when Marketplace benefits begin. The early months show lower enrollment than Commonwealth Care and Medicare Part D in part because the pre-benefit period in these two programs was less than the three month pre-benefit period for the Marketplace.
- **Premium payment:** Consumers are required to pay their first month’s premium prior to the first day of coverage in order to effectuate coverage. CMS recommends that issuers set the due date for the first premium between December 15 and December 31, for example, for a January 1 effective date. However, issuers are not prohibited from requiring the first premium payment sooner. This could create a financial disincentive to enroll before benefits are available in January, so we expect a higher enrollment in December than October or November. The maximum monthly premium for a single adult who is eligible for a tax credit will range from \$45 for an individual with an income of \$16,000 to \$356 for an individual with an income of \$45,000. In contrast, the average monthly Medicare Part D premium in 2006, not including the low-income subsidy, was \$26 for an individual. A Marketplace consumer who selects a plan by December 15, 2013, rather than a month or two earlier, will not be disadvantaged by delaying enrollment.
- **Procrastination:** Employers typically observe a spike in enrollment activity at the end of open enrollment periods. Because most people need an action-forcing event, we anticipate a surge of enrollment in both December and March.
- **Public education campaign:** The national public education and outreach campaign will ramp up over the course of October to build awareness of the existence of the Marketplace and begin encouraging enrollment in the early months, with emphasis on activities tied to deadlines that correspond to benefits coverage (January and end of

March). Marketing resources for the FFM will be divided between Q4 and Q1 to allow for sustained awareness to drive enrollment over the duration of the six month time period. We understand that issuers are also planning to focus their marketing campaigns after benefits are available in January.

***State Marketplace Enrollment Targets***

Table 2 (below) shows the Health Insurance Marketplace Enrollment Targets for 2014 by state. Several states with state-based marketplaces (SBM) have publicly stated enrollment targets for 2014 (see Table 3). Where available, these state-provided targets for Marketplace enrollment are used (shaded in Table 2b) and the other state estimates are adjusted accordingly to maintain the national enrollment target of 7 million. In general, the enrollment targets provided by state-based Marketplaces are more ambitious than the initial Department enrollment targets for those specific states. As a result, using the publicly available SBM targets without adjusting other states would have raised the projected number of 2014 Marketplace enrollees by 1.4 million; therefore, the Marketplace ramp-up rates for other states were revised downward accordingly to maintain the 7 million total.

**Table 2a: Health Insurance Marketplace Monthly Enrollment Targets  
(Incremental Enrollment), by State, 2013-2014**

<b>Monthly Enrollment Projection</b>	<b>7%</b>	<b>10%</b>	<b>30%</b>	<b>15%</b>	<b>18%</b>	<b>20%</b>
<b>Enrolled as of</b>	<b>10/31/2013</b>	<b>11/30/2013</b>	<b>12/31/2013</b>	<b>1/31/2014</b>	<b>2/28/2014</b>	<b>3/31/2014</b>
<b>AL</b>	5,740	8,200	24,600	12,300	14,760	16,400
<b>AK</b>	1,400	2,000	6,000	3,000	3,600	4,000
<b>AZ</b>	7,770	11,100	33,300	16,650	19,980	22,200
<b>AR</b>	3,570	5,100	15,300	7,650	9,180	10,200
<b>CA</b>	91,000	130,000	390,000	195,000	234,000	260,000
<b>CO</b>	6,440	9,200	27,600	13,800	16,560	18,400
<b>CT</b>	2,310	3,300	9,900	4,950	5,940	6,600
<b>DE</b>	560	800	2,400	1,200	1,440	1,600
<b>DC</b>	3,010	4,300	12,900	6,450	7,740	8,600
<b>FL</b>	33,390	47,700	143,100	71,550	85,860	95,400
<b>GA</b>	14,280	20,400	61,200	30,600	36,720	40,800
<b>HI</b>	630	900	2,700	1,350	1,620	1,800
<b>ID</b>	2,800	4,000	12,000	6,000	7,200	8,000
<b>IL</b>	10,010	14,300	42,900	21,450	25,740	28,600
<b>IN</b>	8,750	12,500	37,500	18,750	22,500	25,000
<b>IA</b>	2,870	4,100	12,300	6,150	7,380	8,200
<b>KS</b>	3,710	5,300	15,900	7,950	9,540	10,600

<b>KY</b>	15,400	22,000	66,000	33,000	39,600	44,000
<b>LA</b>	6,580	9,400	28,200	14,100	16,920	18,800
<b>ME</b>	1,610	2,300	6,900	3,450	4,140	4,600
<b>MD</b>	10,500	15,000	45,000	22,500	27,000	30,000
<b>MA</b>	17,500	25,000	75,000	37,500	45,000	50,000
<b>MI</b>	11,270	16,100	48,300	24,150	28,980	32,200
<b>MN</b>	4,690	6,700	20,100	10,050	12,060	13,400
<b>MS</b>	4,060	5,800	17,400	8,700	10,440	11,600
<b>MO</b>	8,260	11,800	35,400	17,700	21,240	23,600
<b>MT</b>	2,170	3,100	9,300	4,650	5,580	6,200
<b>NE</b>	2,800	4,000	12,000	6,000	7,200	8,000
<b>NV</b>	8,050	11,500	34,500	17,250	20,700	23,000
<b>NH</b>	1,330	1,900	5,700	2,850	3,420	3,800
<b>NJ</b>	6,720	9,600	28,800	14,400	17,280	19,200
<b>NM</b>	5,810	8,300	24,900	12,450	14,940	16,600
<b>NY</b>	15,260	21,800	65,400	32,700	39,240	43,600
<b>NC</b>	13,370	19,100	57,300	28,650	34,380	38,200
<b>ND</b>	770	1,100	3,300	1,650	1,980	2,200
<b>OH</b>	13,300	19,000	57,000	28,500	34,200	38,000
<b>OK</b>	5,880	8,400	25,200	12,600	15,120	16,800
<b>OR</b>	16,590	23,700	71,100	35,550	42,660	47,400
<b>PA</b>	14,420	20,600	61,800	30,900	37,080	41,200
<b>RI</b>	840	1,200	3,600	1,800	2,160	2,400
<b>SC</b>	6,440	9,200	27,600	13,800	16,560	18,400
<b>SD</b>	1,330	1,900	5,700	2,850	3,420	3,800
<b>TN</b>	8,610	12,300	36,900	18,450	22,140	24,600
<b>TX</b>	44,030	62,900	188,700	94,350	113,220	125,800
<b>UT</b>	3,990	5,700	17,100	8,550	10,260	11,400
<b>VT</b>	3,990	5,700	17,100	8,550	10,260	11,400
<b>VA</b>	8,890	12,700	38,100	19,050	22,860	25,400
<b>WA</b>	23,800	34,000	102,000	51,000	61,200	68,000
<b>WV</b>	1,680	2,400	7,200	3,600	4,320	4,800
<b>WI</b>	5,530	7,900	23,700	11,850	14,220	15,800
<b>WY</b>	910	1,300	3,900	1,950	2,340	2,600
<b>US Total</b>	494,620	706,600	2,119,800	1,059,900	1,271,880	1,413,200

**Table 2b: Health Insurance Marketplace Monthly Enrollment Targets  
(Cumulative Enrollment), by State, 2013-2014**

<b>Monthly Enrollment Projection</b>	<b>7%</b>	<b>17%</b>	<b>47%</b>	<b>62%</b>	<b>80%</b>	<b>100%</b>
<b>Enrolled as of</b>	<b>10/31/2013</b>	<b>11/30/2013</b>	<b>12/31/2013</b>	<b>1/31/2014</b>	<b>2/28/2014</b>	<b>3/31/2014</b>
<b>AL</b>	5,740	13,940	38,540	50,840	65,600	<b>82,000</b>
<b>AK</b>	1,400	3,400	9,400	12,400	16,000	<b>20,000</b>
<b>AZ</b>	7,770	18,870	52,170	68,820	88,800	<b>111,000</b>
<b>AR</b>	3,570	8,670	23,970	31,620	40,800	<b>51,000</b>
<b>CA</b>	91,000	221,000	611,000	806,000	1,040,000	<b>1,300,000</b>
<b>CO</b>	6,440	15,640	43,240	57,040	73,600	<b>92,000*</b>
<b>CT</b>	2,310	5,610	15,510	20,460	26,400	<b>33,000</b>
<b>DE</b>	560	1,360	3,760	4,960	6,400	<b>8,000</b>
<b>DC</b>	3,010	7,310	20,210	26,660	34,400	<b>43,000</b>
<b>FL</b>	33,390	81,090	224,190	295,740	381,600	<b>477,000</b>
<b>GA</b>	14,280	34,680	95,880	126,480	163,200	<b>204,000</b>
<b>HI</b>	630	1,530	4,230	5,580	7,200	<b>9,000</b>
<b>ID</b>	2,800	6,800	18,800	24,800	32,000	<b>40,000</b>
<b>IL</b>	10,010	24,310	67,210	88,660	114,400	<b>143,000</b>
<b>IN</b>	8,750	21,250	58,750	77,500	100,000	<b>125,000</b>
<b>IA</b>	2,870	6,970	19,270	25,420	32,800	<b>41,000</b>
<b>KS</b>	3,710	9,010	24,910	32,860	42,400	<b>53,000</b>
<b>KY</b>	15,400	37,400	103,400	136,400	176,000	<b>220,000</b>
<b>LA</b>	6,580	15,980	44,180	58,280	75,200	<b>94,000</b>
<b>ME</b>	1,610	3,910	10,810	14,260	18,400	<b>23,000</b>
<b>MD</b>	10,500	25,500	70,500	93,000	120,000	<b>150,000</b>
<b>MA</b>	17,500	42,500	117,500	155,000	200,000	<b>250,000</b>
<b>MI</b>	11,270	27,370	75,670	99,820	128,800	<b>161,000</b>
<b>MN</b>	4,690	11,390	31,490	41,540	53,600	<b>67,000</b>
<b>MS</b>	4,060	9,860	27,260	35,960	46,400	<b>58,000</b>
<b>MO</b>	8,260	20,060	55,460	73,160	94,400	<b>118,000</b>
<b>MT</b>	2,170	5,270	14,570	19,220	24,800	<b>31,000</b>
<b>NE</b>	2,800	6,800	18,800	24,800	32,000	<b>40,000</b>
<b>NV</b>	8,050	19,550	54,050	71,300	92,000	<b>115,000</b>
<b>NH</b>	1,330	3,230	8,930	11,780	15,200	<b>19,000</b>
<b>NJ</b>	6,720	16,320	45,120	59,520	76,800	<b>96,000</b>
<b>NM</b>	5,810	14,110	39,010	51,460	66,400	<b>83,000</b>
<b>NY</b>	15,260	37,060	102,460	135,160	174,400	<b>218,000</b>
<b>NC</b>	13,370	32,470	89,770	118,420	152,800	<b>191,000</b>

<b>ND</b>	770	1,870	5,170	6,820	8,800	<b>11,000</b>
<b>OH</b>	13,300	32,300	89,300	117,800	152,000	<b>190,000</b>
<b>OK</b>	5,880	14,280	39,480	52,080	67,200	<b>84,000</b>
<b>OR</b>	16,590	40,290	111,390	146,940	189,600	<b>237,000</b>
<b>PA</b>	14,420	35,020	96,820	127,720	164,800	<b>206,000</b>
<b>RI</b>	840	2,040	5,640	7,440	9,600	<b>12,000</b>
<b>SC</b>	6,440	15,640	43,240	57,040	73,600	<b>92,000</b>
<b>SD</b>	1,330	3,230	8,930	11,780	15,200	<b>19,000</b>
<b>TN</b>	8,610	20,910	57,810	76,260	98,400	<b>123,000</b>
<b>TX</b>	44,030	106,930	295,630	389,980	503,200	<b>629,000</b>
<b>UT</b>	3,990	9,690	26,790	35,340	45,600	<b>57,000</b>
<b>VT</b>	3,990	9,690	26,790	35,340	45,600	<b>57,000</b>
<b>VA</b>	8,890	21,590	59,690	78,740	101,600	<b>127,000</b>
<b>WA</b>	23,800	57,800	159,800	210,800	272,000	<b>340,000</b>
<b>WV</b>	1,680	4,080	11,280	14,880	19,200	<b>24,000</b>
<b>WI</b>	5,530	13,430	37,130	48,980	63,200	<b>79,000</b>
<b>WY</b>	910	2,210	6,110	8,060	10,400	<b>13,000</b>
<b>US Total</b>	494,620	1,201,220	3,321,020	4,380,920	5,652,800	<b>7,066,000</b>

Note: Shaded cells indicate State released enrollment target; Source: Centers for Medicare & Medicaid Services;  
\*For Colorado we are using the Department estimate since it is unclear what the timeframe (e.g., 2014 or later) for the state estimate of 500,000.

**Table 3: Publicly Released State Enrollment Targets for State-based Marketplaces and State Partnership Marketplaces**

<b>State-Based Marketplaces</b>	<b>State's Public Target Enrollment</b>
	<b>2014 Estimate</b>
Minnesota	N/A
California	1,300,000 people
Colorado	500,000 people*
Connecticut	N/A
District of Columbia	43,000 people
Hawaii	N/A
Idaho	N/A
Kentucky	220,000 people
Maryland	150,000 people
Massachusetts	250,000 people
Nevada	115,000 people
New Mexico	83,000 people
New York	N/A
Oregon	237,000 people
Rhode Island	N/A
Utah (SHOP only)	N/A

Vermont	57,000 people
Washington	340,000 people
<b>State Partnership Marketplaces</b>	<b>2014 Estimate</b>
Arkansas	N/A
Delaware	N/A
Iowa	N/A
Illinois	N/A
Michigan	N/A
New Hampshire	N/A
West Virginia	N/A

\*Note: Colorado’s estimate is for “full implementation” but does not indicate if this is for 2014 or later.  
Source: Centers for Medicare & Medicaid Services

***Background: Experience from other programs***

*Commonwealth Care Experience*

Enrollment for Commonwealth Care, a means-tested insurance program that is part of the Massachusetts health insurance exchange, opened on October 1, 2006, with benefits commencing January 1, 2007. A key difference between the roll-outs of Commonwealth Care and the Health Insurance Marketplaces is that Commonwealth Care has continuous enrollment. It was implemented in two-phases with benefits generally starting the month after enrollment.<sup>1</sup>

- Phase I began in October 2006 and was exclusively for individuals with incomes at or below 100 percent of the FPL. These individuals were moved from the state’s uncompensated care pool and were auto-enrolled into Commonwealth Care.
- Phase II began in January 2007 when individuals with incomes between 100 and 300 percent of the FPL enrolled into Commonwealth Care. Unlike Phase 1 there was no auto-enrollment. These individuals needed to actively seek enrollment.

Commonwealth Care enrollment appears to have reached a steady state a year after coverage began. By December 2007, 158,000 people had enrolled in Commonwealth Care,<sup>2</sup> implying a cumulative ramp-up rate of 11 percent for December 2006 (18,000 enrolled), 51 percent for June 2007 (80,000), and 84 percent for November 2007 (133,000) (see Table 4). Commonwealth Care, like Medicaid, has continuous enrollment - people can sign up at any time during the year. The Marketplace has special enrollment periods for people who meet specific conditions like moving, loss of ESI coverage, etc., otherwise people need to wait until the next open enrollment period.

<sup>1</sup> <http://www.mass.gov/eohhs/docs/masshealth/eom2006/eom-06-11.pdf>

<sup>2</sup> For data on Commonwealth Care ramp up, see <http://www.mass.gov/chia/docs/r/pubs/09/key-indicators-02-09.pdf> and <http://www.mass.gov/bb/h1/fy10h1/exec10/hbudbrief20.htm>

**Table 4: Commonwealth Care Enrollment**

<b>Month of Enrollment</b>	<b>Incremental Enrollment (Ramp-up rate)</b>		<b>Cumulative Enrollment (Ramp-up rate)</b>	
Nov. 2006	4,000	(3%)	3,700	(2%)
Dec. 2006	18,000	(11%)	14,000	(8%)
Jan. 2007	34,000	(22%)	16,000	(11%)
Feb. 2007	45,000	(28%)	11,00	(6%)
Mar. 2007	52,000	(33%)	7,000	(5%)
Apr. 2007	63,000	(40%)	11,000	(7%)
May 2007	69,000	(44%)	6,000	(4%)
Jun. 2007	80,000	(51%)	11,00	(7%)
Jul. 2007	92,000	(58%)	12,000	(7%)
Aug. 2007	104,000	(66%)	12,000	(8%)
Sept. 2007	115,000	(73%)	11,000	(7%)
Oct. 2007	127,000	(80%)	12,000	(7%)
Nov. 2007	133,000	(84%)	6,000	(4%)
Dec. 2007	158,000	(100%)	25,000	(16%)

Sources: <http://www.mass.gov/chia/docs/r/pubs/09/key-indicators-02-09.pdf>  
<http://www.mass.gov/bb/h1/fy10h1/exec10/hbudbrief20.htm>  
<https://www.mahealthconnector.org/portal/binary/com.epicentric.contentmanagement.servlet.ContentDeliveryServlet/About%20Us/Publications%20and%20Reports/2007/2007-05-10/CommCare%20Program%20Update.pdf>

*Medicare Part D Experience*

Enrollment in Part D started in December 2005, one month before coverage began in January 2006. Growth in Part D enrollment stabilized in mid 2006, with approximately 16.5 million enrollees (see Table 5). Cumulative ramp-up was 15 percent at the end of December 2005, before coverage began. It rose to 46 percent by January 2006, 69 percent by March 2006, and 98 percent by May 2006, the end of the open enrollment period. We only include those who selected a stand-alone Part D plan. Those who were auto-enrolled as duals or in a Medicare Advantage plan that added drug coverage are excluded from because they did not need to affirmatively enroll and pay a premium.



**Table 5: Medicare Part D Enrollment (not including auto-enrollment)**

<b>Month of Enrollment</b>	<b>Incremental Enrollment (Ramp-up rate)</b>		<b>Cumulative Enrollment (Ramp-up rate)</b>	
Dec. 2005	1,654,156	(15%)	1,654,156	(15%)
Jan. 2006	3,335,454	(31%)	4,989,610	(46%)
Feb. 2006	1,285,454	(12%)	6,275,064	(58%)
Mar. 2006	1,261,971	(11%)	7,537,035	(69%)
Apr. 2006	968,926	(9%)	8,505,961	(78%)
May 2006	2,172,027	(20%)	10,677,988	(98%)
Jun. 2006	233,407	(2%)	10,911,395	(100%)

Source: Centers for Medicare and Medicaid Services

*Pre-Existing Condition Insurance Plan (PCIP) E-enrollment Experience*

As of June 2013, approximately 105,000 people were enrolled in the Pre-Existing Condition Insurance Plan (PCIP).<sup>3</sup> By definition, all these individuals have a pre-existing condition. These individuals are expected to enroll in the Marketplace early in the open enrollment period for 2014 so that they can be assured of a seamless transition in benefits as the federal PCIP program is discontinued.

While lower in the early months than originally projected, PCIP enrollment has experienced significant, sustained growth since the program launched in 2010 (Table 6). PCIP monthly enrollment exceeded 100,000 by early 2013. During the months of July 2012 through October 2012, the PCIP program received approximately 10,000 new applications every month, a 30 percent increase from the same time period in the previous year. To date, PCIP has cumulatively helped almost 115,000 people with medical conditions.

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<sup>3</sup> Since March 2013, enrollment in the PCIP program has declined because the PCIP program ceased accepting new applications on February 15, 2013 for the federally-administered PCIP. State-based PCIPs suspended their acceptance of new enrollment applications received after March 2, 2013.

**Table 6: PCIP Enrollment**

<b>Date</b>	<b>Number of Months Since Inception</b>	<b>Incremental Enrollment (Ramp-up rate)</b>		<b>Cumulative Enrollment (Ramp-up rate)</b>	
Feb. 2, 2011	3	12,400	(11%)	12,400	(11%)
	6	12,300	(11%)	24,700	(21%)
	9	9,300	(8%)	34,000	(30%)
	12	10,800	(9%)	44,800	(39%)
	15	11,500	(10%)	56,300	(49%)
	18	17,000	(15%)	73,300	(64%)
	21	12,800	(11%)	86,100	(75%)
	24	13,400	(12%)	99,500	(87%)
	27	11,400	(10%)	110,900	(96%)
Mar. 31, 2013	28	4,100	(4%)	115,000	(100%)

Source: Centers for Medicare and Medicaid Service



