

The Affordable Care Act: Seven Years Later

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Washington, DC

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Outline



I. Coverage

II. Cost

III. Quality

IV. Economic Performance

V. Marketplace Stability

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II. Cost

III. Quality

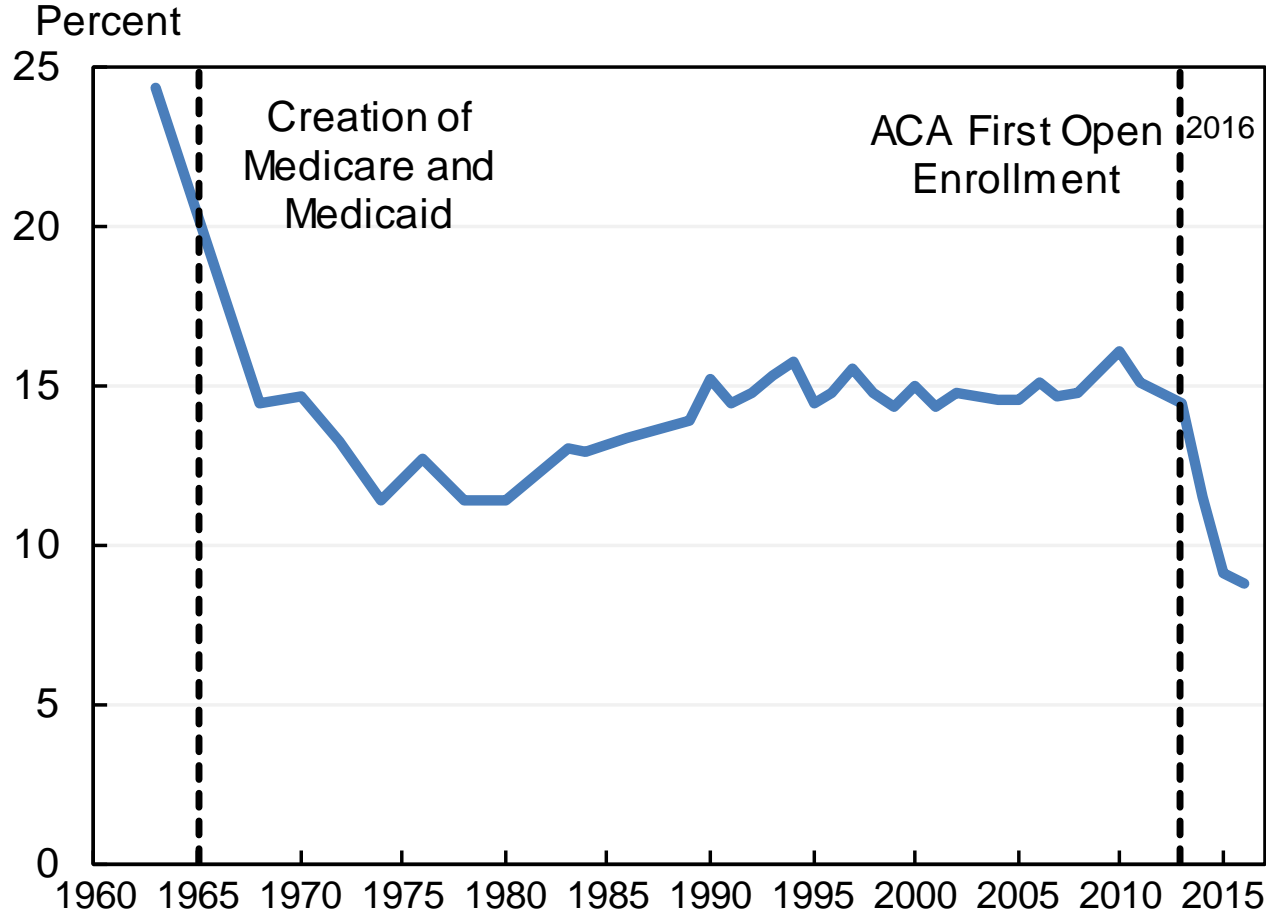
IV. Economic Performance

V. Marketplace Stability

Uninsured Rate Has Fallen to the Lowest Level on Record



Uninsured Rate, 1963–2016



ACA = Affordable Care Act

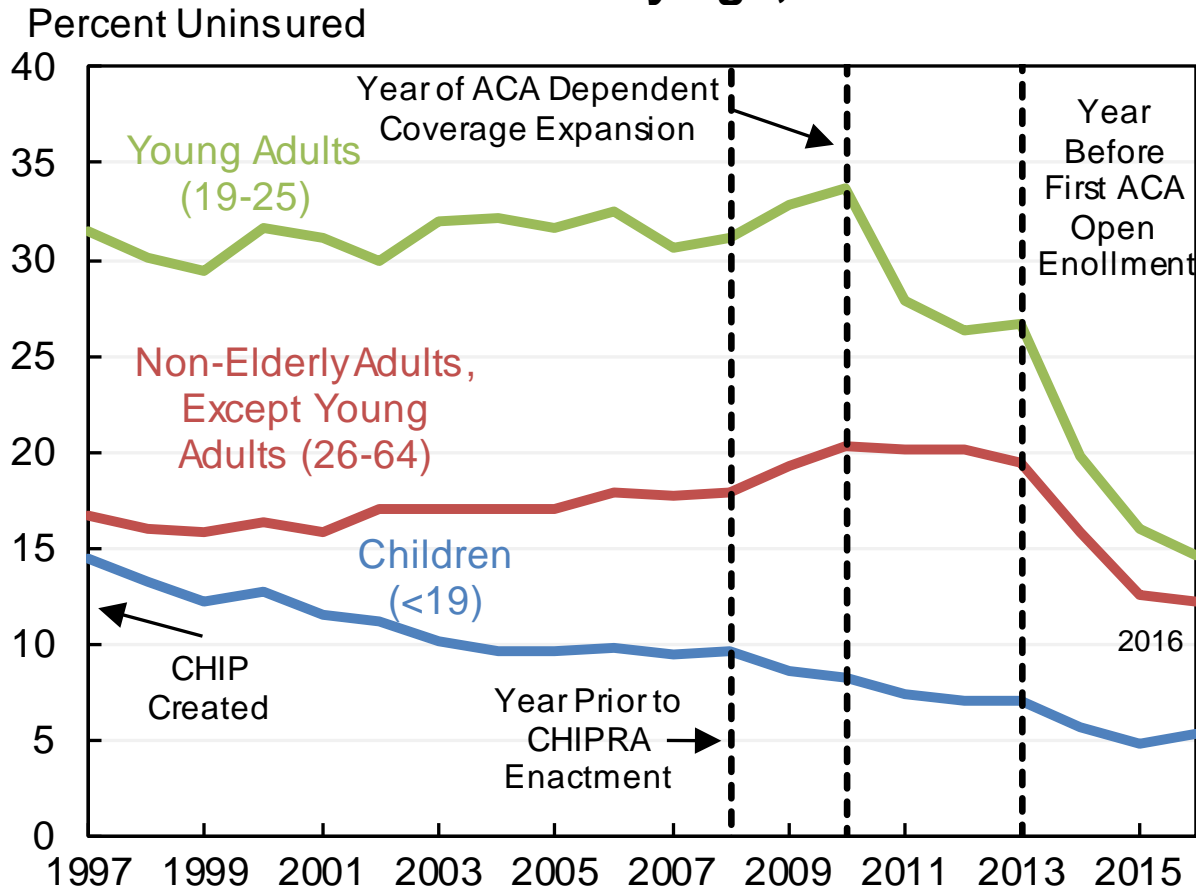
Note: Estimate for 2016 reflects only the first three quarters. Other estimates are full-year.

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



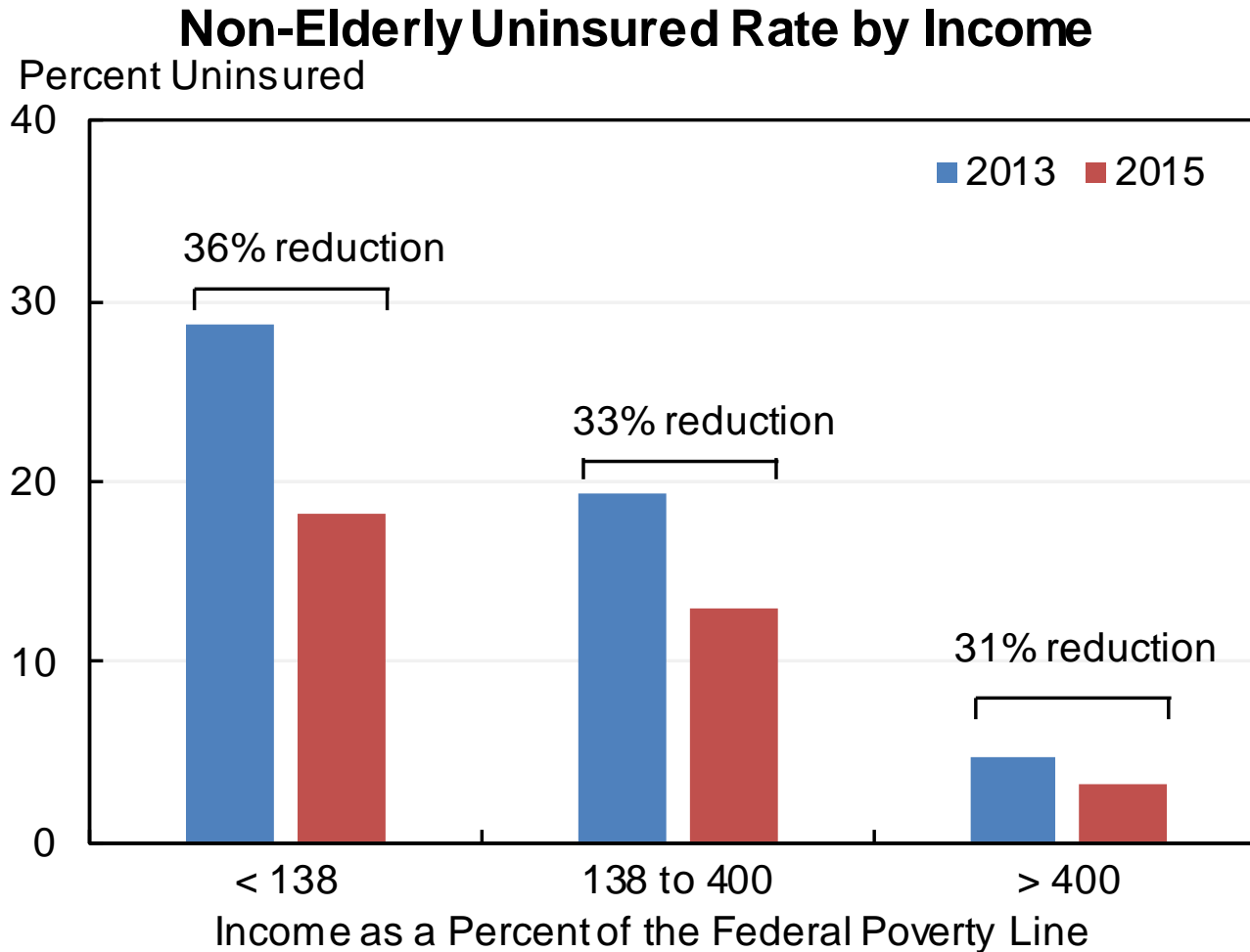
Uninsured Rates by Age, 1997–2016



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 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

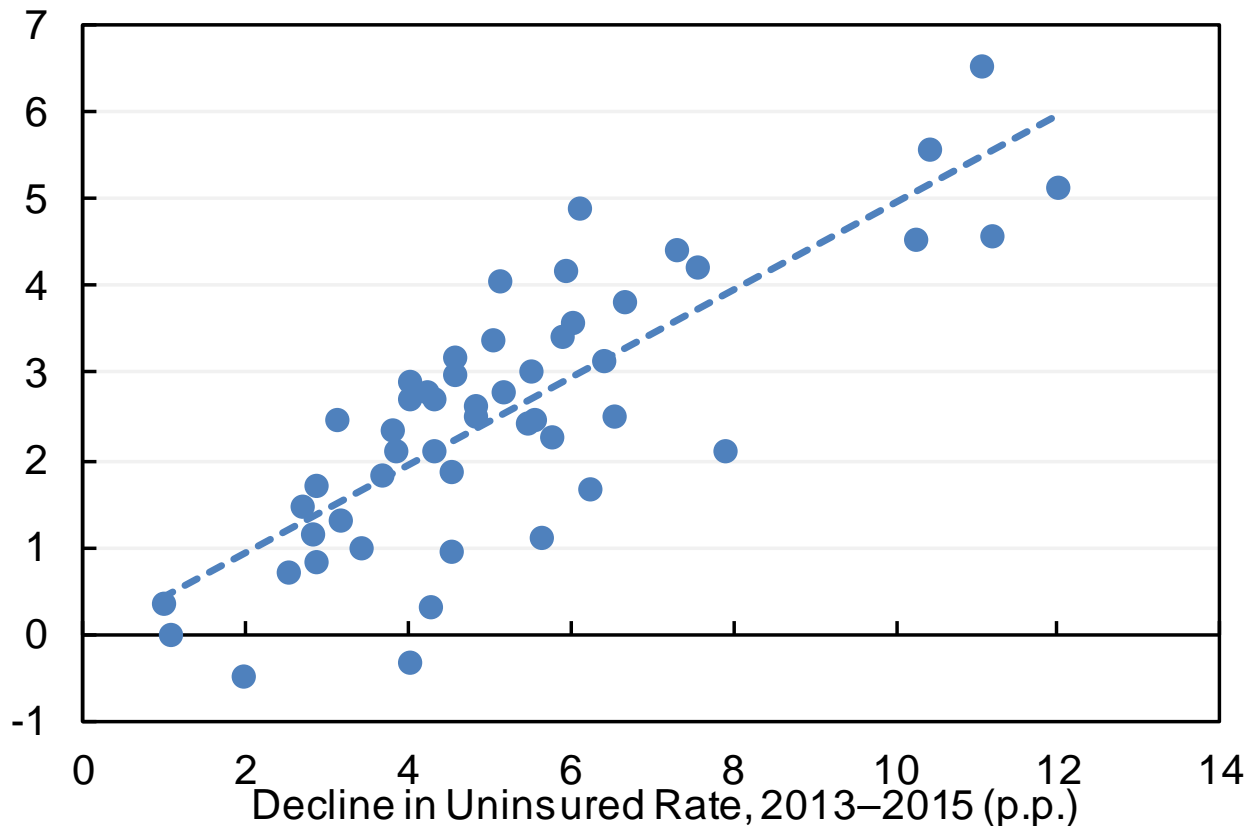


Expanded Coverage is Improving Access to Care, Financial Security, and Health



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

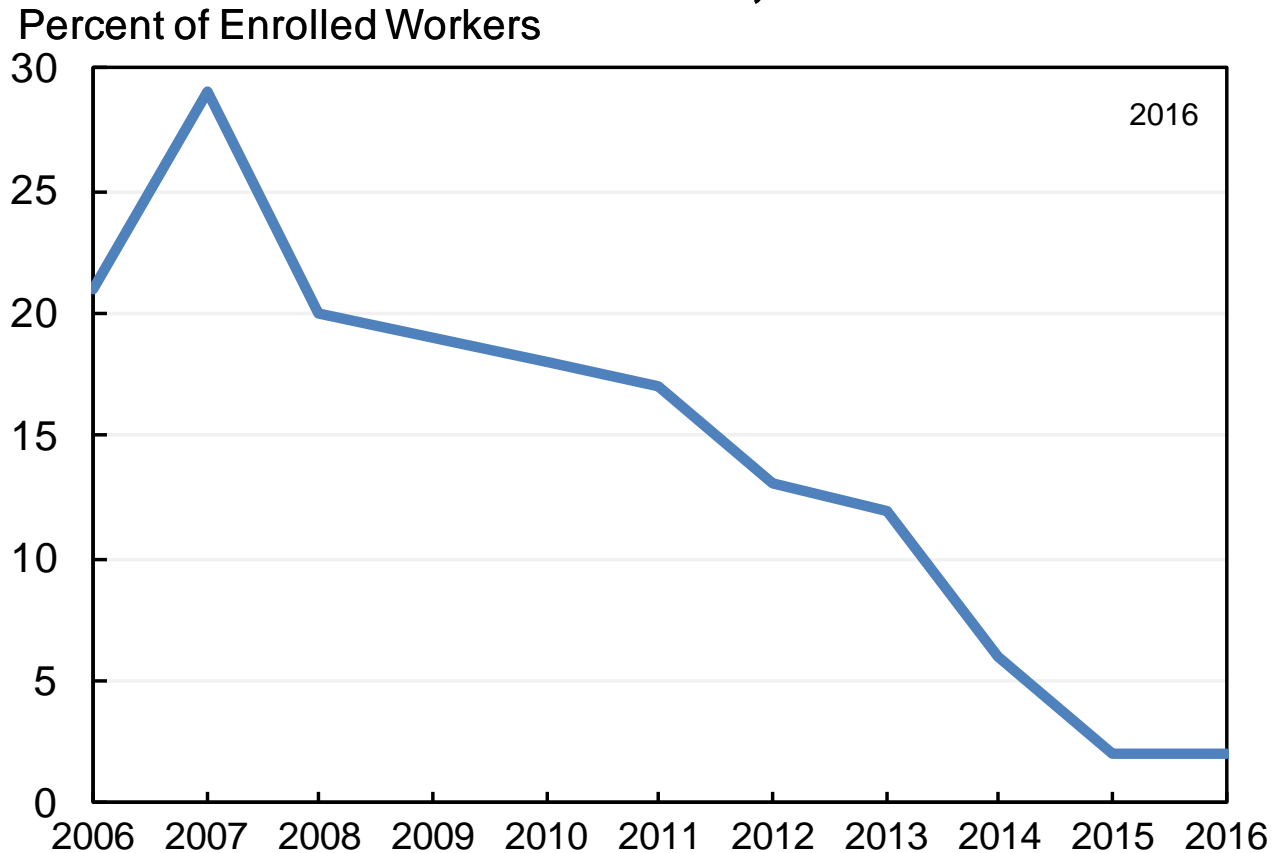
Decline in Share Not Seeing a Doctor Due to Cost, 2013–2015 (p.p.)





Millions More Workers Are Now Protected Against Unlimited Out-of-Pocket Spending

Share of Workers in Single Coverage Without an Out-of-Pocket Limit, 2006–2016



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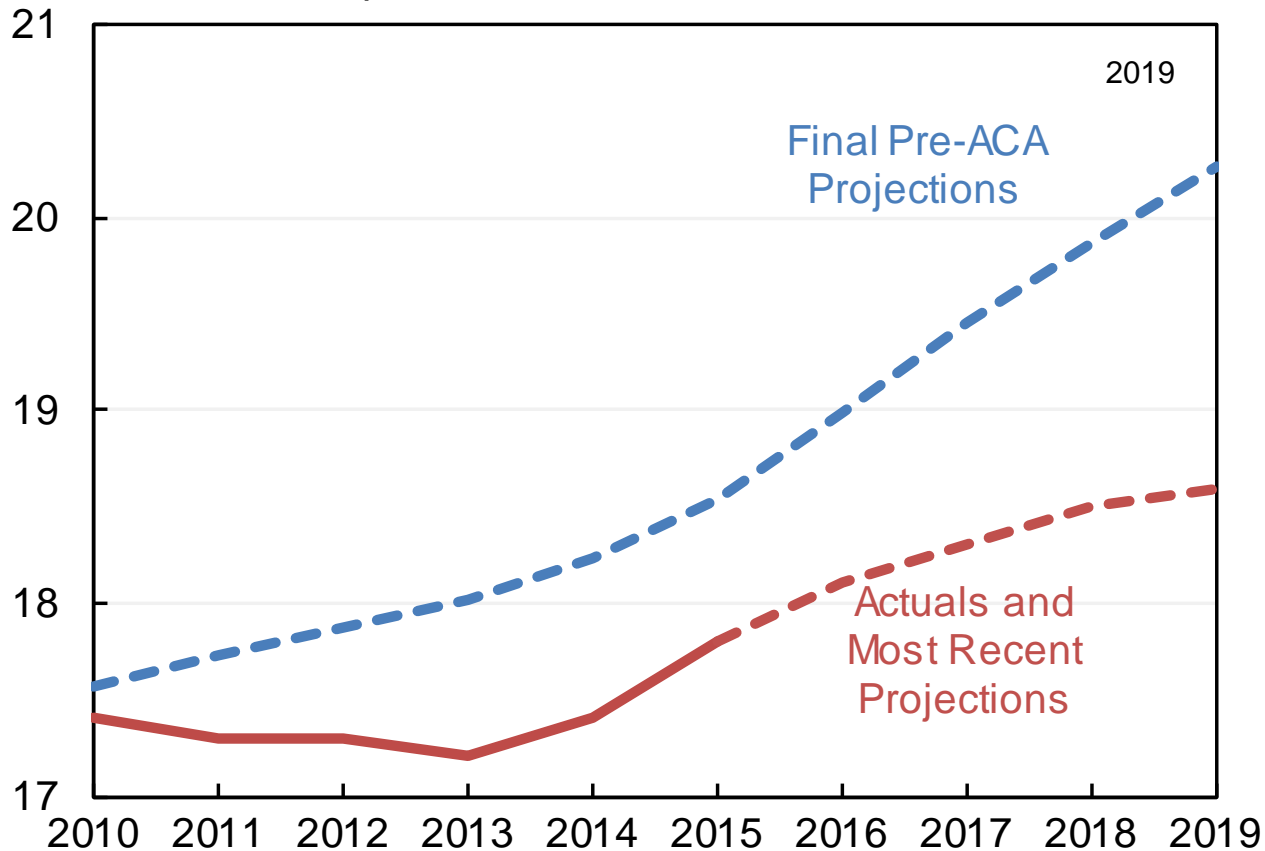
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Projections of National Health Expenditures Have Fallen Sharply



Projected National Health Expenditures, 2010–2019
National Health Expenditures as a Percent of GDP



ACA = Affordable Care Act

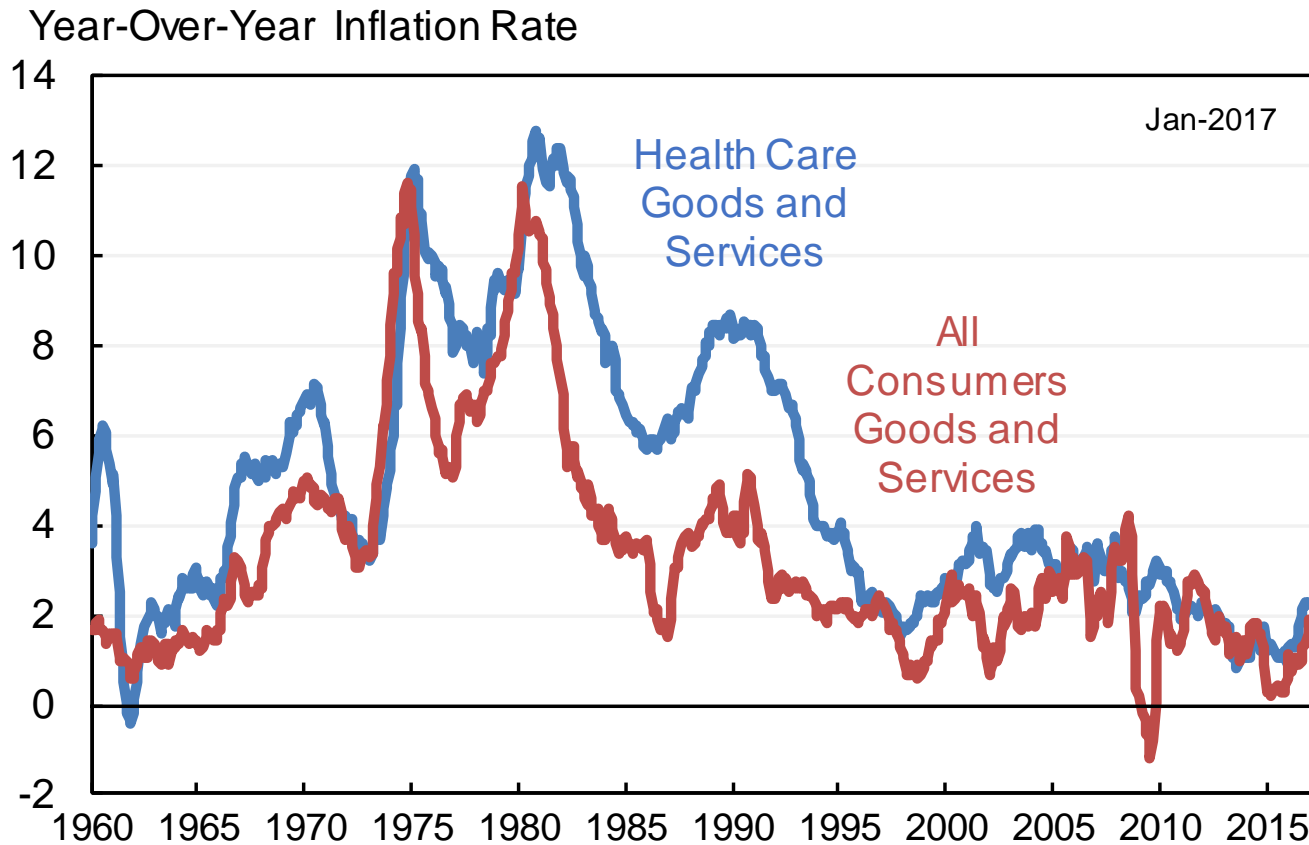
Note: Pre-ACA projections have been adjusted to reflect a permanent repeal of the sustainable growth rate following the methodology used by Stacey McMorrow and John Holahan (2016, "The Widespread Slowdown in Health Spending Growth Implications for Future Spending Projections and the Cost of the Affordable 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



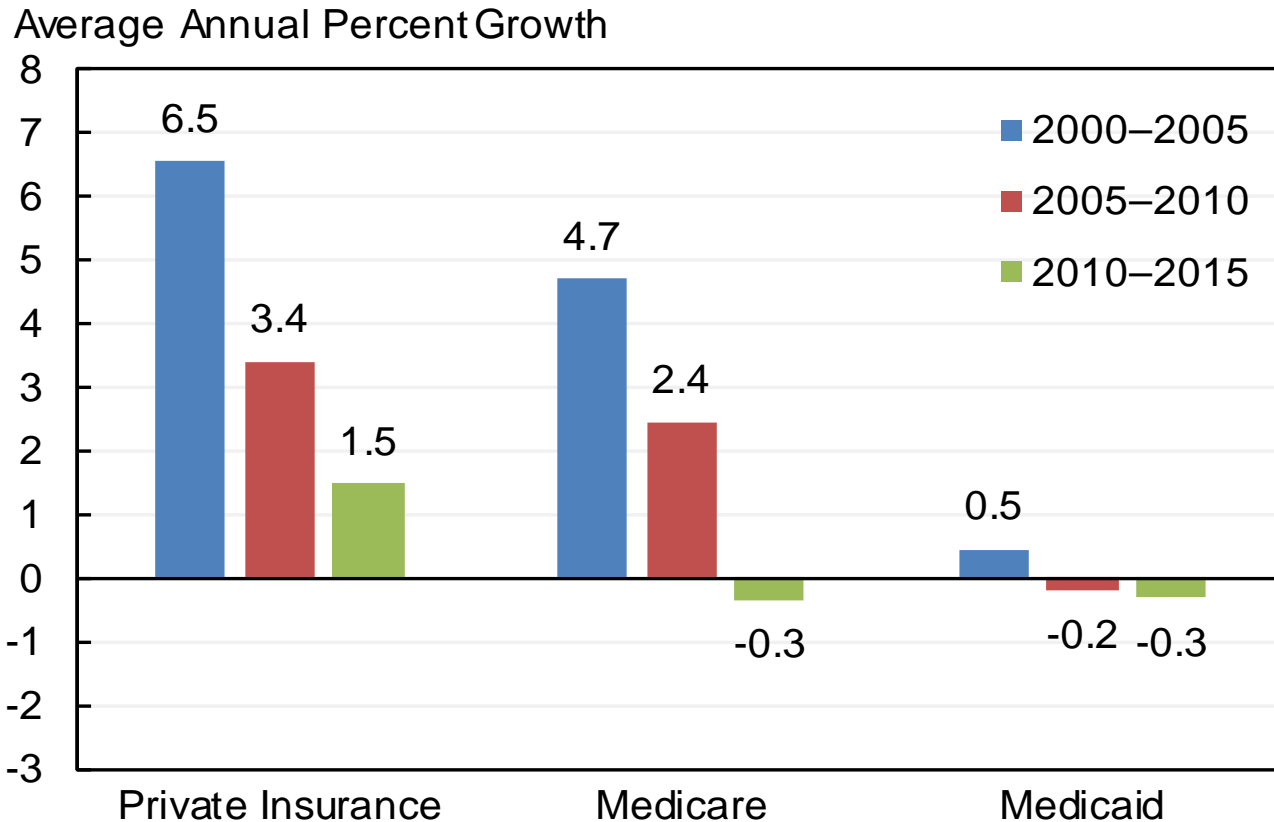
ACA = Affordable Care Act

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



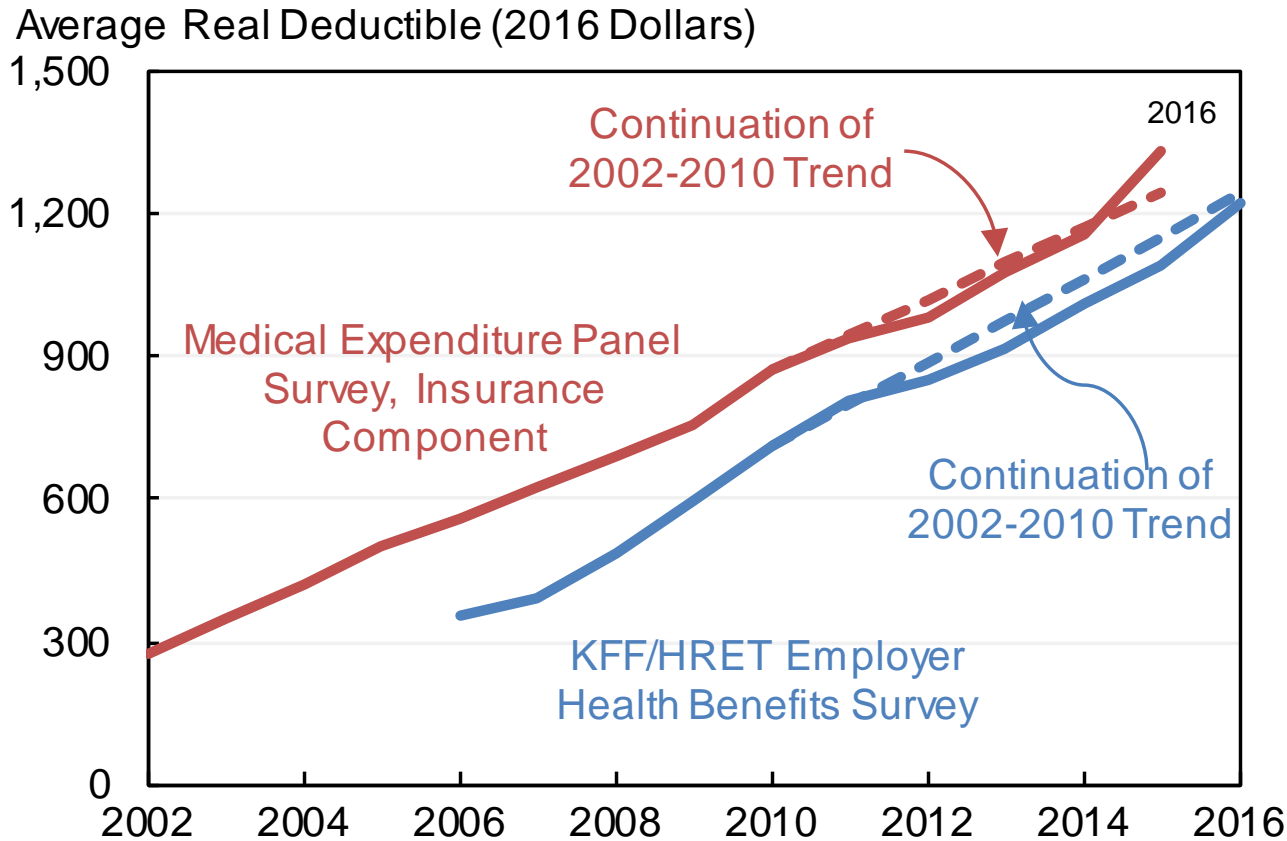
Note: Medicare growth rate for 2005–10 was calculated using the growth rate of non-drug Medicare spending in place of the growth rate of total Medicare spending for 2006 to exclude effects of the creation of Medicare Part D. Inflation adjustments use the GDP price index.

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

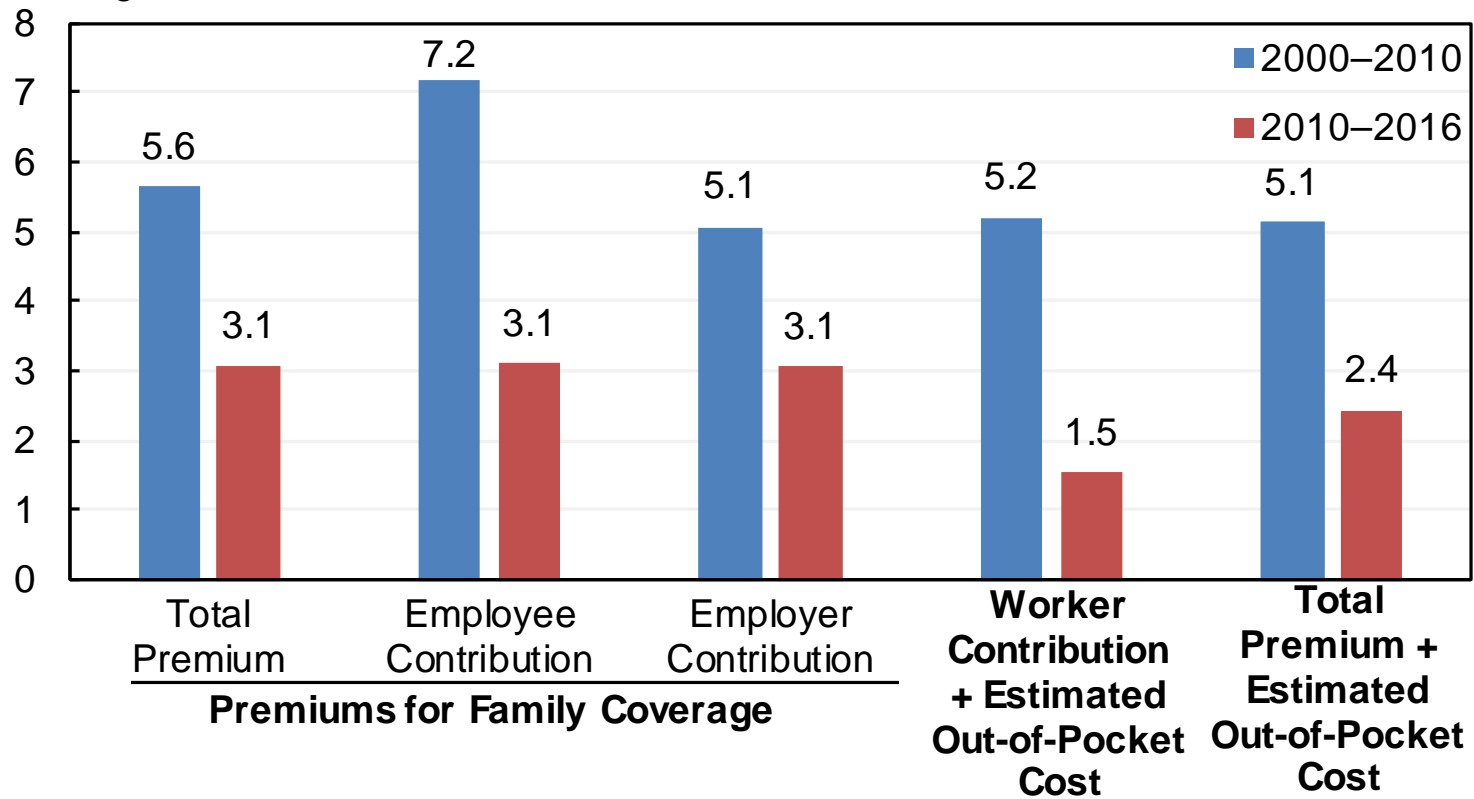


Cost Growth Has Slowed in Employer Coverage— Even More When Out-of-Pocket Costs Are Included



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

Average Annual Percent Growth



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.

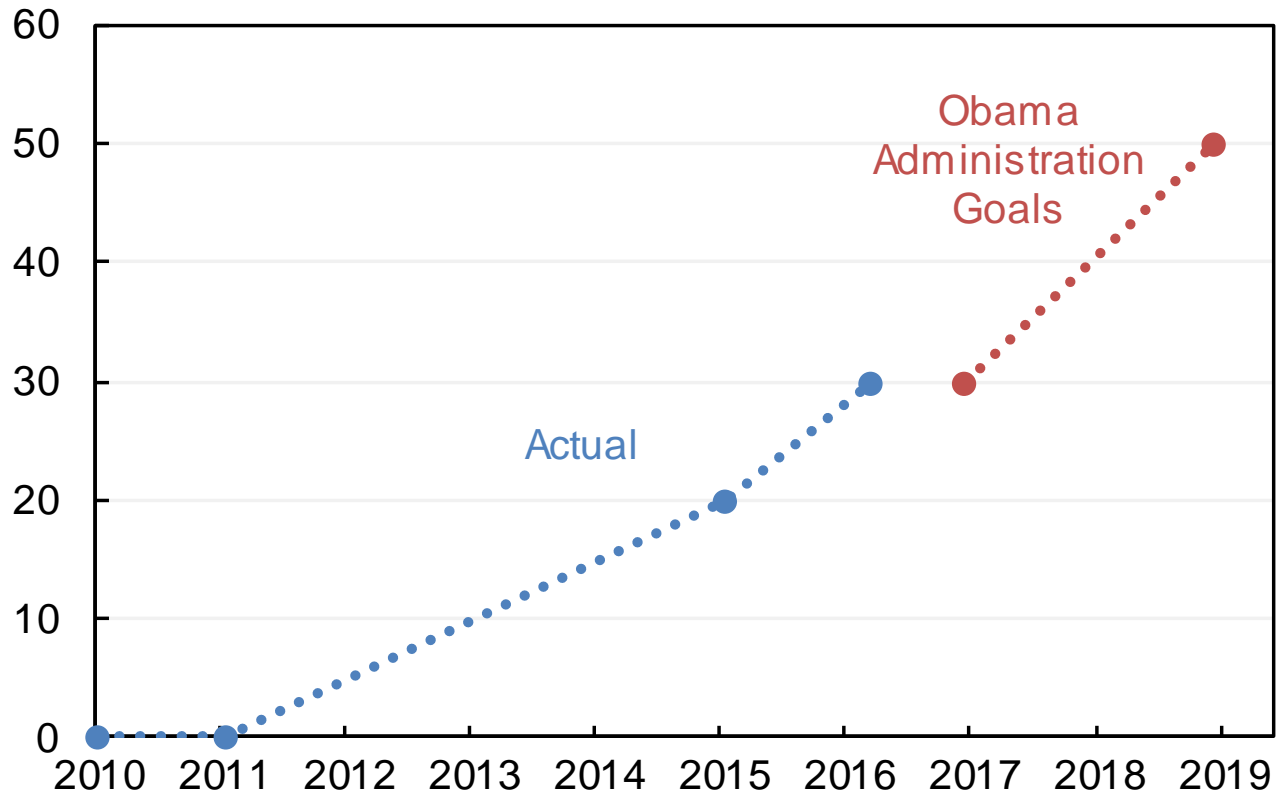
Sources: Kaiser Family Foundation/Health Research and Educational Trust Employer Health Benefits Survey 2016; Medical Expenditure Panel Survey, Household Component; Council of Economic Advisers calculations.

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

Percent of Payments



Note: The dates and percentages for the actual series are approximate.

Source: Centers for Medicare and Medicaid Services.

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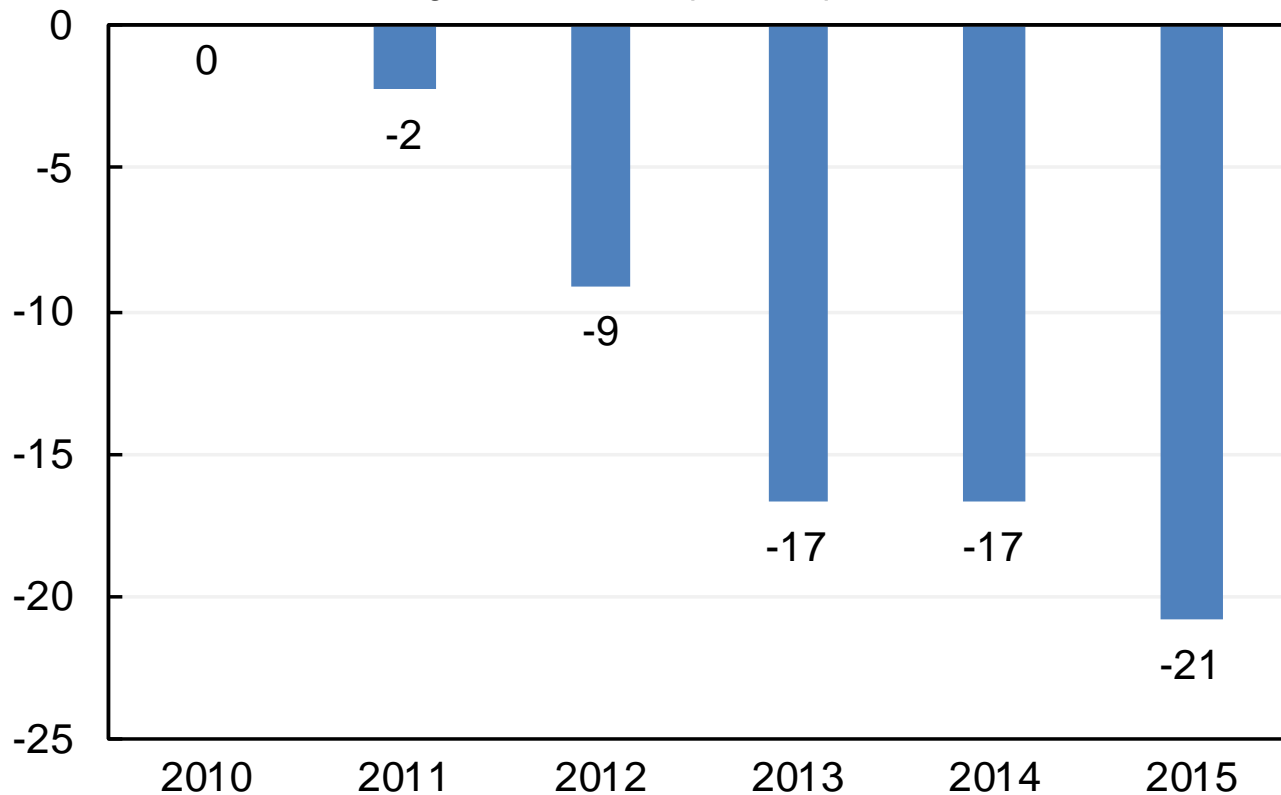
V. Marketplace Stability

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

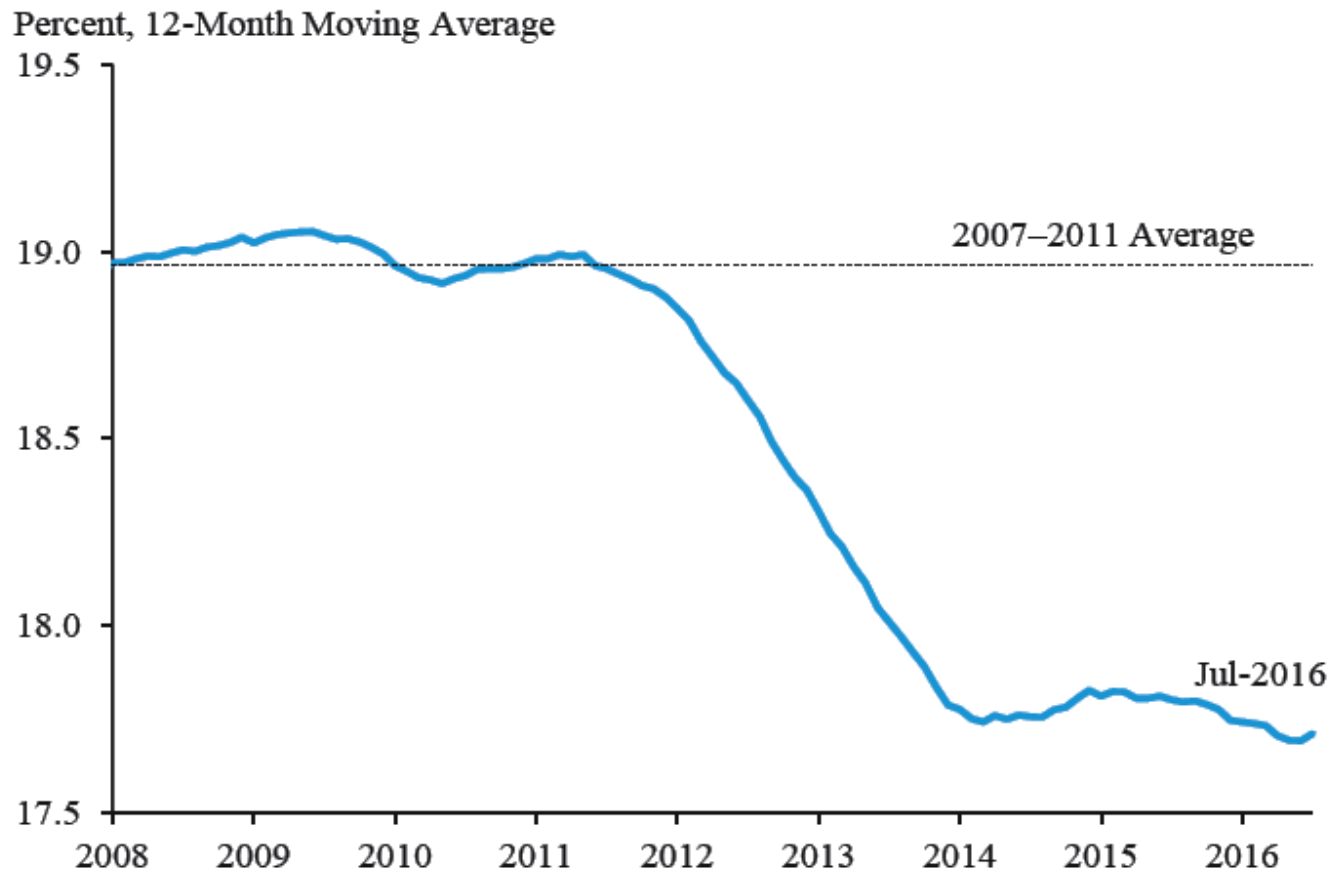
Cumulative Percent Change in Rate of Hospital-Acquired Conditions Since 2010



Hospital Readmission Rates Have Fallen Sharply in Recent Years



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



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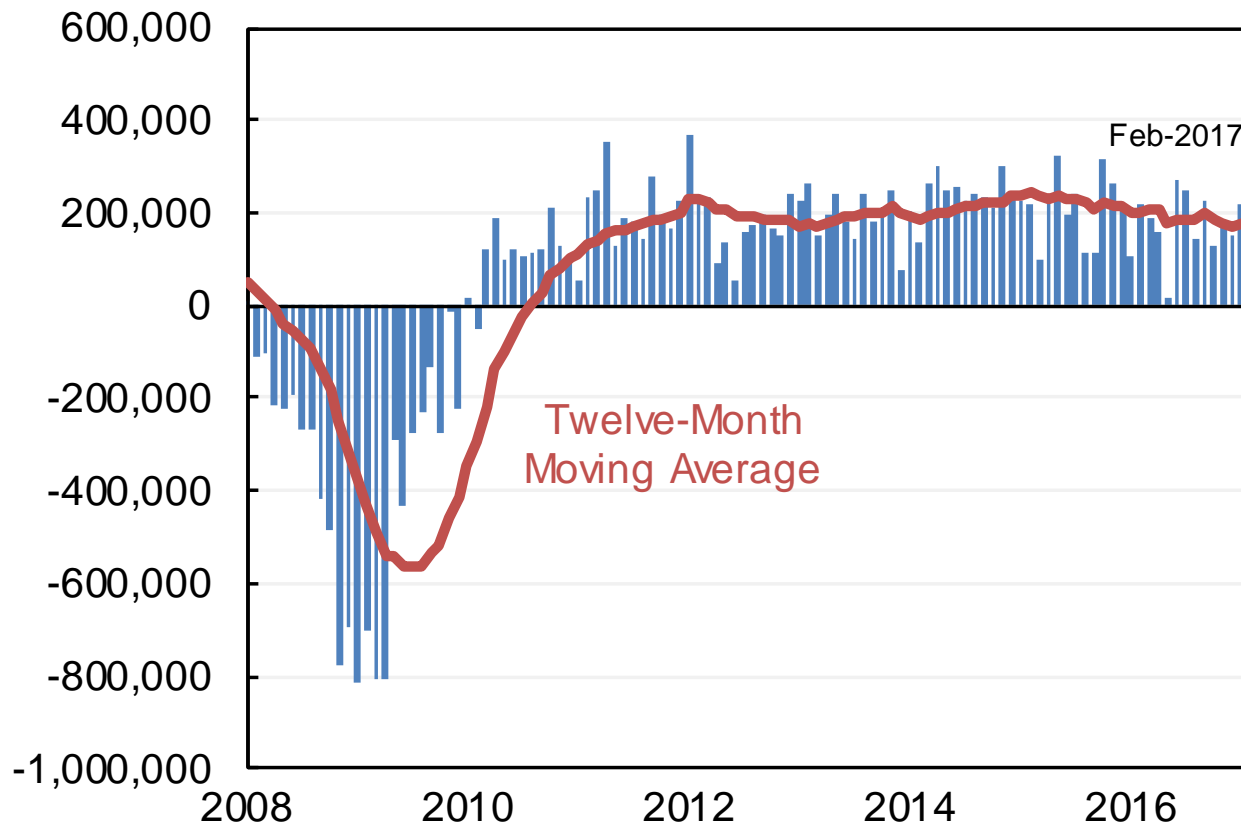
V. Marketplace Stability

The Private Sector Has Added 16.2 Million Jobs in 84 Consecutive Months of Job Growth Since the Affordable Care Act Became Law



Monthly Gain in Private-Sector Payroll Employment, 2008–2017

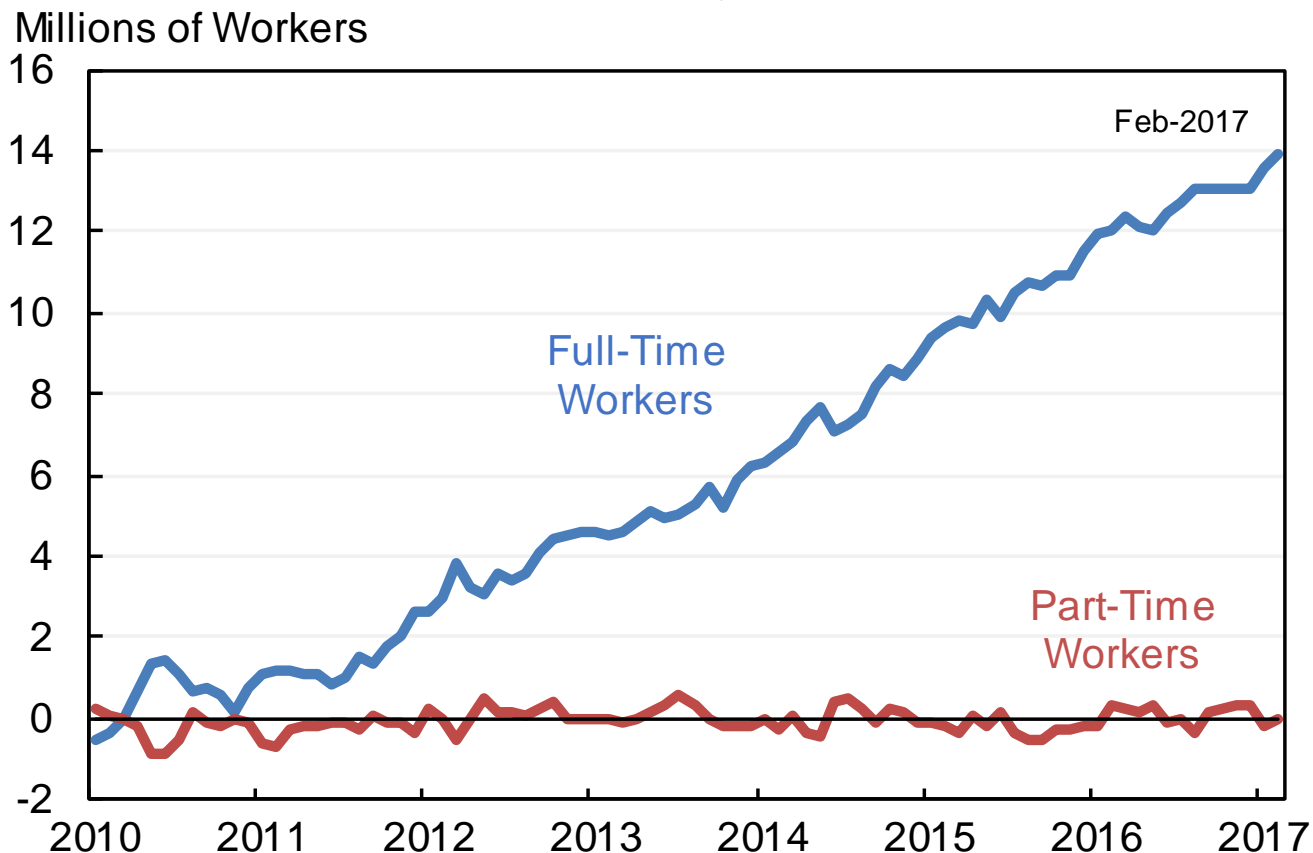
Job Gain/Loss



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



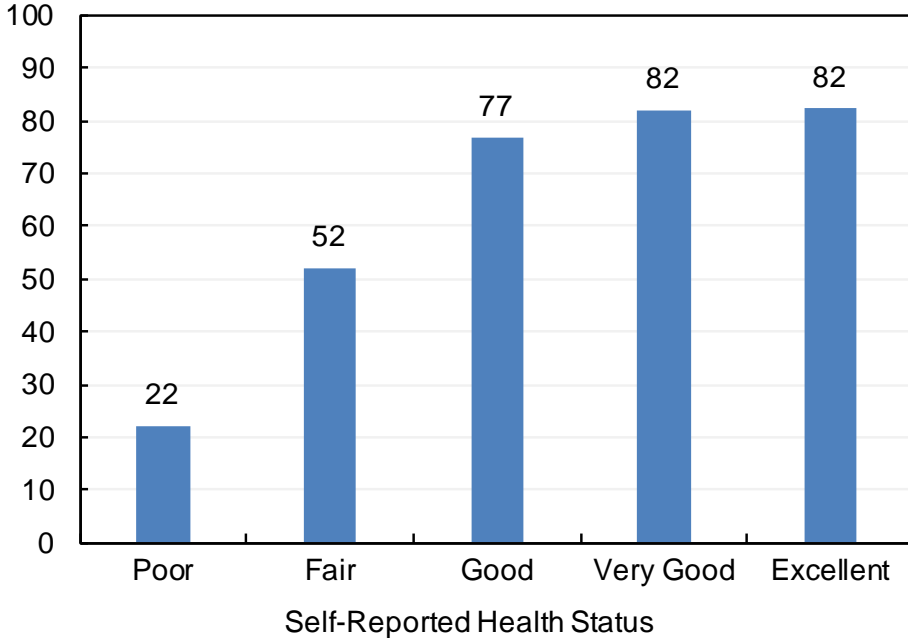


People Reporting Better Health Have Higher Employment Rates and Earnings

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

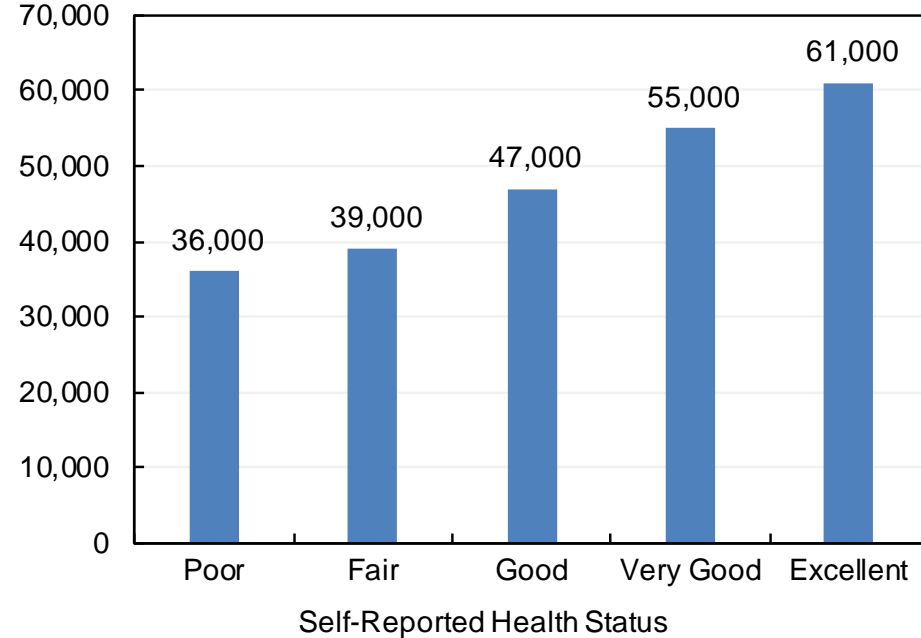
Panel A: Share with Any Wage or Salary Earnings

Percent of Prime-Age Adults with Earnings



Panel B: Average Earnings, People With Earnings

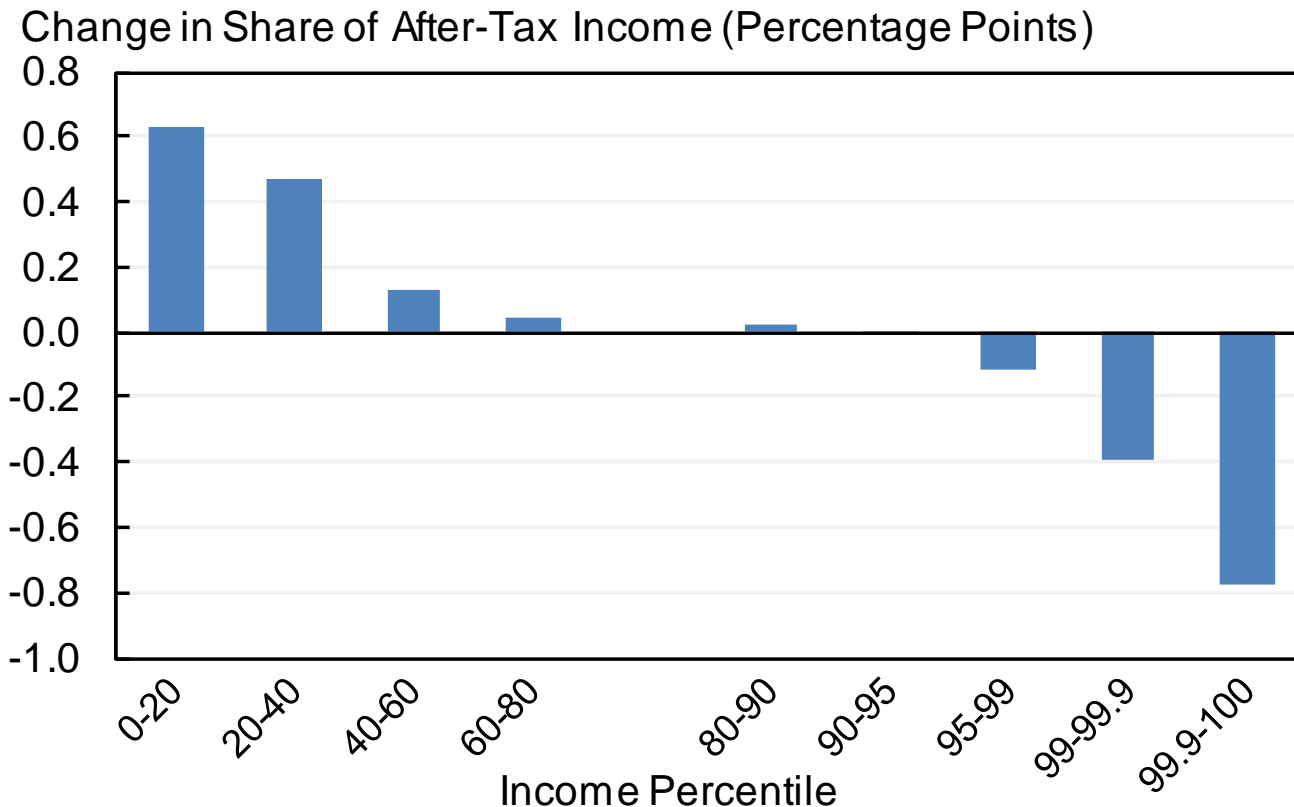
Average Wage and Salary Earnings





The ACA, Along With Other Tax Policies, Has Contributed to Reducing After-Tax Inequality

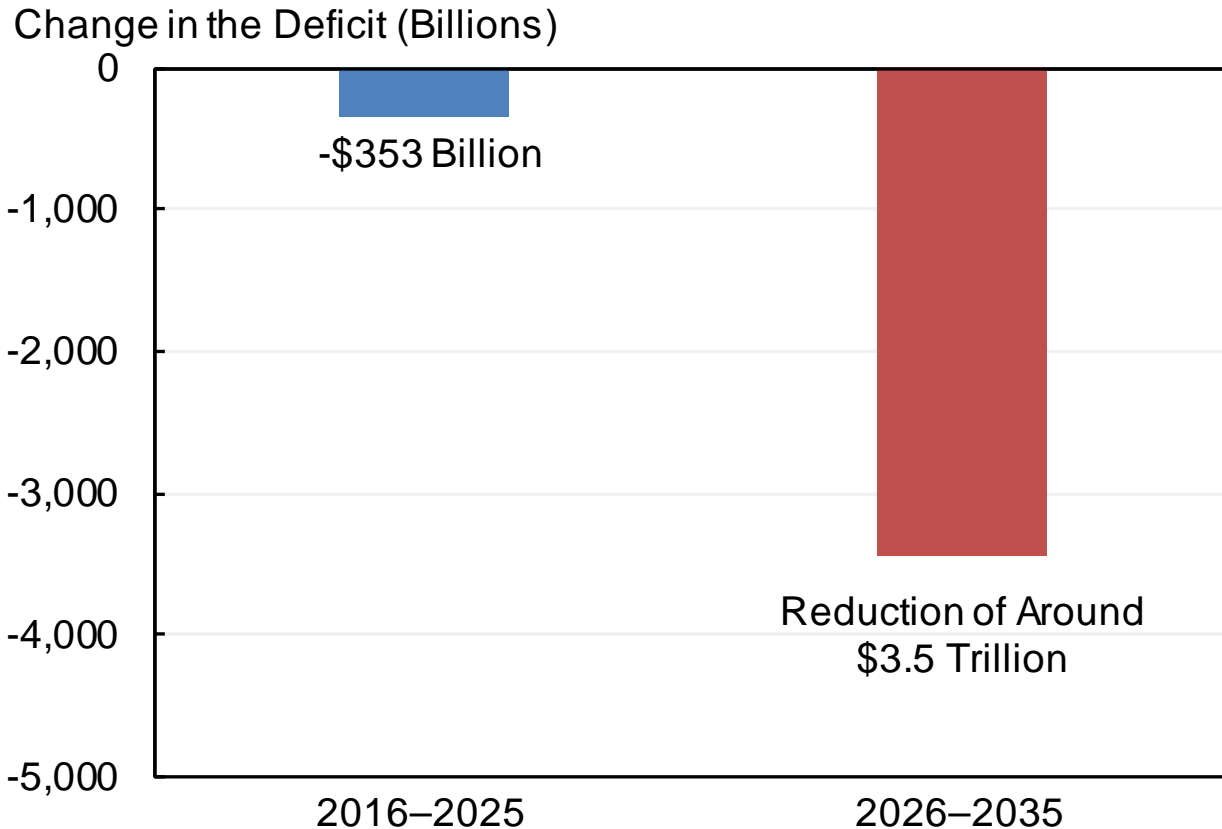
Change in Share of After-Tax Income by Income Percentile: Changes in Tax Policy Since 2009 and ACA Coverage Provisions, 2017



CBO Estimates that the Affordable Care Act Substantially Improved the Long-Term Budget Outlook



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



CBO = Congressional Budget Office

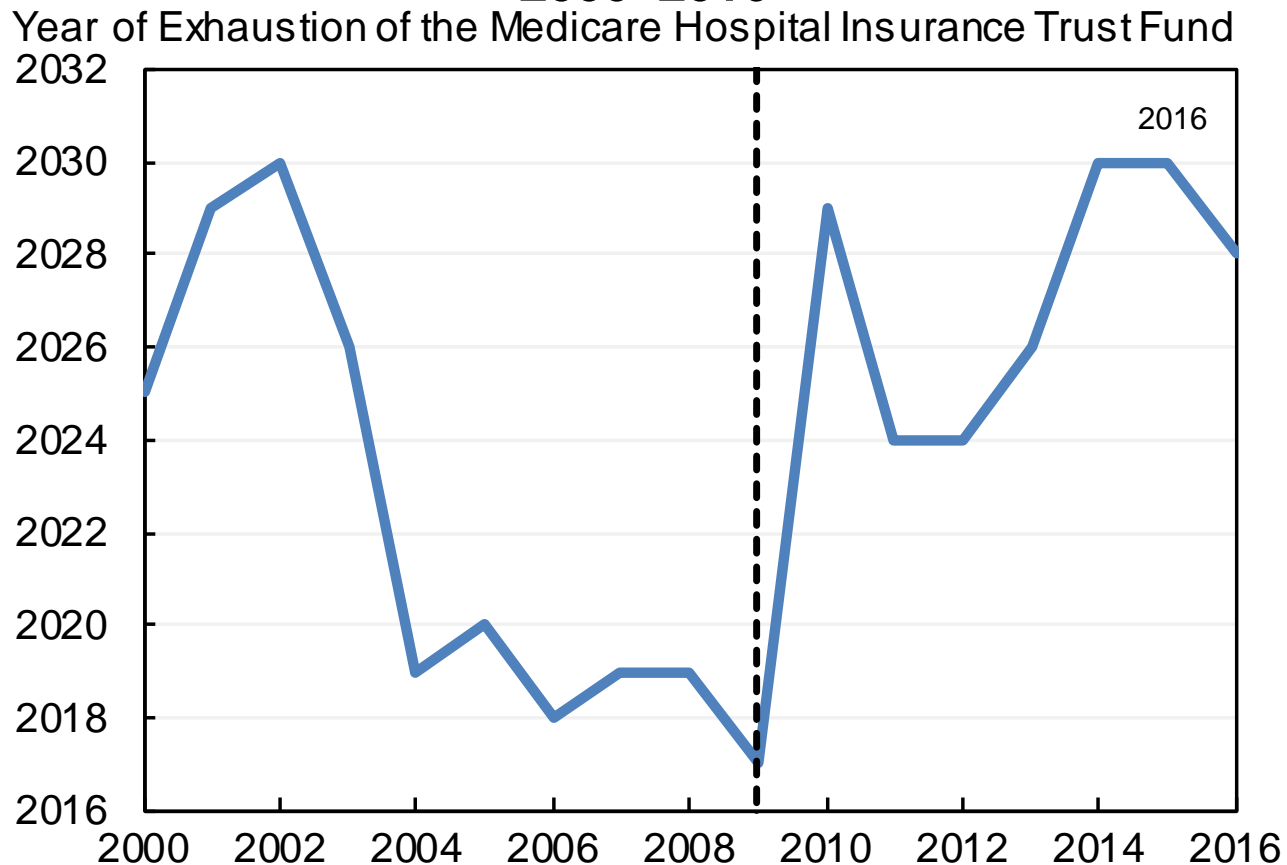
Note: CBO reports second-decade effects as a share of GDP. Amounts are converted to dollars using GDP projections from CBO's long-term budget projections.

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



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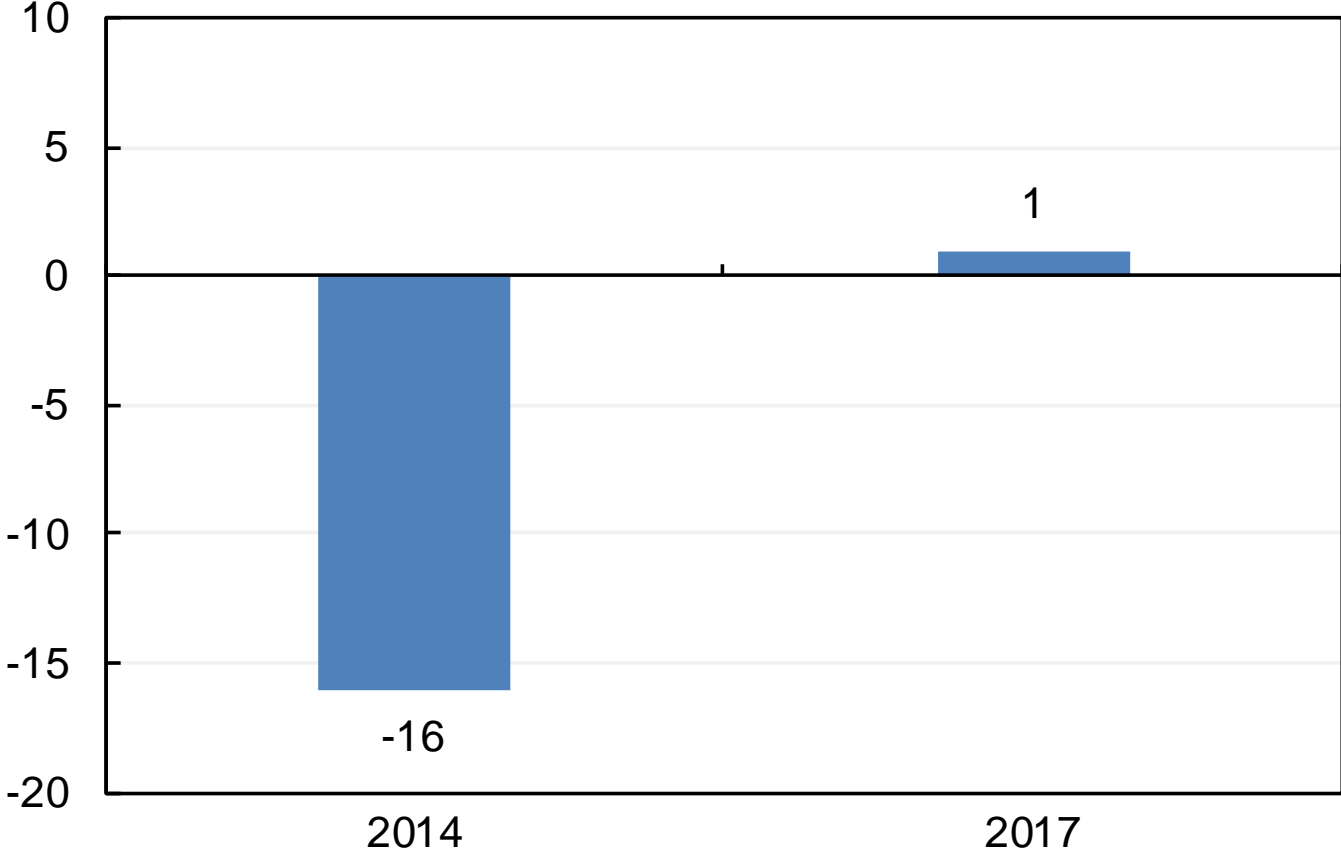
V. Marketplace Stability

Marketplace Premiums Have Converged to CBO's Prediction



Actual Marketplace Premiums vs. CBO Projection

Difference as a Percent of CBO Projection



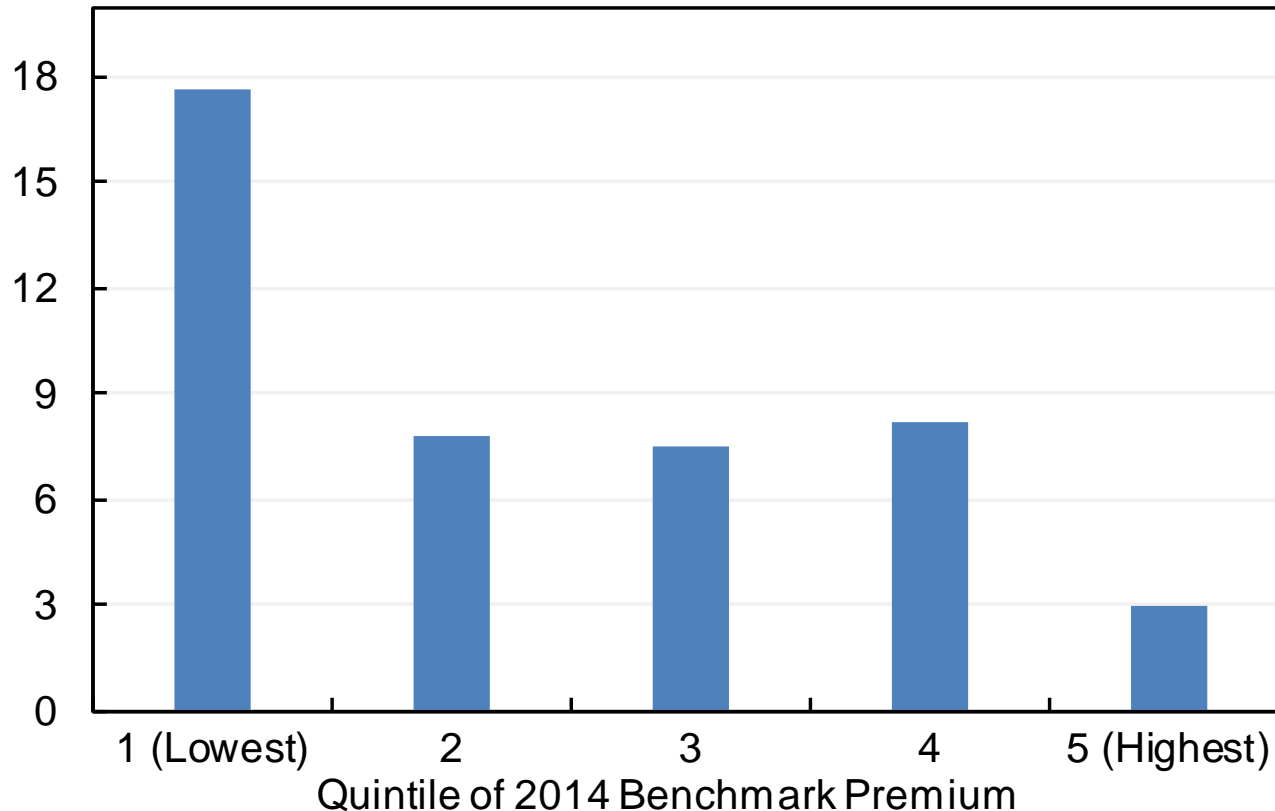
CBO = Congressional
Source: Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (2013; 2016).



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

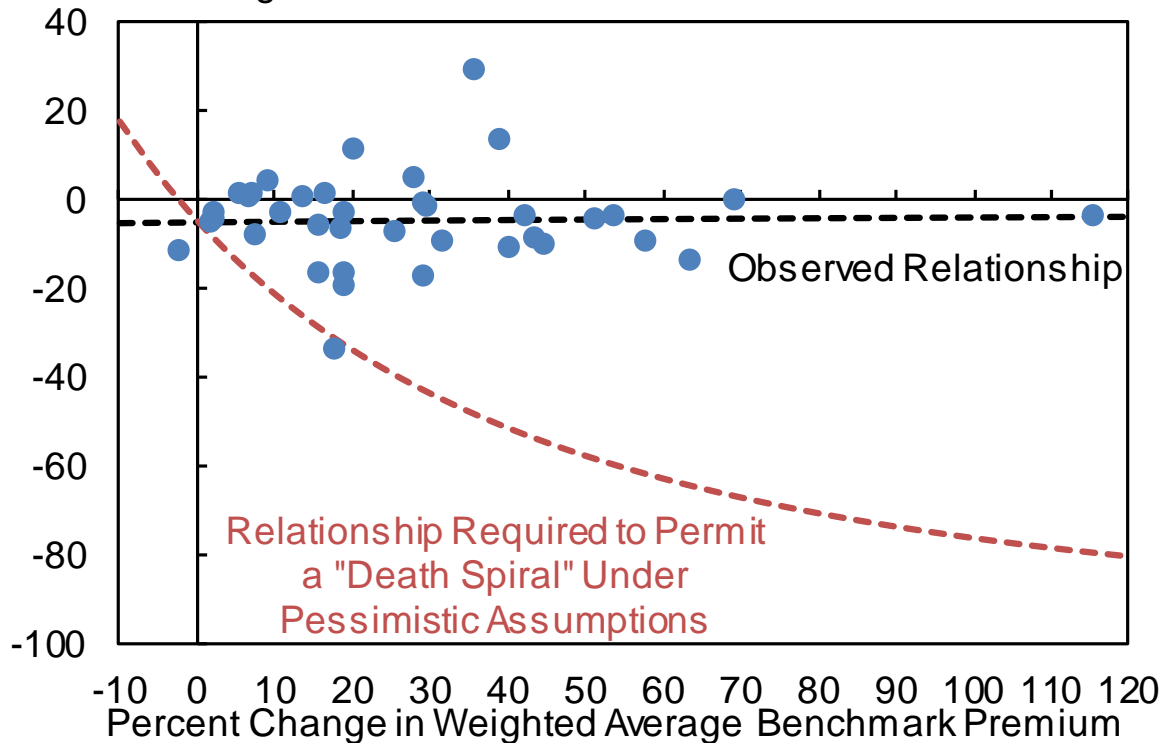


States With Larger Premium Increases Have Not Seen Larger Decreases in Enrollment



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

Percent Change in Plan Selections

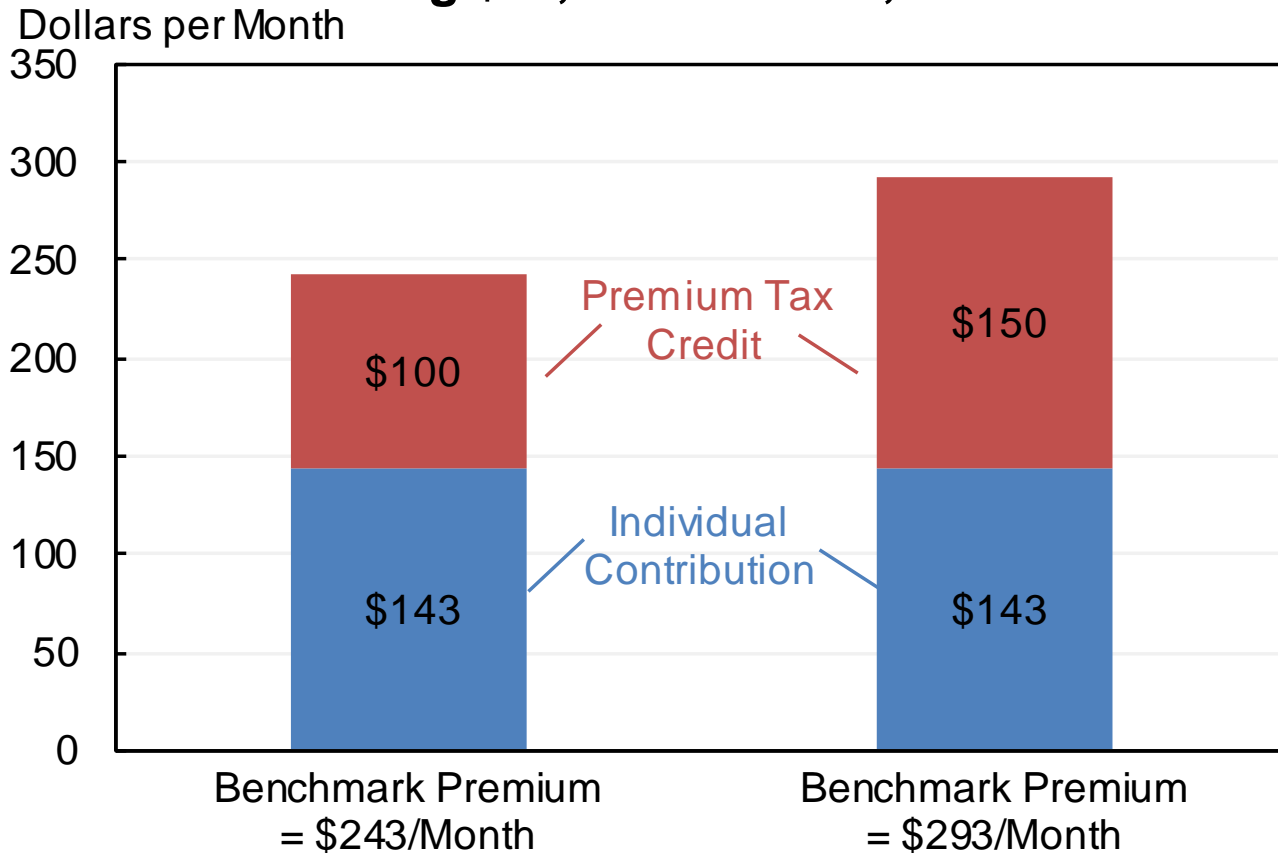


Note: Figure includes states that used the HealthCare.gov platform in both 2016 and 2017. The black line portrays the estimated relationship from regressing the log change in plan selections on the log change in the benchmark premium. The red line portrays a relationship with the same intercept and a 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. Sources: Department of Health and Human Services; Matt Fiedler, 2017, "New Data on Sign-ups Through the ACA's Marketplace Should Lay "Death Spiral" Claims to Rest," Washington: Brookings Institution (<https://www.brookings.edu/blog/up-front/2017/02/08/new-data-on-sign-ups-through-the-acas-marketplaces-should-lay-death-spiral-claims-to-rest/>).

Most Marketplace Enrollees Are Fully Protected from Benchmark Premium Increases



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



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