The Affordable Care Act: Seven Years Later

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The Century Foundation
Washington, DC
March 23, 2017
Outline

I. Coverage
II. Cost
III. Quality
IV. Economic Performance
V. Marketplace Stability
Outline

I. Coverage

II. Cost

III. Quality

IV. Economic Performance

V. Marketplace Stability
Uninsured Rate Has Fallen to the Lowest Level on Record

Uninsured Rate, 1963–2016

ACA = Affordable Care Act

Note: Estimate for 2016 reflects only the first three quarters. Other estimates are full-year.
Sources: National Health Interview Survey and supplemental sources described in Council of Economic Advisers, 2014, "Methodological Appendix: Methods Used to Construct a Consistent Historical Time Series of Health Insurance Coverage" (http://go.wh.gov/5oRwjJ).
Both Younger and Older Adults, as Well as Kids, Have Seen Substantial Coverage Gains

Uninsured Rates by Age, 1997–2016

Percent Uninsured


Young Adults (19-25)
Non-Elderly Adults, Except Young Adults (26-64)
Children (<19)

CHIP Created
Year Prior to CHIPRA Enactment
Year of ACA Dependent Coverage Expansion
Year Before First ACA Open Enrollment

ACA = Affordable Care Act; CHIP = Children's Health Insurance Program; CHIPRA = Children’s Health Insurance Program Reauthorization Act
Note: Estimates for 2016 reflect only the first three quarters. Estimates of the uninsured rate for 0-18 year olds have not yet been reported for 2016, so the uninsured rate for 0-18 year olds reported in Figure 4-5 was calculated by extrapolating the 2015 estimate using the percentage point change for 0-17 year olds, which has been reported. Similarly, estimates of the uninsured rate for 26-64 year olds were extrapolated using the percentage point change for the larger group consisting of 18 year olds and 26-64 year olds. Sources: National Health Interview Survey; Council of Economic Advisers calculations; author's calculations.
Uninsured Rate Has Fallen for All Income Levels

Non-Elderly Uninsured Rate by Income

Percent Uninsured

Income as a Percent of the Federal Poverty Line

- < 138
- 138 to 400
- > 400

36% reduction
33% reduction
31% reduction

Sources: National Health Interview Survey; Council of Economic Advisers calculations.
States that Expanded Medicaid Have Seen Much Larger Gains in Health Insurance Coverage

Decline in Uninsured Rate from 2013 to 2015 vs. Level of Uninsured Rate in 2013, by State

Note: States are classified by Medicaid expansion status as of July 1, 2015.
Sources: American Community Survey; Council of Economic Advisers calculations.
Expanded Coverage is Improving Access to Care, Financial Security, and Health

Decline in Share Not Seeing a Doctor Due to Cost vs. Decline in Uninsured Rate, by State, 2013–2015

Note: Sample limited to non-elderly adults. Percentage points denoted as p.p.
Sources: Behavioral Risk Factor Surveillance System; Council of Economic Advisers calculations.
Millions More Workers Are Now Protected Against Unlimited Out-of-Pocket Spending


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Projections of National Health Expenditures Have Fallen Sharply

### Projected National Health Expenditures, 2010–2019

National Health Expenditures as a Percent of GDP

Note: Pre-ACA projections have been adjusted to reflect a permanent repeal of the sustainable growth rate following the methodology used by Stacey McMorrow and John Holahan (2016, "The Widespread Slowdown in Health Spending Growth Implications for Future Spending Projections and the Cost of the Affordable Care Act, An Update," Washington: Urban Institute, and Princeton: Robert Wood Johnson Foundation). For consistency, actuals reflect the current estimates as of the most recent projections release. Sources: National Health Expenditures Accounts and Projections; Council of Economic Advisers calculations.
Health Care Prices Have Risen at the Slowest Rate in 50 Years Since the ACA Was Enacted

Health Care Price Inflation vs. Overall Inflation, 1960–2017

ACA = Affordable Care Act
Sources: National Income and Product Accounts; author's calculations.
Health Care Spending Per Enrollee Has Grown Exceptionally Slowly in Public & Private Sectors

Real Per Enrollee Spending Growth, By Payer, 2000–2015

Average Annual Percent Growth

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Private Insurance</td>
<td>6.5</td>
<td>3.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Medicare</td>
<td>4.7</td>
<td>2.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Medicaid</td>
<td></td>
<td></td>
<td>-0.3</td>
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Note: Medicare growth rate for 2005–10 was calculated using the growth rate of non-drug Medicare spending in place of the growth rate of total Medicare spending for 2006 to exclude effects of the creation of Medicare Part D. Inflation adjustments use the GDP price index.
Sources: National Health Expenditure Accounts; National Income and Product Accounts; Council of Economic Advisers calculations.
The Pace of Deductible Growth Has Been Similar to the Pace Prior to the ACA

Average Real Deductible in Employer-Based Single Coverage, 2002–2016

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<thead>
<tr>
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<tbody>
<tr>
<td>Value</td>
<td>300</td>
<td>600</td>
<td>900</td>
<td>1,200</td>
<td>1,500</td>
<td>1,800</td>
<td>2,100</td>
<td>2,400</td>
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Note: Inflation adjustments use the GDP price index, including a Congressional Budget Office projection for 2016.

Cost Growth Has Slowed in Employer Coverage—Even More When Out-of-Pocket Costs Are Included

Growth in Real Costs for Employer-Based Family Coverage, 2000–2016

Note: Out-of-pocket costs were estimated by first using the Medical Expenditure Panel Survey to estimate the out-of-pocket share in employer coverage for 2000–2014 and then applying that amount to the premium for each year to infer out-of-pocket spending. The out-of-pocket share for 2015 and 2016 was assumed to match 2014. Inflation adjustments use the GDP price index. GDP price index for 2016 is a Congressional Budget Office projection.

Sources: Kaiser Family Foundation/Health Research and Educational Trust Employer Health Benefits Survey 2016; Medical Expenditure Panel Survey, Household Component; Council of Economic Advisers calculations.
Alternative Payment Models Can Improve the Performance of the Health Care Delivery System

Percent of Traditional Medicare Payments Tied to Alternative Payment Models, 2010–2019

Note: The dates and percentages for the actual series are approximate.
Source: Centers for Medicare and Medicaid Services.
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The Quality of Care Received by Hospital Patients Has Improved Since 2010

Cumulative Percent Change in Rate of Hospital-Acquired Conditions Since 2010, 2010–2015

Sources: Agency for Healthcare Research and Quality; Council of Economic Advisers calculations.
Hospital Readmission Rates Have Fallen Sharply in Recent Years

Medicare 30-Day, All-Condition Hospital Readmission Rate, 2008–2016

Percent, 12-Month Moving Average

Sources: Centers for Medicare and Medicaid Services; Council of Economic Advisers calculations.
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The Private Sector Has Added 16.2 Million Jobs in 84 Consecutive Months of Job Growth Since the Affordable Care Act Became Law


Almost All of the Net Increase In Employment Since the ACA Became Law Has Been in Full-Time Jobs

Change in Number of Full-Time and Part-Time Workers Since March 2010, 2010–2017

ACA = Affordable Care Act
People Reporting Better Health Have Higher Employment Rates and Earnings

Employment Outcomes for Prime Age Adults, by Health Status, 2015

Panel A: Share with Any Wage or Salary Earnings

<table>
<thead>
<tr>
<th>Self-Reported Health Status</th>
<th>Percent of Prime-Age Adults with Earnings</th>
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<tbody>
<tr>
<td>Poor</td>
<td>22</td>
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<tr>
<td>Fair</td>
<td>52</td>
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<tr>
<td>Good</td>
<td>77</td>
</tr>
<tr>
<td>Very Good</td>
<td>82</td>
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<tr>
<td>Excellent</td>
<td>82</td>
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</table>

Panel B: Average Earnings, People With Earnings

<table>
<thead>
<tr>
<th>Self-Reported Health Status</th>
<th>Average Wage and Salary Earnings (dollars)</th>
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</thead>
<tbody>
<tr>
<td>Poor</td>
<td>36,000</td>
</tr>
<tr>
<td>Fair</td>
<td>39,000</td>
</tr>
<tr>
<td>Good</td>
<td>47,000</td>
</tr>
<tr>
<td>Very Good</td>
<td>55,000</td>
</tr>
<tr>
<td>Excellent</td>
<td>61,000</td>
</tr>
</tbody>
</table>

Sources: Current Population Survey; Council of Economic Advisers calculations.
The ACA, Along With Other Tax Policies, Has Contributed to Reducing After-Tax Inequality


Change in Share of After-Tax Income (Percentage Points)

ACA = Affordable Care Act
Source: US Treasury, Office of Tax Analysis.
CBO Estimates that the Affordable Care Act Substantially Improved the Long-Term Budget Outlook

Deficit Reduction Due to the Affordable Care Act, 2016–2035

Change in the Deficit (Billions)

- $353 Billion

Reduction of Around $3.5 Trillion

CBO = Congressional Budget Office
Note: CBO reports second-decade effects as a share of GDP. Amounts are converted to dollars using GDP projections from CBO’s long-term budget projections. Sources: CBO; Council of Economic Advisers calculations.
The Life of the Medicare Trust Fund Has Been Extended by 11 Years Since the ACA Became Law

Forecasted Year of Medicare Trust Fund Exhaustion, 2000–2016

Source: Medicare Trustees.
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Marketplace Premiums Have Converged to CBO’s Prediction

Actual Marketplace Premiums vs. CBO Projection

Difference as a Percent of CBO Projection

CBO = Congressional Budget Office
Source: Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (2013; 2016).
Some of the Large Premium Increases Likely Reflect Initial Underpricing by Insurers

Annual Change in Benchmark Premium, by Quintile of 2014 Benchmark Premium, 2014–2017

Median Annual Percent Change in Benchmark Premium, 2014–2017

Note: Premiums analyzed at the county level. Quintiles defined to have equal non-elderly populations. Data limited to states using HealthCare.gov in all years. Sources: Department of Health and Human Services; American Community Survey; Council of Economic Advisers calculations.
States With Larger Premium Increases Have Not Seen Larger Decreases in Enrollment

Change in Marketplace Plan Selections vs. Change in Benchmark Premium, 2016–2017, by State

Note: Figure includes states that used the HealthCare.gov platform in both 2016 and 2017. The black line portrays the estimated relationship from regressing the log change in plan selections on the log change in the benchmark premium. The red line portrays a relationship with the same intercept and a slope coefficient of -2. This slope coefficient would permit a death spiral if claims costs for enrollees discouraged by higher premiums were half or less the costs of other enrollees, a relatively extreme assumption.

Most Marketplace Enrollees Are Fully Protected from Benchmark Premium Increases

Premium for the Benchmark Plan for an Individual Making $25,000 Per Year, 2017

- Benchmark Premium = $243/Month
  - Individual Contribution: $143
  - Premium Tax Credit: $100
  - Total: $243

- Benchmark Premium = $293/Month
  - Individual Contribution: $143
  - Premium Tax Credit: $150
  - Total: $293

Source: Council of Economic Advisers calculations.
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