Public-Private Substitution among Adults in Ohio Medicaid

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BACKGROUND

This brief, the fourth in a series since 2010, addresses the potential for crowd-out/substitution for Ohio Medicaid, given the enactment of federal health care reform. The analysis addresses survey respondents 19-64 years of age. Crowd-out/substitution is generally understood as an event where a privately insured individual moves to a government-sponsored health care coverage option. Crowd-out/substitution can also include individuals currently enrolled in Medicaid who have an option for enrolling in employer-sponsored coverage. In these instances, these individuals make the decision for Medicaid coverage. To calculate crowd-out/substitution for potential Medicaid expansions, this brief uses the 2017, 2015 and 2012 Ohio Medicaid Assessment Surveys (OMAS) and the 2008 Ohio Family Health Survey (OFHS) to estimate the scope and trend of substitution for current adult Medicaid enrollees in Ohio.

METHODS

OMAS is a telephone survey that samples both landline and cell phones in Ohio. The survey examines access to the health system, health status, and other characteristics of Ohio's Medicaid, Medicaid eligible, and non-Medicaid populations. In 2017, researchers completed 39,711 interviews with adults and 9,202 proxy interviews of children. The 2017 OMAS is the seventh iteration of the survey. For more information about the methodology and findings in this brief, please visit: http://grc.osu.edu/omas/.

KEY FINDINGS

- Job loss and current unemployment accounted for 46% of new enrollments among those who previously had private insurance.
- Approximately 3.5% of adult Medicaid enrollees in 2017 voluntarily switched from private coverage to Medicaid.

DEFINITION OF SUBSTITUTION

In any study of substitution/crowd-out, it is important to distinguish between voluntary and involuntary substitution. Due to Medicaid's role as a safety net program, much substitution of public insurance for private coverage will be involuntary, with loss of employment being the predominant reason for involuntary substitution. This brief follows previous state level work by defining voluntary substitution as cases where new adult Medicaid enrollees (1) had private insurance immediately prior to their Medicaid coverage and (2) are still eligible for an employer-sponsored group plan (employer-sponsored insurance or ESI). In this study, substitution only refers to the initial transition onto Medicaid. The broader concept of crowd-out includes substitution and adds individuals who stay on Medicaid when an employer offer becomes available. A more detailed discussion is available in Seiber and Sahr (2011).

SUBSTITUTION AMONG CURRENT ADULT MEDICAID ENROLLEES IN OHIO

In 2017, 20.3% (60,987) of adults enrolled in Medicaid for less than one (1) year reported having private insurance immediately prior to Medicaid. However, this 20.3% should be interpreted as an upper bound estimate of private to public substitution since it includes both voluntary and involuntary transitions to Medicaid, with many transitions due to recent unemployment. Of the 60,987 adults switching from private insurance to Medicaid:

- 46% (or 9.3% of all new enrollees) had experienced a job loss and were unemployed at the time of the interview; and
- 17% (or 3.5% of all new enrollees) who moved from private coverage to Medicaid were estimated to be eligible for an employer-sponsored group plan through their own employer. Adjusting for the availability of spousal employer-sponsored coverage increases the estimate from 3.5% to 3.8%.

Table 1. Adults aged 19-64 enrolled in Medicaid within the last 12 months, excluding dual eligible.

	2008		2012		2015		2017	
Number of Respondents	770		260		1,426		1,071	
Switched to Medicaid from:	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error
Any Private	19.6%	2.1%	17.2%	2.9%	22.0%	1.4%	20.3%	1.5%
	(26,828)	(3,067)	(25,089)	(4,275)	(67,199)	(4,524)	(60,987)	(4,636)
Employer-sponsored Insurance	17.8%	2.0%	16.7%	2.9%	21.0%	1.4%	17.2%	1.4%
	(24,405)	(2,960)	(24,313)	(4,270)	(64,238)	(4,413)	(51,731)	(4,392)
Other Private	1.8%	0.6%	0.5%	0.3%	1.0%	0.4%	3.1%	0.6%
	(2,423)	(893)	(776)	(436)	(2,961)	(1,122)	(9,256)	(1,761)
Switched from Any Private:								
and Unemployed	13.1%	1.9%	11.6%	2.4%	10.3%	1.0%	9.3%	1.1%
	(17,962)	(2,714)	(16,833)	(3,610)	(31,472)	(3,183)	(27,942)	(3,528)
and Zero Worker Household	10.2%	1.7%	9.2%	2.2%	7.7%	0.9%	6.8%	1.0%
	(13,959)	(2,428)	(13,448)	(3,280)	(23,423)	(2,651)	(20,494)	(3,032)
and Self-Employed	0.6%	0.3%	1.3%	1.0%	1.1%	0.4%	1.8%	0.4%
	(842)	(416)	(1,937)	(1,401)	(3,294)	(1,106)	(5,552)	(1,364)
and Employer Offers ESI	4.3%	1.0%	3.9%	1.4%	8.5%	1.0%	5.8%	0.8%
	(5,864)	(1,344)	(5,606)	(1,993)	(26,072)	(3,050)	(17,480)	(2,497)
and **ESI Eligible**	**2.4%**	**0.8%**	**2.6%**	**1.2%**	**5.7%**	**0.9%**	**3.5%**	**0.6%**
	(3,244)	**(1,161)**	**(3,804)**	**(1,681)**	**(17,424)**	**(2,673)**	**(10,513)**	**(1,887)**

The best measure of public-private substitution examines voluntary substitution, or the percent of Medicaid beneficiaries that could have actually enrolled in private group insurance instead of Medicaid. After accounting for access to an employer-sponsored group plan, 3.5% of adult Medicaid enrollees in 2017 voluntarily switched from private coverage to Medicaid. Table 1 indicates that equivalent calculations produce substitution estimates of 5.7%, 2.6%, and 2.4% for years 2015, 2012, and 2008, respectively. Differences between years should be interpreted cautiously. For instance, the 2012 OMAS was an interim survey with a reduced sample size, giving less precision in the substitution estimate. The 2017 substitution estimate is not significantly different from previous years.

CONCLUSION

In summary, voluntary crowd-out/substitution is a modest issue among current adult Medicaid enrollees in Ohio. Almost half of Ohio Medicaid enrollees who previously had private insurance lost that plan due to job loss. Of the 300,371 new Medicaid enrollees in 2017, 10,513 (3.5%) were still eligible for an employer-sponsored plan.

References

1. Seiber EE and Sahr TR (2011). "Public-Private Substitution among Medicaid Adults - Evidence from Ohio". Medicare and Medicaid Research Review, v1(1).

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