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February 2016

INTRODUCTION

This brief 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 in the adult Medicaid population, this brief uses the 2015 and 2012 Ohio Medicaid Assessment Surveys and the 2010, and 2008 Ohio Family Health Surveys (OFHS) to estimate the scope of substitution for current adult Medicaid enrollees in Ohio.

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).

METHODOLOGICAL NOTE

This analysis follows previous state-level work by defining voluntary substitution as cases where new adult Medicaid enrollees with Medicaid coverage for less than 12 months (1) had private insurance immediately prior to their Medicaid coverage and (2) are still eligible for an employer-sponsored group plan (employer-sponsored insurance). The 2015 OMAS surveyed respondents from January 12, 2015 until June 15, 2015. The survey collects prior insurance coverage when an enrollee reports Medicaid coverage for less than 12 months. The 12 month window captures most but not all individuals enrolling in Medicaid during the 2014 expansion. Any individual responding to the survey within 12 months of enrollment will be included in the substitution analysis. For example, an individual enrolling in January 2014 but responding to the survey in May 2015 would not be included. The substitution analysis included 305,684 new Medicaid enrollees. The analysis sample should not be interpreted as the expansion population. This difference is due to: (1) Dual eligibles being excluded; (2) the 12 month recall window excludes enrollees responding to the survey more than 12 months after enrolling in Medicaid; and (3) a small portion of respondents did not respond to the employment question and whether their employer offered a group plan.

SUBSTITUTION AMONG CURRENT ADULT MEDICAID ENROLLEES IN OHIO

In 2015, 22.0% (67,199) of adults enrolled in Medicaid for less than one (1) year reported having private insurance immediately prior to Medicaid. However, this 22.0% should be interpreted as an upper bound estimate of private to public substitution since it includes both voluntary and involuntary transitions to Medicaid. Of these involuntary transitions, unemployment explains most of the movement from private to public coverage. Of these new Medicaid enrollees:

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

	2008		2010		2012		2015	
	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error	Percent & Count	Std. Error
Number of Respondents	770		101		260		1,426	
Switched to Medicaid from:								
Any Private	19.6% (26,828)	2.1% (3,067)	26.0% (33,318)	5.2% (6,989)	17.2% (25,089)	2.9% (4,275)	22.0% (67,199)	1.4% (4,524)
Employer-sponsored Insurance	17.8% (24,405)	2.0% (2,960)	24.9% (31,986)	5.2% (6,996)	16.7% (24,313)	2.9% (4,270)	21.0% (64,238)	1.4% (4,413)
Other Private	1.8% (2,423)	0.6% (893)	1.0% (1,332)	0.7% (870)	0.5% (776)	0.3% (436)	1.0% (2,961)	0.4% (1,122)
Switched from Any Private and Unemployed Respondent	13.1% (17,962)	1.9% (2,714)	17.8% (22,827)	4.5% (5,981)	11.6% (16,833)	2.4% (3,610)	10.3% (31,472)	1.0% (3,183)
and Zero Worker Household	10.2% (13,959)	1.7% (2,428)	7.7% (9,932)	2.5% (3,056)	9.2% (13,448)	2.2% (3,280)	7.7% (23,423)	0.9% (2,651)
and Self-employed	0.6% (842)	0.3% (416)	0.1% (169)	0.1% (169)	1.3% (1,937)	1.0% (1,401)	1.1% (3,294)	0.4% (1,106)
and Employer offers ESI	4.3% (5,864)	1.0% (1,344)	6.4% (8,159)	3.0% (3,974)	3.9% (5,606)	1.4% (1,993)	8.5% (26,072)	1.0% (3,050)
and ESI Eligible	2.4% (3,244)	0.8% (1,161)	3.3% (4,182)	2.2% (2,873)	2.6% (3,804)	1.2% (1,681)	5.7% (17,424)	0.9% (2,673)

- 31,472 (46.9%) had experienced a job loss and were unemployed at the time of the interview; and
- 17,424 (26.%) 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 to 6.2%.

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, 5.7% of adult Medicaid enrollees in 2015 voluntarily switched from private coverage to Medicaid. Table I indicates that equivalent calculations produce substitution estimates of 2.6%, 3.3%, 2.4%, and 4.0% for 2012, 2010, 2008, and 2004, respectively. Differences between years should be interpreted cautiously. For instance, the 2010 OFHS was an interim survey with a reduced sample size, giving less precision in the substitution estimate. Additionally, the confidence intervals overlap between years.

While the 2015 substitution estimate is likely higher due to greater availability of ESI in the expansion population, the difference is not statistically different from previous years.

CONCLUSION

In summary, voluntary crowd-out/substitution is a modest problem among current adult Medicaid enrollees in Ohio. Most Ohio Medicaid enrollees who previously had private insurance lost that plan due to job loss. Of the 305,684 new Medicaid enrollees in 2015, 17,424 (5.7%) were eligible for an employer-sponsored plan.

REFERENCES

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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