



## How Republican Under-Enrollment Has Made Affordable Care Marketplaces More Expensive

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When the Affordable Care Act – called the ACA for short – was signed into law in 2010, Zeke Emanuel, one of the law's designers, envisioned that its insurance marketplaces would soon replace employer-based insurance as the main way Americans procure health insurance. In practice, the ACA's individual insurance marketplaces have not lived up to these lofty expectations. As of 2016, the marketplaces drew just 10.4 million enrollees, very different from the 22 million projected by the Congressional Budget Office. Since then, enrollment has contracted slightly, likely due to steps taken by the Trump administration to weaken the law. The challenges extend beyond low enrollment; marketplace premiums rose sharply from 2014 to 2018, before stabilizing in 2019.

Beyond Trump administration interference, my research indicates that the ACA's marketplace struggles are in part attributable to partisan-motivated enrollment behavior, particularly under-enrollment among Republican voters.

### Republicans Under-Enrollment in the ACA

Research I have conducted with colleagues demonstrates that, all else equal, Republicans have been much less likely than Democrats to purchase health insurance through the ACA. According to Kaiser Family Foundation survey data from 2014 and 2016, Republicans were 6% more likely than Democrats to forgo health insurance, 12% less likely to buy insurance on the ACA marketplaces, and 7% more likely to buy health insurance directly from insurers (off the marketplaces). This is true even when accounting for other factors associated with marketplace uptake like state of residence and health status. These results are consistent with data showing a strong relationship between county-level presidential vote share and marketplace enrollment.

### Republican Under-Enrollment Pushes Premiums Up

In related work, I demonstrate that Republicans' reluctance to enroll in ACA marketplace plans drove up premiums, especially in areas with more GOP voters. Premiums rose disproportionately in Republican-voting areas because of adverse selection – the dynamic whereby people who sign up for insurance tend to be sicker than those who don't.

Before the ACA, insurers estimated the risk of individual enrollees by evaluating the health of applicants, charging them higher premiums if they were in poor health, and sometimes excluding potential enrollees due to pre-existing health conditions. This practice is called medical underwriting and was eliminated by the ACA. Experts thought that the individual mandate – tax penalties levied on those without insurance – would reduce adverse selection by pushing healthier individuals to enroll. However, the uninsured rate of the non-elderly population has remained around 11%, suggesting that adverse selection likely still factored into who enrolled in marketplace insurance, even before the Republicans in Congress eliminated the individual mandate.

Because Republicans were less likely to enroll overall, the average Republican who did enroll in the market had greater health risks than the average Democratic enrollees. As a result, the overall pool of ACA enrollees was less healthy than it would have been absent partisan-motivated enrollment choices. Logically, this should be true especially in Republican-leaning areas.

Accordingly, I find that premiums on the ACA marketplaces grew at a faster rate between 2014 and 2017 in counties with higher proportions of Republican voters. Accounting for a number of other factors that are associated with health spending, I find that a 10% difference in Republican 2012 vote share was associated

with a 3% increase in premium growth for basic marketplace plans. This amounts to a \$144 yearly difference in premiums as of 2017. The finding holds with a number of other data checks and alternative statistical models.

## **A Self-Fulfilling Prophecy for Republicans?**

To the extent that experience with a given policy affects political attitudes, my findings suggest a type of self-fulfilling prophecy. Individuals living in areas with large numbers of Republican voters experience less affordable rates for plans purchases in ACA marketplaces – not because this is an inherent feature of health reform, but because they are surrounded by Republicans who have been reluctant to enroll unless they have to for reasons of ill health, thus raising rates for their neighbors. The ironic upshot is that Republicans, who already think the ACA is flawed, tend to experience less-affordable ACA marketplace rates than Democrats.

More broadly, this work suggests that polarized policies may perform more poorly, depending on their design. What is more, oppositional politicians have an incentive to dig in and obstruct policies that depend on citizens' willing participation. They can stoke negative attitudes about such policies, and blame political rivals for implementation difficulties. This dynamic helps to explain why Republicans have been able to retain a degree of constituent support as they drag out their opposition to the ACA.

Policymakers can design policies to avoid possible negative effects from partisan attitudes. With respect to the ACA, insurers could have been prohibited from selling individual plans off-marketplace, as Vermont and Washington DC have done. Prohibiting off-marketplace sales pushes wealthier people, often Republicans, to make choices within the ACA marketplace, which in turn creates a broader, healthier risk pool in more Republican areas. In addition, a steeper mandate tax penalty for not purchasing insurance could have been used to deter people from going uninsured on ideological grounds. Finally, greater government involvement in marketplaces with, for instance, a public option, might have made the policy more robust to these types of partisan uptake effects.

**Read more in Samuel Trachtman, "The Political Geography of ACA Marketplaces: How Political Behavior Can Help Explain Where the ACA Works, and Where it Doesn't," *Journal of Health Politics, Policy, and Law* (Forthcoming).**