September 2018 | Data Note

Data Note: Further Reductions in Navigator Funding for Federal Marketplace States

Karen Pollitz, Jennifer Tolbert, and Maria Diaz

Since taking office, the Trump administration has dramatically reduced funding for federal marketplace Navigators. The Affordable Care Act (ACA) created Navigator programs to provide outreach, education, and enrollment assistance to consumers eligible for marketplace and Medicaid coverage and requires that they be funded by the marketplaces. Since 2015, the Centers for Medicare and Medicaid Services (CMS) has funded Navigator programs in the 34 states that use the federal marketplace through a multi-year agreement that ends on September 1, 2018. In 2017, as the third year of that funding agreement was about to begin, CMS reduced funding for Navigators by 43%, from $63 million awarded in 2016 to $36.1 million for 2017. On a state-by-state basis, funding reductions ranged from 0% to 96% from the amounts grantees had previously been notified to expect for the 2017-2018 program year.

On September 12, 2018, CMS released funding awards for the federal marketplace Navigators for 2018-2019, which reduced funding to $10 million. Compared to 2016, federal Navigator funding for the coming year marks an 84% reduction (Table 1). For the coming year, three states (Iowa, Montana, and New Hampshire) will receive no navigator funding. Within other states, there will be areas where no navigators provide service (for example, Cleveland, Akron, Toledo and Youngstown in Ohio, Dallas, San Antonio and Austin in Texas, all of Michigan outside of the Detroit metro area.) Most of the current, experienced navigator programs will not continue. For the 2017-2018 year there were 90 navigator programs serving the 34 federal marketplace states, compared to 39 for the 2018-2019 year, seven of which are new grantees.

CMS presented several reasons in explaining the reduced funding for Navigators. They say in the FOA that as the marketplaces have evolved, public awareness of the health insurance options available through the marketplaces has grown as has consumer knowledge of how to enroll. Therefore, Navigators should be able to shift away from resource-intensive face-to-face consumer assistance to alternatives methods. Additionally, citing data it collects from healthcare.gov, CMS argues that Navigators have played a limited role in facilitating enrollment in the marketplaces, particularly compared to brokers.

This brief reviews data presented by CMS as well as other data sources to assess the work and effectiveness of Navigators.

Table 1. Changes in Federal Navigator Funding 2016-2018					
State	2016 Funding Award	2017 Funding Award	2018 Funding Award	Percent Change 2017-2018	Percent Change 2016-2018
Alabama	$1,338,335	$1,036,859	$303,219	-71%	-77%
Alaska	$600,000	$446,805	$100,000	-78%	-83%
Arizona	$1,629,237	$1,167,592	$300,000	-74%	-82%
Delaware	$600,000	$600,000	$100,000	-83%	-83%
Florida	$9,464,668	$6,582,190	$1,250,000	-81%	-87%
Georgia	$3,682,732	$1,433,936	$499,995	-65%	-86%
Hawaii	$450,000	$185,143	$100,000	-46%	-78%
Illinois	$2,581,477	$1,782,170	$389,216	-78%	-85%
Indiana	$1,635,961	$296,704	$300,000	+1%	-82%
Iowa	$603,895	$181,304	$0	-100%	-100%
Kansas	$731,532	$731,532	$312,260	-57%	-57%
Louisiana	$1,535,332	$297,349	$300,000	+1%	-80%
Maine	$600,000	$551,750	$100,000	-82%	-83%
Michigan	$2,228,692	$627,958	$309,110	-51%	-86%
Mississippi	$907,579	$382,291	$187,849	-51%	-79%
Missouri	$1,815,514	$729,577	$300,000	-59%	-83%
Montana	$495,701	$374,750	$0	-100%	-100%
Nebraska	$600,000	$115,704	$100,000	-14%	-83%
New Hampshire	$600,000	$456,214	$0	-100%	-100%
New Jersey	$1,905,132	$611,774	$400,000	-35%	-79%
North Carolina	$3,405,954	$3,061,034	$500,000	-84%	-85%
North Dakota	$636,648	$208,524	$85,000	-59%	-87%
Ohio	$1,971,421	$82,360	$316,818	+284%	-84%
Oklahoma	$1,162,363	$798,000	$251,442	-69%	-78%
Pennsylvania	$3,073,116	$1,988,501	$400,000	-80%	-87%
South Carolina	$1,517,783	$511,048	$300,000	-41%	-80%
South Dakota	$600,000	$236,947	$100,000	-58%	-83%
Tennessee	$1,772,618	$1,497,410	$300,000	-80%	-83%
Texas	$9,217,235	$6,096,884	$1,356,297	-78%	-85%
Utah	$902,681	$394,862	$113,814	-71%	-87%
Virginia	$2,187,871	$1,113,189	$525,000	-53%	-76%
West Virginia	$600,000	$600,000	$100,000	-83%	-83%
Wisconsin	$1,338,306	$749,215	$200,000	-73%	-85%
Wyoming	$605,847	$183,654	$100,000	-46%	-83%
Total	**$63,000,000**	**$36,113,230**	**$10,000,000**	**-72%**	**-84%**

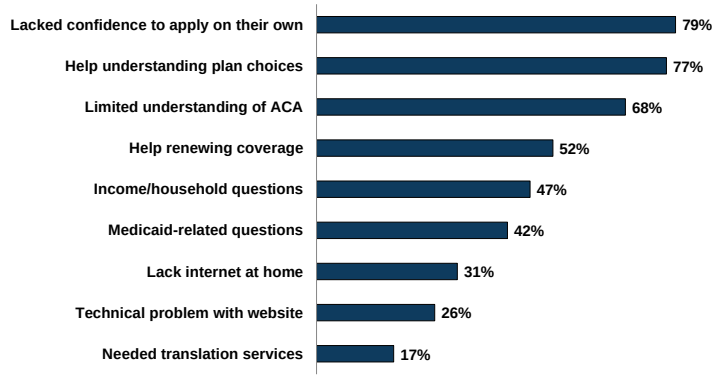
IS THERE ONGOING NEED FOR IN-PERSON CONSUMER ASSISTANCE?

Public awareness of marketplaces remains limited. Although the marketplaces have been in place for five years, Kaiser tracking polls continue to find that most people, and particularly those who are uninsured, have limited awareness about open enrollment. Additionally, findings from surveys of marketplace assisters consistently found that consumers seeking help – whether from Navigators, other marketplace assister programs, or brokers – had limited understanding of the eligibility and enrollment process, or of health insurance, and lacked confidence to apply on their own (Figure 1). For three consecutive years, assisters reported the average in-person assistance appointment took one-to-two hours.

Figure 1

Reasons Consumers Sought Help

Share of Assister Programs reporting "most" or "all or nearly all" consumers sought help for the following reasons:



SOURCE: Kaiser Family Foundation, *2016 Survey of Health Insurance Marketplace Assister Programs and Brokers*, June 2016.

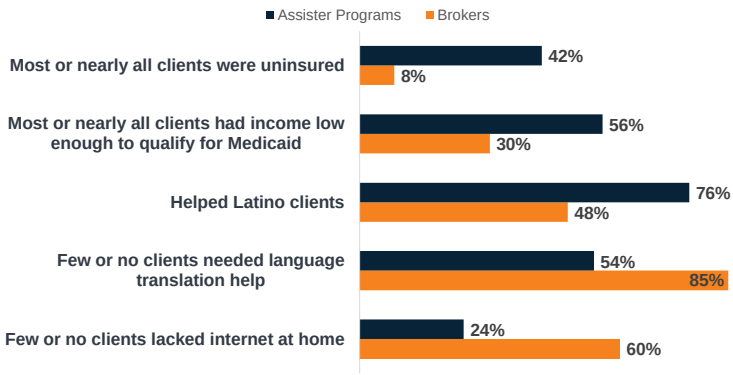
Other research underscores the impact of in-person assistance to raise awareness and get people to enroll in coverage. For example, a report by Enroll America found that, during the first ACA open enrollment period, consumers who reported getting in-person assistance were about twice as likely to successfully enroll in coverage compared to people who tried to sign up without help. The same study found that underserved communities rely more heavily on in-person assistance; 43% more African American and Latino consumers than White consumers sought in-person help during open enrollment.

Navigators and brokers do not serve the same populations or provide the same services. According to findings from the KFF Marketplace Assister Survey, while the work of brokers overlapped to a significant extent with that of Navigators and other marketplace assister programs, these professionals were not interchangeable. Brokers were significantly less likely than Navigators to help individuals who were uninsured, had limited English proficiency, or who lacked internet at home (Figure 2). Brokers were also far less likely to help complete applications for Medicaid or CHIP for

Figure 2

Differences in Clients Served by Assister Programs and Brokers

Share of Brokers and Assister Programs reporting:



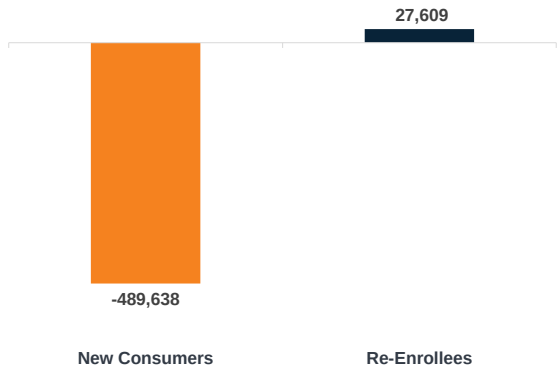
Source: Kaiser Family Foundation, *2016 Survey of Health Insurance Marketplace Assister Programs and Brokers*, June 2016.

low-income consumers who learn through the “no wrong door” marketplace application process that they are not eligible for premium tax credits but may be eligible for public plan coverage.

Marketplace enrollment by new consumers declined in 2018. While marketplace enrollment has held relatively steady over the past year, some populations are experiencing enrollment declines. Analysis of federal marketplace enrollment data shows that the number of new marketplace participants was lower in 2018 compared to 2017 (Figure 3). Because the individual market is a residual source of coverage for most people, in any given year, millions of people each year who had other sources of coverage will seek coverage here for the first time. These new participants may not be as familiar as enrollees renewing insurance with individual coverage or marketplace procedures and deadlines, and so may need additional help.

Figure 3

Change in Marketplace Enrollment of New Consumers and Re-Enrollees for FFM States, 2017-2018

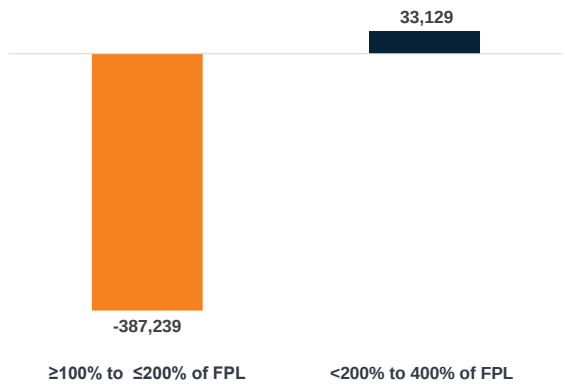


Source: Marketplace Open Enrollment Period Public Use Files

Enrollment of low-income consumers in the federal marketplace also dropped. Compared to 2017, federal marketplace enrollment by consumers with incomes of 100%-200% of the federal poverty level fell by 21% in 2018, while enrollment grew by 0.5% for consumers with incomes 200%-400% FPL (Figure 4). The “silver loading” of premiums in response to termination of cost-sharing subsidy payments to insurers inflated premium tax credit amounts and made zero-premium bronze plans possible for many more people. That may have helped maintain enrollment for people who could afford free high-deductible plans. Those with the lowest incomes, though, primarily stayed in silver plans – for which they paid similar premiums as in 2017, after taking subsidies into account -- in order to access cost sharing reductions. There could be multiple reasons for falling enrollment by this most income-vulnerable segment of the marketplace population, potentially including reductions in funding for outreach and consumer assistance.

Figure 4

Change in Marketplace Enrollment by Federal Poverty Level for FFM States, 2017-2018



Source: Marketplace Open Enrollment Period Public Use Files

HOW MANY ENROLLEES DID NAVIGATORS ASSIST?

CMS justified its funding decision on data that likely undercounts Navigator-facilitated enrollments. CMS cites data collected by healthcare.gov indicating that fewer than 1% of qualified health plan (QHP) enrollees in the marketplace were Navigator-assisted, and compares that to data indicating that 42% of marketplace enrollments were broker-assisted. However, for a number of reasons, these data are not comparable and likely significantly undercount Navigator-assisted enrollments. Data on Navigator-assisted enrollments collected directly by healthcare.gov only capture plan selections made by consumers in the presence of a paid Navigator and only if the Navigator reliably enters a staff identification number to the online-application – something Navigators have not been required, nor consistently trained, to do. In contrast, brokers can be expected to consistently enter their unique identification numbers, or NPNs, in order to be paid. Healthcare.gov has also been modified to ensure that broker NPNs are captured on auto-renewed applications. If enrollees whose account includes an NPN in one year and who are passively re-enrolled for a second year because they did not complete an application by December 15, healthcare.gov auto-populates the consumer's account with the broker's NPN, something that does not occur with Navigator-assisted signups. CMS did not release data on auto-reenrollments attributed to brokers. During the fifth open enrollment, 19% of healthcare.gov plan selections were made through auto-renewal.

CMS has also encouraged expanded use of so-called "direct enrollment" through private web broker sites and insurer web sites, and has taken steps to ensure that broker NPNs are captured on applications initiated through direct enrollment. Navigators are not allowed to use web broker sites. In addition, this year a new feature on the Find Local Help page of healthcare.gov offers a "Help on Demand" service, connecting consumers to brokers with a promise that the broker will call within 30 minutes or less. No similar feature is offered to connect consumers to Navigators.

Navigators face limitations on reporting enrollments facilitated by volunteers. Healthcare.gov does not capture – nor are Navigators allowed to self-report – enrollments facilitated by volunteers working with Navigator staff. In the face of significant funding reductions last year, some Navigator organizations partnered with or recruited volunteer certified application counsellors (CACs) to maintain the same level of services they had provided in prior years. However, CAC volunteers cannot input the Navigator identification number, even if these unpaid staff are organized and supported by the Navigators. As a result, the data CMS cites do not capture for the full range of QHP enrollments that Navigators support.

The healthcare.gov data on Navigator-assisted plan signups appear to be inconsistent with self-reported data from Navigators. In 2017, a KFF report comparing Navigator-reported enrollment data with CMS-measured outcomes found discrepancies for more than 75 percent of programs. In addition, healthcare.gov does not collect data on any other required Navigator duties, such as outreach and public education, helping consumers apply for financial assistance, or helping consumers with appeals.

New Program Changes for Navigators

The funding announcement (FOA) for the coming year specifies other changes in Navigator program qualifications and duties for the coming year. These changes include:

The FOA stresses educating consumers about non-QHP coverage options. – The FOA encourages applicants to educate consumers about coverage options in addition to QHPs, such as association health plans and short-term, limited duration insurance. New association health plan options will not have to meet all ACA standards for marketplace plans, such as gender and age rating rules and the requirement to cover essential health benefits. Short-term limited duration (STLD) policies are not subject to any ACA rules, including the prohibition on denying or excluding coverage for pre-existing conditions. To the extent that healthier consumers are attracted to or steered towards these less regulated products, the cost of ACA-compliant policies, which people with pre-existing conditions rely on, will increase.

The FOA does not require Navigators to educate consumers about these products per se; rather it requires Navigators to serve "left behind populations," which are defined as individuals who, among other things, may not be aware of these non-QHP coverage options.

Navigators will face new abortion-related requirements. The FOA includes new, specific requirements for applicants to inform consumers of their option not to purchase plans that cover abortion services. Navigators must also inform consumers about ACA rules prohibiting the use of QHP subsidies to pay for abortion services and the requirement that insurers segregate that portion of premium attributable to the cost of covering abortion services from other funds.

Navigators are no longer required to maintain a physical presence in the state in which they serve. CMS also eliminated the requirement that each state be served by at least two Navigator entities, and the requirement that at least one Navigator entity be a non-profit community-based organization. These program changes were specified earlier this year as part of the 2019 marketplace payment rule. The FOA encourages applicants to devise creative ways to conduct outreach, including, for example, by "distributing educational flyers [or] posting information on an organization's website…" and to consider strategic partnerships with public and private organizations.

Discussion

The proposed Navigator funding reductions presume the need for Navigators has diminished as Americans have grown more familiar with ACA marketplaces. However, the individual market is characterized by churn, with millions of people each year losing other coverage and having to buy insurance on their own. Health insurance, by its nature, is complicated and challenging for people to understand. The need for public education and in-person assistance will likely continue for the foreseeable future. Contemplating this need, the ACA established Navigators as an ongoing resource in the Marketplace system.

Research shows consumers seek help for many reasons. Most who seek help have low incomes and low insurance literacy. Many have complex income and family situations that make it more challenging to apply. Some lack internet connection at home, or limited English proficiency. Many learn through the marketplace that they are eligible for Medicaid, or CHIP, and then require help enrolling in that coverage. Navigators help all such individuals, as the law requires. Data on Navigator performance cited by CMS is incomplete and and does not fully capture the nature and quantity of work assisters perform.

Navigator funding reductions in the summer of 2017 prompted some programs to close their doors, while others had to reduce hours or outreach to rural, remote communities. This year's funding reductions will further limit access to this in-person assistance. In addition, the new funding announcement envisions other significant changes to the work of Navigator programs, particularly the emphasis on educating people about less-regulated health coverage options. It remains to be seen how this change will impact resources available to people, particularly those with pre-existing conditions, who need help finding need ACA-compliant plans.