Health Reform in the US: The Effect of Obamacare on Insurance Coverage

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Goals of the Affordable Care Act

- Expand insurance coverage
- Reduce the growth of health spending
- Strengthen quality incentives

... in an incremental manner that builds on the existing system of private insurance
Outline

- Pre-ACA Insurance Coverage Patterns
- Overview of ACA Coverage Provisions
- Early Evidence on Increases in Insurance Coverage
- The Effect of Expansions on Various Outcomes
- Summary and Questions
Pre-aca coverage patterns
Health Insurance Coverage of the Nonelderly, 2010

- Employer-Sponsored Insurance: 56.2%
- Medicaid/Other Public: 18.5%
- Private Non-Group: 19.8%
- Uninsured: 5.5%

266 M Nonelderly

Source: KCMU/Urban Institute analysis of 2011 ASEC Supplement to the CPS.
Trends in Coverage by Source, 1999 to 2010

Health Coverage, 2010: Non-Elderly Adults and Children

Adults
- 65% Private
- 13% Public
- 22% Uninsured

Children
- 54% Private
- 36% Public
- 10% Uninsured

Source: Current Population Survey
Health Insurance Coverage by Income Level, 2010

FPL = Federal Poverty Level. In 2014, the FPL was ~ $12K for a single individual, ~ $20k for a family of 3.

NOTE: FPL -- The federal poverty level was $22,350 for a family of four in 2011. Source: KCMU/Urban Institute analysis of 2012 ASEC Supplement to the CPS.
Aca coverage provisions
ACA Expands Coverage in Three Ways

1. Young adults allowed to stay on their parents’ private insurance until age 26 (effective September 2010)

1. Eligibility for Medicaid extended to everyone with incomes below 138% of the Federal Poverty Level (effective Jan 2014*)

2. New tax credits for private insurance for families between 100 and 400% of the Federal Poverty Level (effective Jan 2014)

* Several states elected to expand Medicaid before 2014.
Median Medicaid/CHIP Eligibility Thresholds, Pre-ACA

Minimum Medicaid Eligibility under Health Reform - 138% FPL (2014: $16,104 for an individual, $27,310 for a family of 3)

- Children: 235%
- Pregnant Women: 185%
- Working Parents: 61%
- Jobless Parents: 37%
- Childless Adults: 0%

Medicaid Expansion and the States

- Medicaid is funded jointly by Federal government and states
  ~For pre-ACA eligibility groups, Federal share ranges from 50% (high income states) to 75% (low income states)

- Federal share is greater for new enrollees
  ~Federal government pays 100% until 2016, declining to 90% by 2020

- Legislation: expand or lose all Medicaid funding.
  Supreme Court: this is coercive and unconstitutional.
  ⇒ *Medicaid expansion became optional for states*
State Medicaid Expansion Decisions, December 2015

Implemented Expansion (31 States including DC)

Not implementing Expansion (20 States)

Source: Kaiser Family Foundation
Can States Afford to Expand?

- Medicaid is the single largest item in most state budgets.
  ~ 10% of a big number is a big number
  \[ \Rightarrow \text{Is expansion is a financial burden on states?} \]

- In many states Medicaid reduces the need for other state-funded programs.

- UM analysis: over first 10 years the state of Michigan will save $1 billion.
Private Coverage Provisions: The 3-Legged Stool

1. Underwriting Reforms
   • Guaranteed issue: no more denials or exclusions
   • Adjusted community rating: premiums vary by age, smoking status

2. Individual Mandate
   • Really a tax penalty for not having insurance
     ~ 2014: max[$95, 1% of income]
     ~ 2015: max [$325, 2% of income]

3. Premium tax credits
   • Available between 100% and 400% of poverty
   • Eligibility limited to people without access to affordable ESI
   • Can only be used for coverage in newly established “marketplaces”
ACA Insurance Coverage Timeline

- **Law Signed March 2010**
- **Young Adult Dependent Coverage September 2010**
- **SCOTUS Ruling on Indiv. Mandate, Medicaid Expansion June 2012**
- **Marketplace Coverage Begins January 2014**
- **Indiv. Mandate, Market Rules January 2014**
- **Medicaid Expansion January 2014**
- **SCOTUS Ruling on State Marketplaces June 2015**
- **Estimates of 2014 Coverage Released September 2015**
Initial coverage results
Coverage Results, Young Adults

Estimate: up to 3 million young adults gained coverage because of this provision.
Coverage Gains, 2013 to 2014

- Significant increases in % with Medicaid and private, non-group.
- No significant change in % with employer-sponsored insurance.
- Number uninsured ↓ about 9 million
- Uninsured rate for total population is now 10.4%
Changes in Insurance Coverage by Age

Uninsured Rate by Single Year of Age: 2013 and 2014
(Civilian noninstitutionalized population)

Gains in Expansion and Non-Expansion States

Uninsured Rate by Poverty Status and Medicaid Expansion of State for Adults Aged 19 to 64 Years: 2013 and 2014
(Civilian noninstitutionalized population)

Figure 1. Percentage of Non-Elderly Adults (Ages 19 to 64) Uninsured, by Race and Ethnicity, 2008-2014

Coverage Gains
- Whites: + 3.1 % points
- Blacks: + 4.1 % points
- Hispanics: + 7.3% points

Source: Authors calculations using data from the American Community Survey.

Research on effects of coverage expansion
Direct and Indirect Effects of Coverage Expansions

• There is a large literature on the effects of expanding Medicaid eligibility (Buchmueller, Ham and Shore-Sheppard 2016). Most studies focus on children.

• Common research design involves exploiting quasi-experimental variation across states and over time.

• Outcomes considered include:
  ~ Insurance coverage (take-up and crowd-out)
  ~ Access to and utilization of care
  ~ Health outcome (morbidity and mortality)
  ~ Financial outcomes
  ~ Labor supply of parents
The Effect of Coverage Expansions for Adults

• There is a growing literature focusing on adult eligibility expansions just prior to and including the ACA.

• Most important study: Oregon Health Insurance Experiment (Finkelstein et al 2012; Baicker et al 2013)
  ~ Lottery produced an RCT on the effects of insurance coverage
  ~ Outcomes included: health care utilization, health status, labor supply, financial outcomes
  ~ Key results: coverage increases use of all types of care; leads to improvements in self-reported health, but no significant effect on clinical measures; positive effect on financial outcomes.
The Effect of Coverage Expansions for Adults

Other recent studies have analyzed...

• Pre-ACA natural experiments in certain states (MA, WI, TN)

• Outcomes for young adults after Sept 2010

• States implementing Medicaid expansions early (CA, CT)

• Early effects of 2014 coverage gains
## Effect on Access to Care: Young Adults Expansion

- **Outcomes:** Self-reported access measures in NHIS
- **Research design:** DD using 26-34 year olds as a control

### Percentage pt. change, post minus pre

<table>
<thead>
<tr>
<th>In the past 12 months, did you...</th>
<th>19-25 year olds</th>
<th>26 to 34 year olds</th>
<th>Diff-in-Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delay care because of cost</td>
<td>-5.6**</td>
<td>-1.6</td>
<td>-4.0**</td>
</tr>
<tr>
<td>Not receive care because of cost</td>
<td>-3.7**</td>
<td>-1.4</td>
<td>-2.3**</td>
</tr>
</tbody>
</table>

*Source: Sommers et al, “The Affordable Care Act Has Led to Significant Gains in Health Insurance and Access to Care for Young Adults” (Health Affairs, 2013)*
Other Research on Young Adults

• Health care Utilization
  ~ Hospital admissions ↑
  ~ Mental health care ↑
  ~ Dental visits ↑

• Health Outcomes
  ~ Early stage cancer diagnosis ↑
The ACA Expansions and Access to Care

• Miller and Wherry (2015) use data from NHIS to compare changes in expansion and non-expansion states.

% who have seen a GP in the past 12 months

<table>
<thead>
<tr>
<th>Year</th>
<th>Expansion</th>
<th>Non-Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>58%</td>
<td>56%</td>
</tr>
<tr>
<td>2014</td>
<td>66%</td>
<td>60%</td>
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</table>

% who have seen a specialist in the past 12 months

<table>
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<tr>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20%</td>
<td>23%</td>
</tr>
<tr>
<td>2014</td>
<td>20%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Financial Effects of Coverage Expansion

Coverage expansion has coincided with improved financial health

- 41% in 2012, 35% in 2014 for Bill Problem or Accrued Medical Debt
- 30% in 2012, 23% in 2014 for Problems Paying Medical Bills
- 18% in 2012, 15% in 2014 for Contacted by a Collection Agency

Source: “Trends in Coverage, Medical Debt and Access to Care,” Commonwealth Fund, January 2015
Financial Effects: Evidence from Massachusetts

Mazumder and Miller (AEJ:EP, forthcoming)
• 2006 MA reform was the model for the ACA.

• M&M examine the effect of coverage expansion on:
  ~ Total and past due debt
  ~ Credit score
  ~ Bankruptcy

• Research design: “triple-difference” event study approach that leverages differences between MA and other states as well as differences within-MA related to age and geography.
Massachusetts Triple-Difference Results

Coefficients on Year x MA x Uninsured_{2005}

Potential Effects on Providers

• Because hospitals must accept all patients regardless of ability to pay, they are “insurers of last resort.”
  ~ 2013: hospitals provided ~$45 billion in uncompensated care (~6% of expenditures)
  ⇒ Hospitals have been leading the push for expansion.

• Research question: How has the ACA affected hospital finances?
  ~ Uninsured → Medicaid = positive effect
  ~ Privately insured → Medicaid = negative effect
Coverage Expansions and Uncompensated Care

Uncompensated Care in CT and other Northeastern States, 2007-2013

Source: Nikpay, Buchmueller and Levy (Health Affairs 2015)
Coverage Expansions and Hospital Payer Mix

Source: Nikpay, Buchmueller and Levy (Health Affairs 2016)
Possible Labor Market Effects

• Pre-ACA: Link between health insurance and full-time employment created various forms of “job-lock”.
  ~ job mobility
  ~ self-employment
  ~ Weekly hours
  ~ Retirement

• Congressional Budget Office projected that the ACA would lead to significant reductions in labor supply as workers now have more insurance alternatives.
Health Reform and Early Retirement

Fraction of 55- to 64-year-olds who are retired
Source: Basic monthly CPS, 2005 through June 2015

Source: Levy, Buchmueller and Nikpay (2015)
Summary and conclusions
Obamacare at 5 Years: Insurance Coverage

• Despite a rocky start and two near-death experiences at the Supreme Court, the ACA has been a true success.
  ~ Percent uninsured is lowest since the early 1980s
  ~ Newly insured are gaining access to care

• But, over 30 million Americans still lack insurance
  ~ For many who have insurance, the cost is a significant burden
  ~ Large disparities in coverage remain

• The politics of the ACA remain toxic.
  ⇒ *Further coverage gains are unlikely*
Large Disparities in Coverage Remain

Percent of Adults Uninsured, 2014

- Citizen: 14.0%
- Non-Citizen: 43.5%
- Income Level:
  - Inc < 138 FPL: 31.9%
  - 138 to 400 FPL: 19.1%
  - >400 FPL: 5.3%
- Education Level:
  - Less than High School: 37.4%
  - HS Graduate: 22.3%
  - Some College: 14.5%
  - College Degree: 7.3%
  - Graduate Degree: 4.2%
- Employment Status:
  - Employed: 14.2%
  - Not Employed: 23.4%

Source: American Community Survey, 2014
Your questions?
References

•Nikpay, S, T Buchmueller, H Levy. 2016” The Impact of the Affordable Care Act Coverage Expansions on Hospital Payer Mix: Evidence from State-Level Hospital Discharge Data,” Health Affairs.