# The Effect of Behavioral Nudges via Mailed Letters on Subsidized Health Insurance Take-up in the United States

**Researchers:**

Keith Ericson

Timothy Layton

Adrianna McIntyre

Adam Sacarny

**Sector(s):** Health, Social Protection

**J-PAL office:** J-PAL North America

**Location:** Massachusetts, United States of America

**Sample:** 43,000 households that are eligible for marketplace health insurance coverage via ConnectorCare

**Target group:** Adults

**Outcome of interest:** Take-up of program/social service/healthy behavior

**Intervention type:** Information Nudges and reminders

**AEA RCT registration number:** AEARCTR-0003100

**Partner organization(s):** Massachusetts Health Connector

Many individuals who are eligible for free or low-cost subsidized health insurance options in Massachusetts as part of the Affordable Care Act (ACA) do not enroll in coverage. This study examined the impact of an administrative simplification and a series of behavioral nudges (all via letters sent by mail) on enrollment in subsidized health insurance plans. The administrative simplification, which provided a streamlined path to enrollment, had the largest effect on enrollment, as compared to personalized and generic reminder letters, an effect that was even larger among individuals with zero-premium plans and older individuals.

## Policy issue

Despite large subsidies for purchasing health insurance introduced by the affordable care act, take-up remains far from complete. Increasing take-up of health insurance may improve access to care and help to stabilize the health insurance market. Uninsured consumers also face additional barriers to accessing care that can result in increased financial and health risk.[1]

Subsidized health insurance plans, such as those offered on the Massachusetts Health Connector and other health insurance marketplaces, are designed to decrease the costs and increase the availability of coverage. These marketplaces also offer zero-premium plans for the lowest-income populations, meaning individuals would face no monthly payments to maintain coverage.

However, many individuals who are eligible for these plans still face barriers to enrollment  These barriers include a lack of information about the plans and enrollment deadlines or lengthy and complex application processes. Low-cost, “behavioral nudge” interventions have been shown to increase enrollment among eligible individuals by providing information about plans and reminders to enroll. However, much less is known about the role of administrative barriers to enrollment. Thus, more

evidence is needed on the impact of more structural administrative changes, such as simplifying the application process, on enrollment.

## Context of the evaluation

Massachusetts state policy guarantees subsidized health insurance options for individuals in eligible households through the state-based health insurance marketplace, the Massachusetts Health Connector. Eligible enrollees are required to enroll in one of the four cheapest plans available. Enrollment consists of a two-step process. The first step involves determining eligibility for Medicaid or subsidized coverage. For many, this step is active, where the individual submits a joint application to Medicaid and the Connector. For others, it is passive, where an individual currently enrolled in Medicaid has their eligibility regularly redetermined by the state. After an individual is determined eligible for subsidized coverage, they must actively choose a plan. Among those who are determined eligible, only about 50 percent actually choose a plan and effectuate coverage, with most of those that do choose a plan choosing immediately upon eligibility determination. Among those who do not immediately enroll, only about 13,500 (31 percent) ultimately enrolled.

The study participants are individuals eligible for the ConnectorCare program, but who did not immediately enroll in coverage after eligibility was determined. Those eligible for ConnectorCare make up the lowest-income market segment of the Massachusetts Health Connector (below 300 percent of the federal poverty line, roughly $60,000 for a household of three in 2017).[2] This population is the largest group on the Health Connector and the most vulnerable to disruptions in coverage as a result of enrollment churn caused by changes in eligibility. The subset of individuals who have incomes below 150 percent of the federal poverty line has access to a zero-premium plan in ConnectorCare.




Health insurance forms on a table.

Photo: Shutterstock

## Details of the intervention

The evaluation examined the impact of various letters on rates of enrollment in health insurance coverage.

Individuals were randomly assigned into a control arm or one of three treatment arms:

**Control arm**: Individuals received twice-monthly emails reminding them of their eligibility for insurance (the status quo already used by Massachusetts Health Connector).

**Treatment arm 1 (Generic reminder letters)**: Individuals also received letters reminding them they are eligible for insurance.

**Treatment arm 2 (Personalized reminder letters)**: Individuals received letters that include personalized information about their after-subsidy premium costs and relevant cost-sharing information.

**Treatment arm 3 (Streamlined enrollment letters)**: Individuals received the personalized reminder letters and the ability to enroll by checking a box for their preferred plan and returning the letter in an included pre-paid envelope. This arm, unlike the others, allowed individuals to avoid the standard enrollment process, which requires considerably more time and effort.

## Results and policy lessons

All three treatments raised enrollment compared to the status quo reminder emails. The streamlined enrollment letter had the largest impact on average. The relative effectiveness of the treatments varied across two important dimensions: eligibility for zero-premium plans and age.

**Overall impacts:** Streamlined enrollment letters had the largest effect, raising enrollment by 3.2 percentage points compared to the status quo email reminders, while personalized reminders raised enrollment by 2.3 percentage points and generic reminders raised enrollment by 1.3 percentage points (10.5, 7.5, and 4.3 percent increases respectively from a baseline of 30.4 percent).

**Effect on individuals eligible for zero-premium plans:** The effect of streamlined enrollment letters was larger among individuals eligible for zero-premium plans, increasing enrollment by 6.1 percentage points (21 percent from a baseline of 27.3). Generic and personalized reminders had no measurable impact on enrollment among this group.

The streamlined enrollment letters also led to more individuals staying insured over time, as compared to the generic or personalized reminders.

These results indicate that developing simpler application processes eliminates most of the barriers to enrollment and maintaining insurance coverage for those who have no premium payments.

**Effect on individuals not eligible for zero-premium plans:** Among individuals who were not eligible for zero-premium plans, simplified enrollment did not increase coverage relative to personalized reminders. Personalized reminders increased enrollment by 2.6 percentage points, and simplified enrollment increased enrollment by 2.4 percentage points (8.3 percent and 7.6 percent from a baseline of 31.1). Personalized and simplified enrollment were both more effective than generic reminders, which increased enrollment by 1.2 percentage points (3.8 percent from a baseline of 31.1).

Streamlined enrollment also did not lead to increased coverage over time as compared to personalized and generic reminders.

These results indicate that when individuals have to make payments to obtain coverage and stay enrolled, which introduces additional barriers, streamlined enrollment has limited additional effects relative to personalized reminders.

**Effect on older and younger individuals:** While the personalized reminder had similar impacts on younger and older adults, streamlined enrollment letters led to a greater increase in enrollment among older adults as compared to younger adults.

The streamlined enrollment letter raised enrollment by 4.0 percentage points for older individuals compared to 2.7 percentage points for younger adults (11.8 percent from a baseline of 33.8 compared to 9.5 percent from a baseline of 28.2). The personalized reminder raised enrollment by 2.6 percentage points for older individuals, roughly the same as 2.0 percentage points among younger adults (7.6 percent from a baseline of 33.8, compared to 7.0 percent from a baseline of 28.2).

**Conclusion:** The larger impact of the simplified enrollment letter demonstrates that behavioral nudges do not overcome all barriers to enrollment and administrative simplification is an important tool to increase health insurance enrollment. In addition, despite these interventions, take-up was still far from complete—over 65 percent of those eligible for the intervention did not enroll. More research is needed to understand how more aggressive policies, such as defaulting eligible individuals into insurance plans, is needed.

---

1. Sommers, Benjamin D., Atul A. Gawande, and Katherine Baicker. 2017. "Health Insurance Coverage and Health — What the Recent Evidence Tells Us." New England Journal of Medicine 377(6): 586–593. https://doi.org/10.1056/NEJMsb1706645

2. ASPE. 2017. "U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Federal Programs." Accessed April 14 2023. https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/prior-hhs-poverty-guidelines-federal-register-references/2017-poverty-guidelines