



# 2020 Update on Public-Private Substitution Among Adults in Ohio Medicaid

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## INTRODUCTION

This brief, the fifth in a series since 2010, addresses the potential for crowd-out/substitution for Ohio Medicaid, given the enactment of federal health care reform. Analyses addresses survey respondents 19-64 years of age. Crowd-out/substitution is generally understood as when 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, individuals make the decision for Medicaid coverage. Both cases of crowd-out increase costs to the Medicaid program. To calculate crowd-out/substitution this brief uses the 2019, 2017, 2015 and 2012 Ohio Medicaid Assessment Surveys to estimate the scope and trend of substitution for current adult Medicaid enrollees in Ohio.

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 2019, 18.6% (43,248) of adults enrolled in Medicaid for less than one (1) year reported having private insurance immediately prior to Medicaid. However, this 18.6% 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 43,248 adults switching from private insurance to Medicaid:

- 55% (or 10.2% of all new enrollees) had experienced a job loss and were unemployed at the time of the interview; and
- 10% (or 1.9% 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 1.9% to 2.0% of all new enrollees.
- The best programmatic measure of public-private substitution examines voluntary substitution, or the percent of Medicaid beneficiaries who could have actually enrolled in private group insurance instead of Medicaid. After accounting for access to an employer-sponsored group plan, 1.9% of adult Medicaid enrollees in 2019 voluntarily switched

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

	2012		2015		2017		2019	
<b>Number of Respondents</b>	260		1,426		1,071		792	
<b>Switched to Medicaid from:</b>	Percent & Count	Std. Error						
Any Private	<b>17.2%</b> (25,089)	2.9% (4,275)	<b>22.0%</b> (67,199)	1.4% (4,524)	<b>20.3%</b> (60,987)	1.5% (4,636)	<b>18.6%</b> (43,248)	1.7% (4,112)
Employer-sponsored Insurance	<b>16.7%</b> (24,313)	2.9% (4,270)	<b>21.0%</b> (64,238)	1.4% (4,413)	<b>17.2%</b> (51,731)	1.4% (4,392)	<b>16.2%</b> (37,622)	1.6% (3,930)
Other Private	<b>0.5%</b> (776)	0.3% (436)	<b>1.0%</b> (2,961)	0.4% (1,122)	<b>3.1%</b> (9,256)	0.6% (1,761)	<b>2.5%</b> (5,708)	0.6% (1,417)
<b>Switched to Medicaid from Any Private:</b>								
and Unemployed Respondent	<b>11.6%</b> (16,833)	2.4% (3,610)	<b>10.3%</b> (31,472)	1.0% (3,183)	<b>9.3%</b> (27,942)	1.1% (3,528)	<b>10.2%</b> (23,785)	1.4% (3,223)
and All Workers Unemployed n Household	<b>9.2%</b> (13,448)	2.2% (3,280)	<b>7.7%</b> (23,423)	0.9% (2,651)	<b>6.8%</b> (20,494)	1.0% (3,032)	<b>7.2%</b> (16,624)	1.2% (2,715)
and Self-employed	<b>1.3%</b> (1,937)	1.0% (1,401)	<b>1.1%</b> (3,294)	0.4% (1,106)	<b>1.8%</b> (5,552)	0.4% (1,364)	<b>2.0%</b> (4,639)	0.7% (1,549)
and Employer offers ESI	<b>3.9%</b> (5,606)	1.4% (1,993)	<b>8.5%</b> (26,072)	1.0% (3,050)	<b>5.8%</b> (17,480)	0.8% (2,497)	<b>3.7%</b> (8,663)	0.8% (1,800)
and ESI Eligible	<b>2.6%</b> (3,804)	1.2% (1,681)	<b>5.7%</b> (17,424)	0.9% (2,673)	<b>3.5%</b> (10,513)	0.6% (1,887)	<b>1.9%</b> (4,296)	0.6% (1,345)

from private coverage to Medicaid. Table 1 indicates that equivalent calculations produce substitution estimates of 2.6%, 5.7%, 3.5% for years 2012, 2015, and 2017, respectively. Differences between years should be interpreted cautiously. For instance, For instance, the 2012 OMAS had a relatively small sample size and therefore less precision in the substitution estimate compared to more recent surveys. The 2019 substitution estimate is not significantly different from the previous survey in 2017.

**CONCLUSION**

After a brief increase following the 2014 eligibility expansion, voluntary crowd-out/substitution has fallen to the lowest rate in at least seven years. Overall,

substitution is a modest problem 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 232,065 new Medicaid enrollees in 2019, 4,296 (1.9%) were still eligible for an employer-sponsored plan.

**COVID-19 CONSIDERATION**

During the COVID-19 pandemic, many low income workers who were furloughed or unemployed have lost employer-sponsored insurance, which has likely resulted in less crowd-out/substitution in 2020.

**REFERENCES**

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