

ONE HUNDRED THIRTEENTH CONGRESS
Congress of the United States
House of Representatives
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MEMORANDUM

March 12, 2014

To: Committee on Energy and Commerce Democratic Members and Staff
Fr: Committee on Energy and Commerce Democratic Staff
Re: Comparison of Affordable Care Act and Medicare Part D Enrollment Rates

This memorandum compares the pace of enrollment in the new federal and state exchanges under the Affordable Care Act (ACA) with the pace of enrollment in Medicare Part D in that program's first year. It finds that Americans are signing up for health insurance under the ACA at a faster rate than seniors signed up for Medicare Part D.

The Congressional Budget Office (CBO) estimated that 23 million seniors would sign up for prescription drug coverage under Medicare Part D during the first enrollment period. By the end of April 2006, with two weeks left in the open enrollment period and 92% of the open enrollment period completed, 13.3 million seniors had chosen to enroll. This represented 58% of CBO's projected enrollment. By the end of the Part D open enrollment period on May 15, 2006, Part D enrollment was just 70% of the enrollment estimated by CBO.

Republican leaders did not view this as a negative because lower enrollment meant lower costs for taxpayers. In January 2007, when he was House Minority Leader, Rep. John Boehner argued that Medicare Part D was a success because "the cost of Medicare Part D ... is 30 percent less than it was estimated to cost."

Enrollment in the Affordable Care Act's first open enrollment period is running ahead of the pace of enrollment in Medicare Part D. As of March 1, the ACA open enrollment period was 83% complete and 4.2 million Americans have enrolled in coverage through the new federal and state exchanges. The 4.2 million ACA enrollees represent 60% of CBO's original estimate of 7 million enrollees. Last month, CBO released a new estimate of ACA enrollment, predicting that 6 million individuals would enroll this year. The 4.2 million individuals already enrolled in the ACA represent 70% of this updated estimate.

Compared to the Part D experience, the ACA enrollment data are significantly more robust. When the Part D enrollment period was 92% completed, enrollment was just 58% of CBO's estimate. With the ACA enrollment just 83% complete, enrollment is already 60% to 70% of CBO's estimate, depending on which estimate is used. This comparison indicates that ACA enrollment is running 15% to 33% ahead of Medicare Part D in the rate of enrollment. Nonetheless, Republican leaders have been sharply critical of these strong enrollment results, with a spokesman for Speaker Boehner criticizing them as "dismal."

I. MEDICARE PART D ENROLLMENT FIGURES

As the Bush Administration prepared for the opening of enrollment in Medicare Part D, the Congressional Budget Office predicted 29 million seniors would enroll for coverage in 2006.¹ CBO estimated that 6.2 million of those beneficiaries would be dual eligible enrollees who were automatically enrolled in a drug plan and that the remaining 23 million would be individuals who chose to sign up for a Medicare Part D plan or Medicare Advantage drug plan.

But actual enrollment prior to January 1, 2006 – the first day of coverage – was well below these estimates: only 5.4 million people had chosen to enroll in Part D plans under traditional Medicare or Medicare Advantage.² These 5.4 million represented only 23% of the 23 million beneficiaries that CBO estimated would sign up by the end of the open enrollment period.³ Despite these low estimates, Republicans were optimistic, with Department of Health and Human Services (HHS) Secretary Mike Leavitt telling reporters that the Administration was "well on track to meet our goal of enrolling 28 million to 30 million the first year."⁴

By the end of April 2006 – with two weeks to go in the Part D open enrollment period – 13.3 million seniors had enrolled, representing 58% of total estimated enrollment.⁵

By May 15, 2006, when the enrollment period ended, the number of seniors choosing to enroll in Part D plans increased to 15.9 million.⁶ The 15.9 million seniors voluntarily enrolled in

¹ Congressional Budget Office, *A Detailed Description of CBO's Cost Estimate for the Medicare Prescription Drug Benefit* (July 2004) (online at www.cbo.gov/sites/default/files/cbofiles/ftpdocs/56xx/doc5668/07-21-medicare.pdf).

² Kaiser Family Foundation, *Prescription Drug Coverage Among Medicare Beneficiaries* (June 2006) (online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/7453.pdf>).

³ *Id.*

⁴ *HHS Works to Fix Drug Plan Woes*, The Washington Post (Jan. 18, 2006).

⁵ Kaiser Family Foundation, *Prescription Drug Coverage Among Medicare Beneficiaries* (June 2006) (online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/7453.pdf>).

⁶ Kaiser Family Foundation, *Prescription Drug Coverage Among Medicare Beneficiaries* (June 2006) (online at <http://kaiserfamilyfoundation.files.wordpress.com/2013/01/7453.pdf>).

Part D at the end of the open enrollment period represented only 70% of the total first-year enrollment expected by CBO and the Administration.⁷

Despite the fact that Medicare Part D enrollment did not meet projections, the Bush Administration described the final enrollment figures as a “historic success.”⁸ A point Republicans frequently made was to emphasize one of the consequences of the lower than expected enrollment: lower than expected costs. In January 2007, Rep. John Boehner – who was then the Minority Leader and is now Speaker of the House – asserted that “the cost of Medicare Part D . . . is 30% less than it was estimated to cost.”⁹ A Centers for Medicare and Medicaid Services (CMS) press release touted that “estimates for the Medicare Part D prescription drug benefit . . . show that net Medicare costs are 30% less – \$189 billion lower – than were originally predicted.”¹⁰

II. AFFORDABLE CARE ACT ENROLLMENT FIGURES

The pace of enrollment in the Affordable Care Act exchanges is more rapid than Medicare Part D enrollment. As of March 1 – with one month to go in the open enrollment period – 4.2 million individuals have enrolled in health coverage through the exchanges.¹¹

The 4.2 million enrollees represent 60% of the 7 million individuals that CBO originally estimated would enroll in the exchanges.¹² In February 2014, CBO modified its projections, reducing its first-year ACA enrollment estimate to 6 million individuals.¹³ The 4.2 million enrollees represent 70% of the most recent CBO enrollment estimate.

The available Medicare Part D and ACA enrollment data are taken from different points in their respective enrollment periods. This difference occurs because there were only two weeks left in the Medicare Part D enrollment period, while there is a month left in the ACA

⁷ *Id.*

⁸ *New Medicare Drug Plan is Called a Success*, Washington Post (May 17, 2006).

⁹ Rep. John Boehner, Press Conference (Jan. 11, 2007).

¹⁰ *Projected Medicare Part D Costs Drop by 30 Percent*, Center for Medicare and Medicaid Services (Jan. 8, 2007).

¹¹ U.S. Department of Health and Human Services, *Health Insurance Marketplace: March Enrollment Report* (Mar. 11, 2014) (online at: http://aspe.hhs.gov/health/reports/2014/MarketPlaceEnrollment/Mar2014/ib_2014mar_enrollment.pdf).

¹² Congressional Budget Office, *CBO’s February 2013 Estimate of the Effects of the Affordable Care Act on Health Insurance Coverage* (May 2013) (online at http://www.cbo.gov/sites/default/files/cbofiles/attachments/43900_ACAInsuranceCoverageEffects.pdf).

¹³ Congressional Budget Office, *The Budget and Economic Outlook: 2014-2024* (Feb. 4, 2014) (online at: <http://www.cbo.gov/publication/45010>).

enrollment period. Medicare Part D had enrolled 58% of CBO's estimate when the enrollment period was 92% complete, while the ACA has enrolled 60% to 70% of CBO's estimate when the enrollment period was just 83% complete, depending on which CBO estimate is used. An extrapolation shows that ACA enrollment is running 15% to 33% ahead of Medicare Part D in the rate of enrollment.¹⁴

Despite the progress in ACA enrollment, Republicans have continued to criticize the pace of ACA enrollment. In November 2013, when the first ACA enrollment numbers were released, a spokesperson for Speaker John Boehner called them "a symbol of the failure of the president's health care law."¹⁵ In January 2014, a spokesman for Speaker Boehner said, "There's no way to spin it: youth enrollment has been a bust so far."¹⁶ Sen. Thad Cochran stated in January that "the administration's enrollment numbers don't paint a pretty picture" and that "there is ample reason to be skeptical that those numbers will improve substantially."¹⁷ When the March 1 enrollment numbers were released, a spokesman for Speaker John Boehner called them "dismal," adding that "the President's push to enroll young adults is far too little, too late."¹⁸

III. CONCLUSION

The pace of enrollment under the ACA is faster than the pace of enrollment under Medicare Part D. But this good news is not reflected in the comments of Republican leaders in Congress. In the case of Medicare Part D, Republican leaders portrayed the failure of Medicare Part D to meet CBO estimates as a positive because it meant the costs of the program fell below CBO estimates. In the case of the ACA, they are taking the exact opposite approach and criticizing the Administration for not achieving even higher enrollment figures.

¹⁴ The initial enrollment period for both Medicare Part D and the ACA is 26 weeks. When the Medicare Part D enrollment period was 92% complete – through 24 weeks – enrollment was at 58% of the CBO estimate. Assuming a constant rate of enrollment, Medicare Part D was enrolling 2.4% of projected enrollees per week ($58\% / 24 \text{ weeks} = 2.4\% \text{ per week}$). Using a similar calculation, the ACA exchanges had enrolled 60% to 70% of projected enrollees at the end of February – through 21.6 weeks – which is a rate of 2.8% to 3.2% of projected enrollees per week. In relative terms, this means the ACA enrollment rate is 15% to 33% ahead of the Medicare Part D enrollment rate.

¹⁵ Statement of Speaker John Boehner (Nov. 13, 2013).

¹⁶ Statement of Brendan Buck, Press Secretary, Speaker John Boehner (Jan. 13, 2014).

¹⁷ *GOP Suspicious of Obamacare Enrollment Figures*, CBS News (Jan. 11, 2014) (online at <http://www.cbsnews.com/news/gop-suspicious-of-obamacare-enrollment-figures/>).

¹⁸ *New Report Shows Administration Lagging Far Behind ObamaCare Enrollment Goals*, Fox News (Mar. 11, 2014) (online at: <http://www.foxnews.com/politics/2014/03/11/administration-lagging-far-behind-obamacare-enrollment-goals/>).