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

**Thomas C. Buchmueller
Ross School of Business
University of Michigan**

Goals of the Affordable Care Act

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

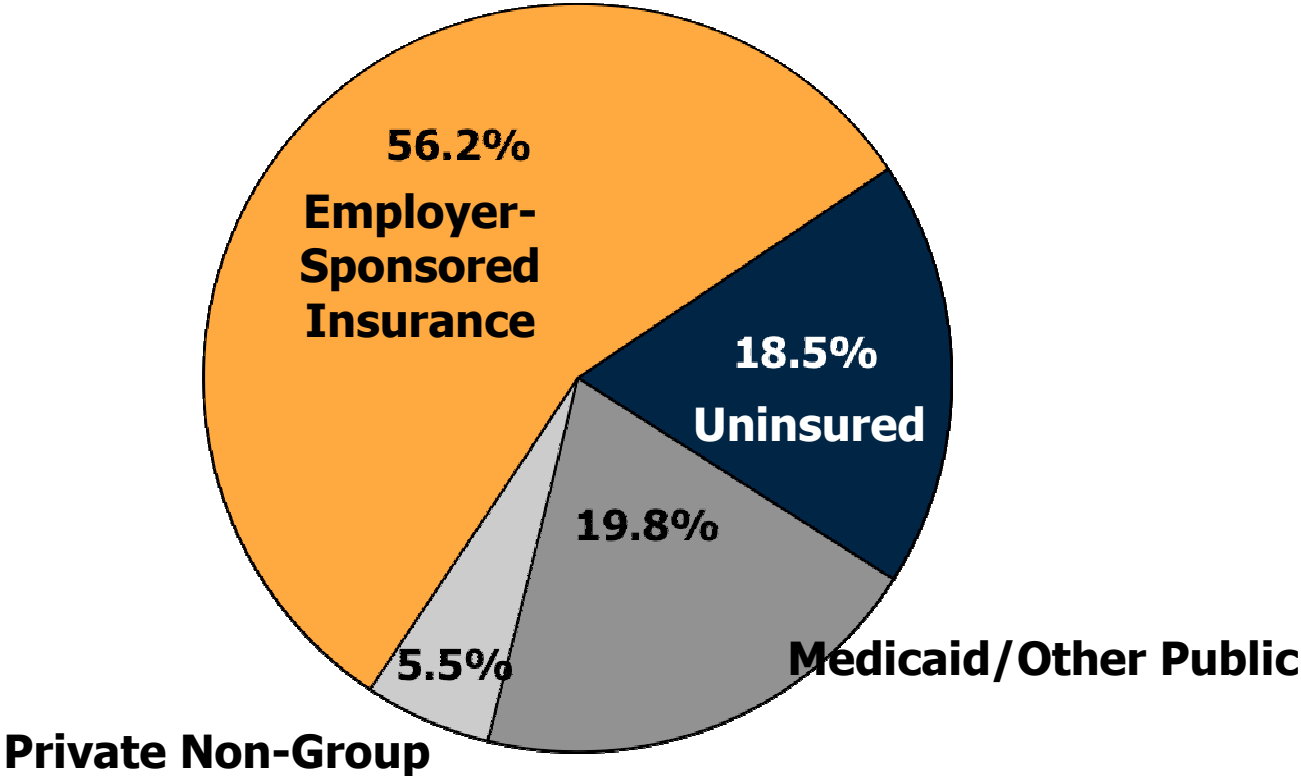
... in an incremental manner that builds on the existing system of private insurance

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

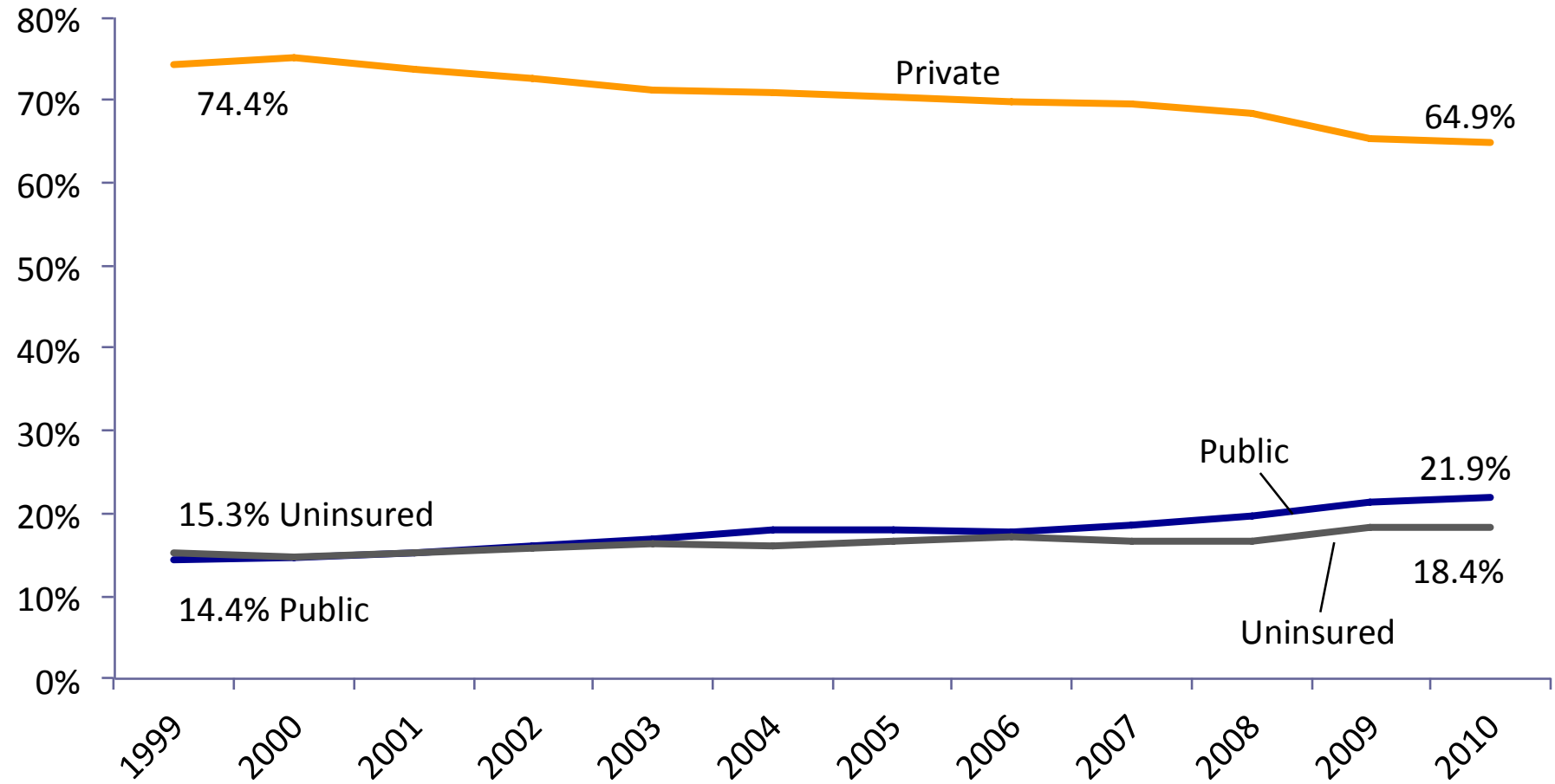
Health Insurance Coverage of the Nonelderly, 2010



266 M Nonelderly

Source: KCMU/Urban Institute analysis of 2011 ASEC Supplement to the CPS.

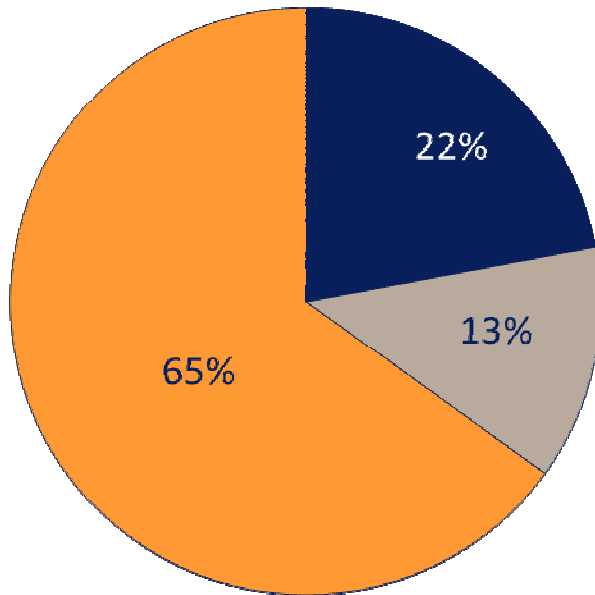
Trends in Coverage by Source, 1999 to 2010



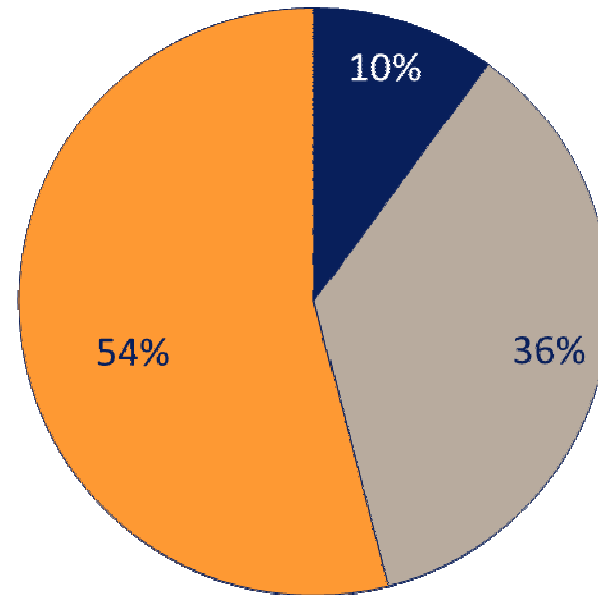
Source: DeNavas-Walt et al. *Income, Poverty and Health Insurance Coverage in the United States: 2011*, US Census Bureau (2012)

Health Coverage, 2010: Non-Elderly Adults and Children

Adults

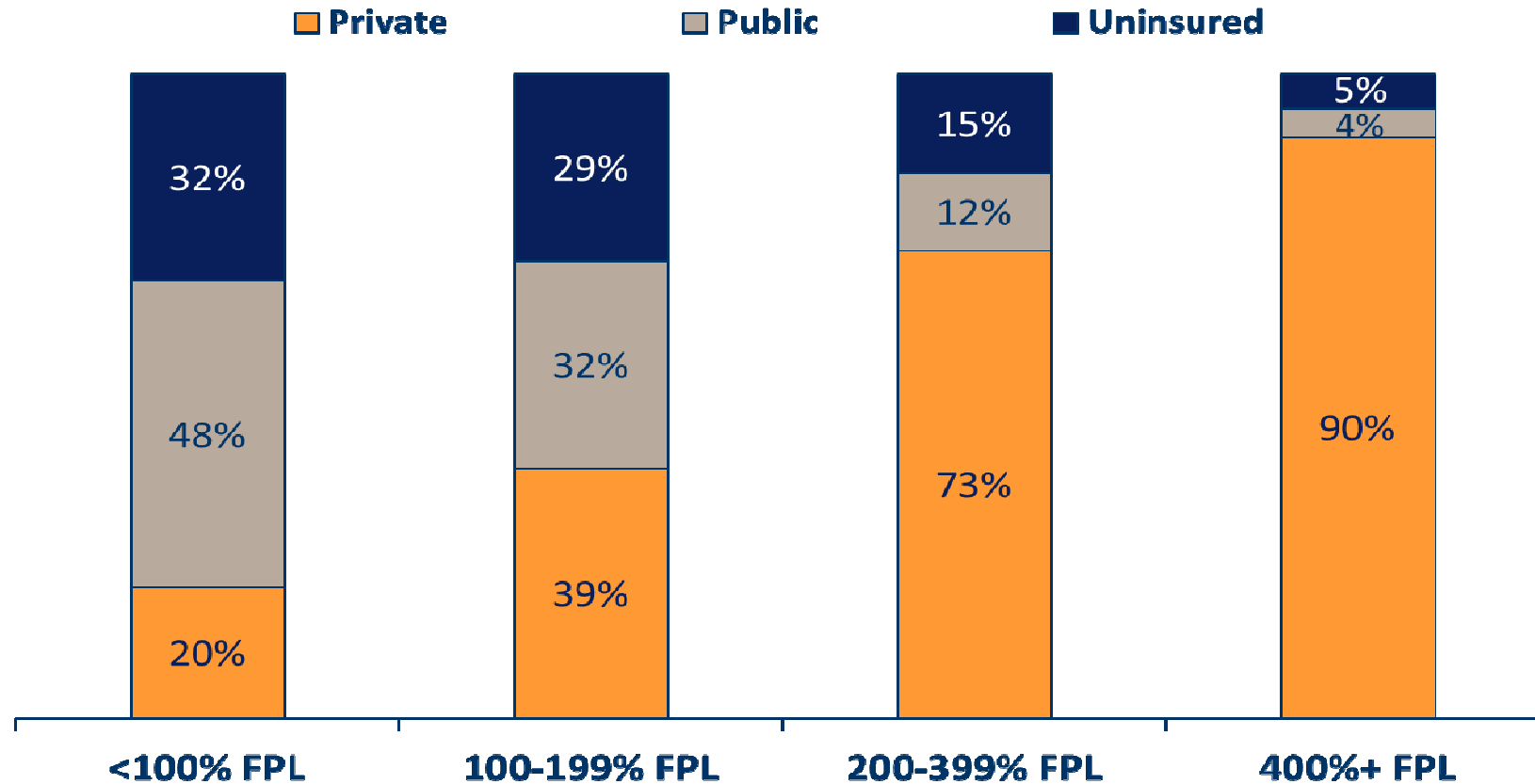


Children



■ Uninsured ■ Public ■ Private

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.

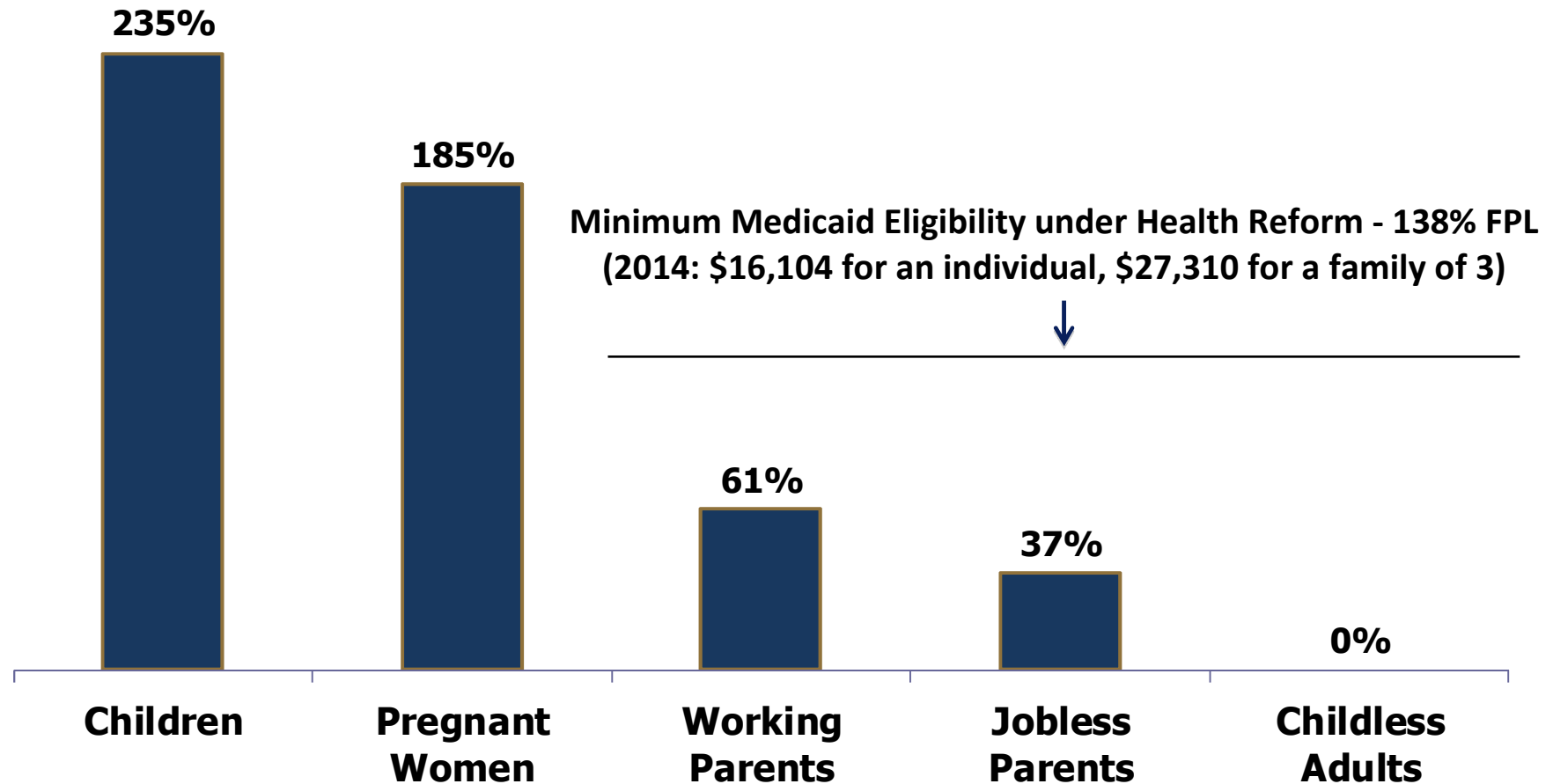
Aca coverage provisions

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

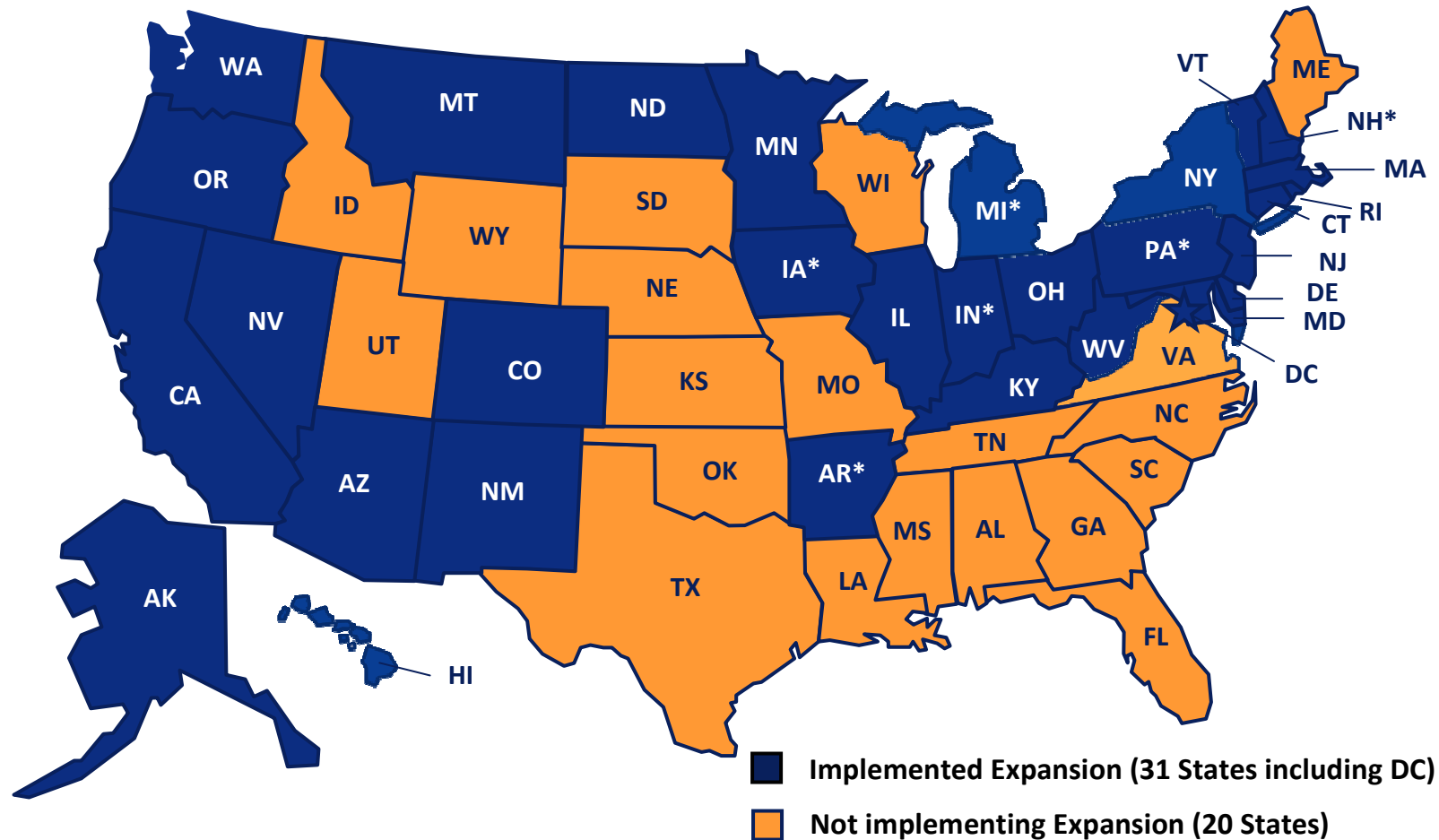


Source: Kaiser Commission on Medicaid and the Uninsured and the Georgetown University Center for Children and Families, 2013.

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



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
 - ⇒ *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

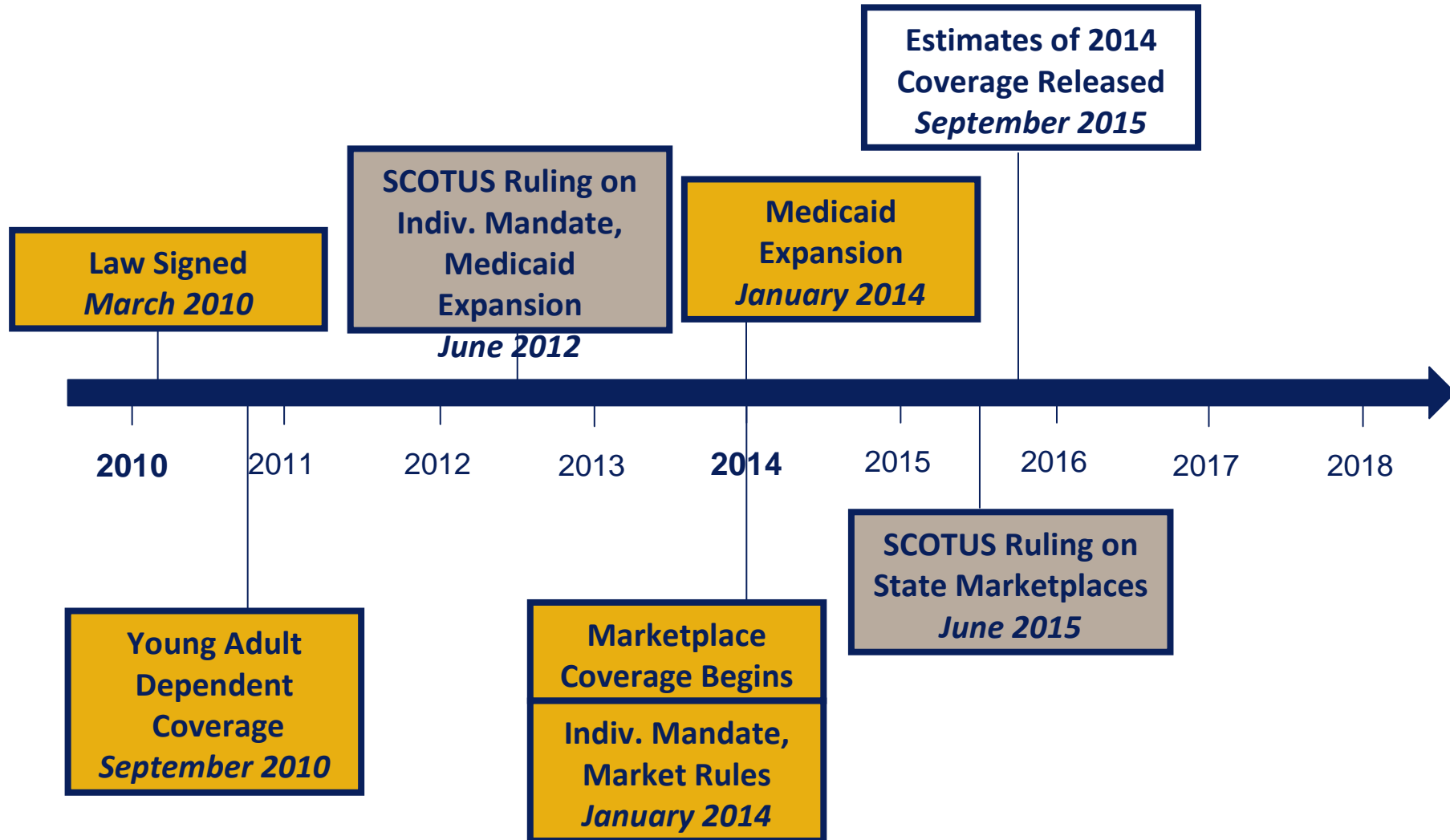
2. Individual Mandate

- 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



Initial coverage results

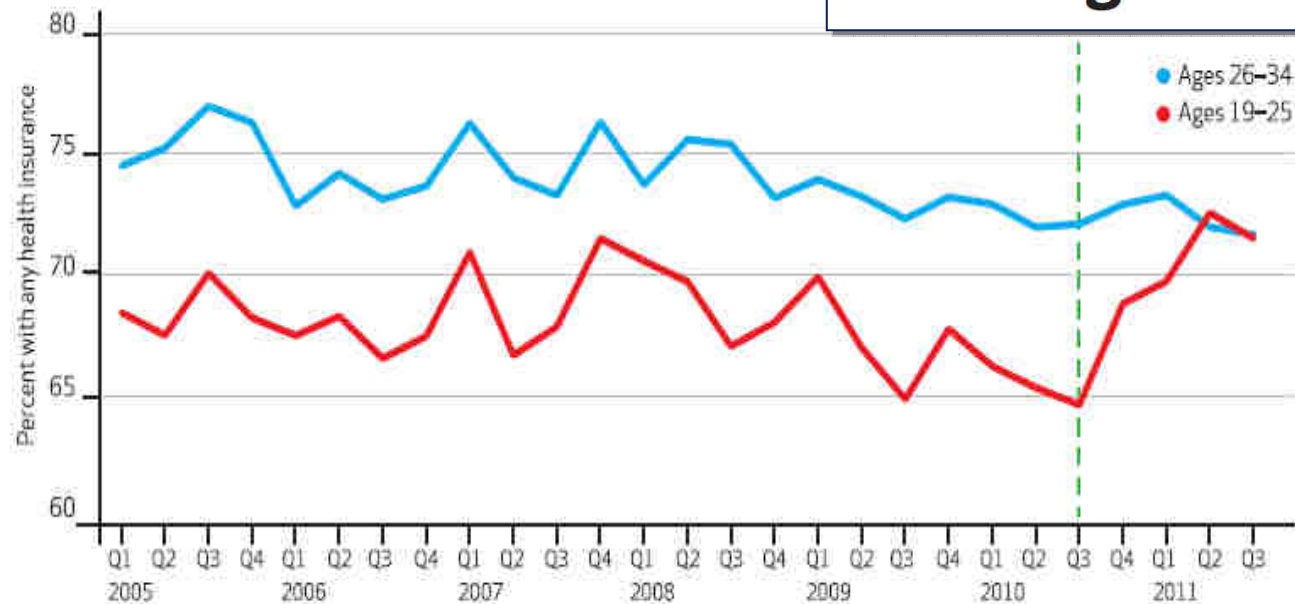
Coverage Results, Young Adults

By Benjamin D. Sommers, Thomas Buchmueller, Sandra L. Decker, Colleen Carey, and Richard Kronick

Estimate: up to 3 million young adults gained coverage because of this provision

The Affordable Care Act Has Led To Significant Gains In Health Insurance And Access To Care For Young Adults

Health Insurance Coverage Among Young Adults, Ages 19-25 And 26-34,

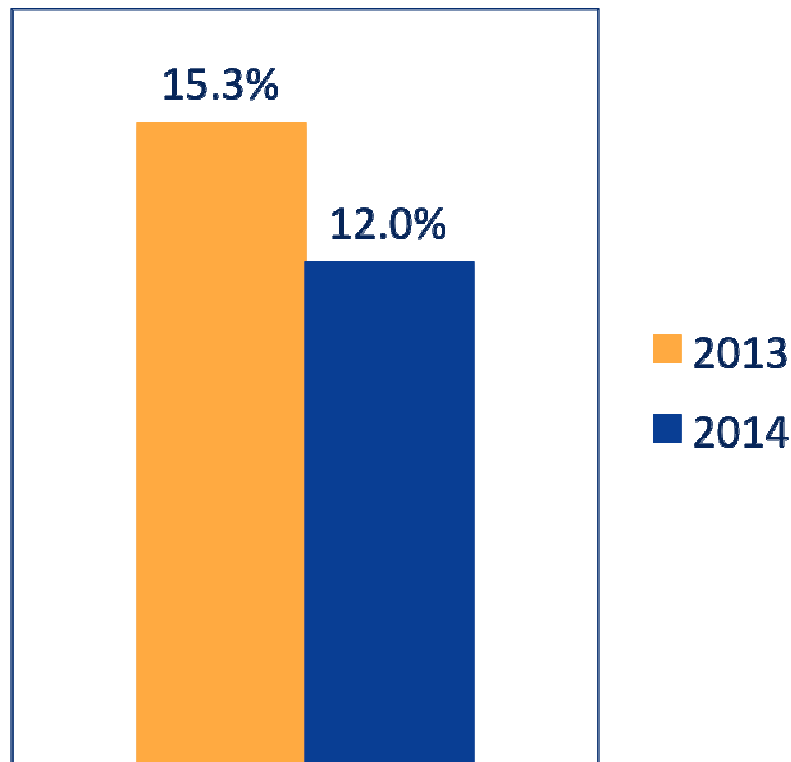


SOURCE National Health Interview Survey, January 2005-June 2011. **NOTE** The provision of the Affordable Care Act that allows young adults to remain covered by their parents' health insurance until age twenty-six took effect in September 2010 (green dashed line).

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)

Coverage Gains, 2013 to 2014

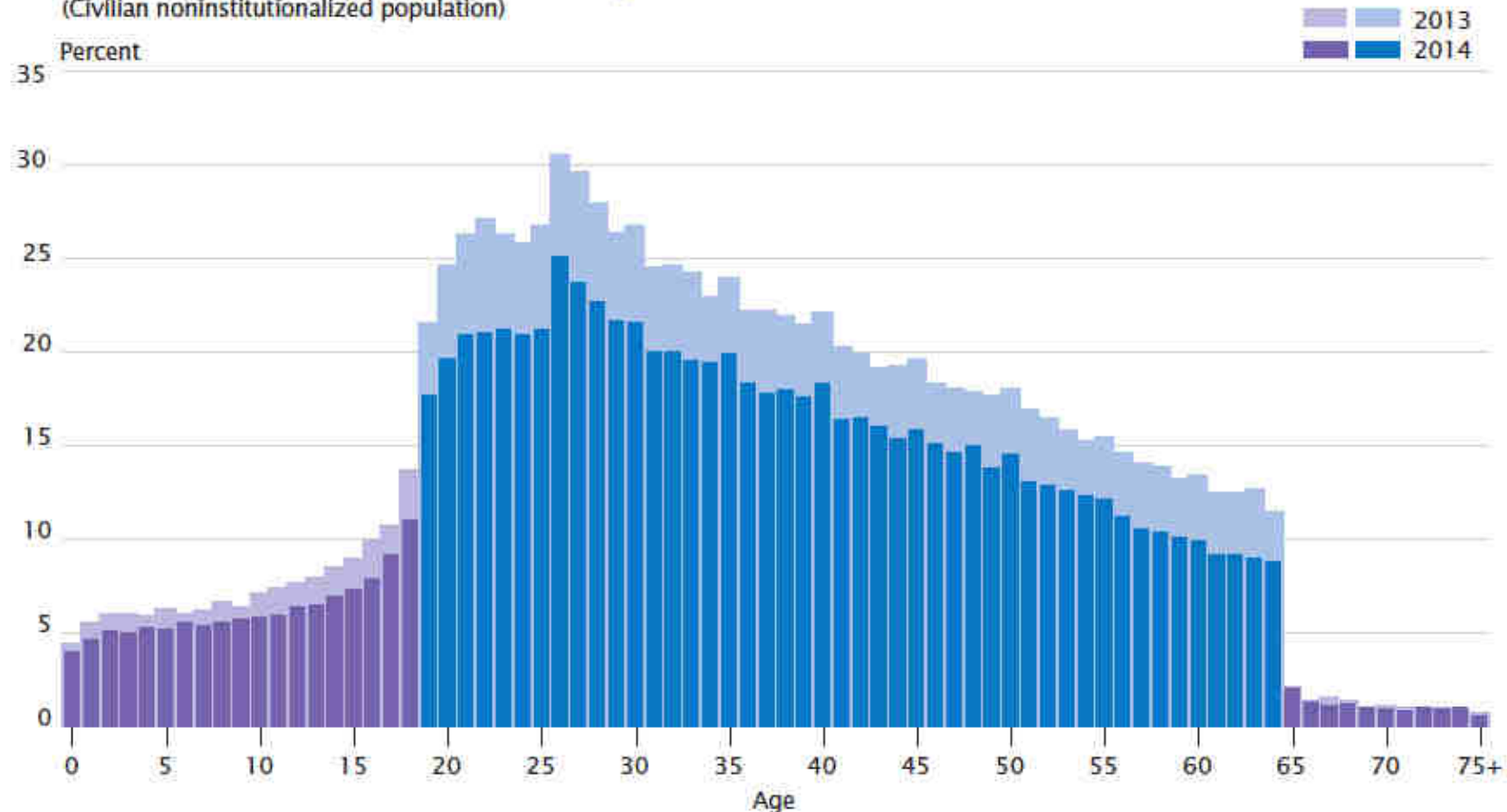
**Percent of the Non-Elderly
Population without Health Insurance**



- 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)



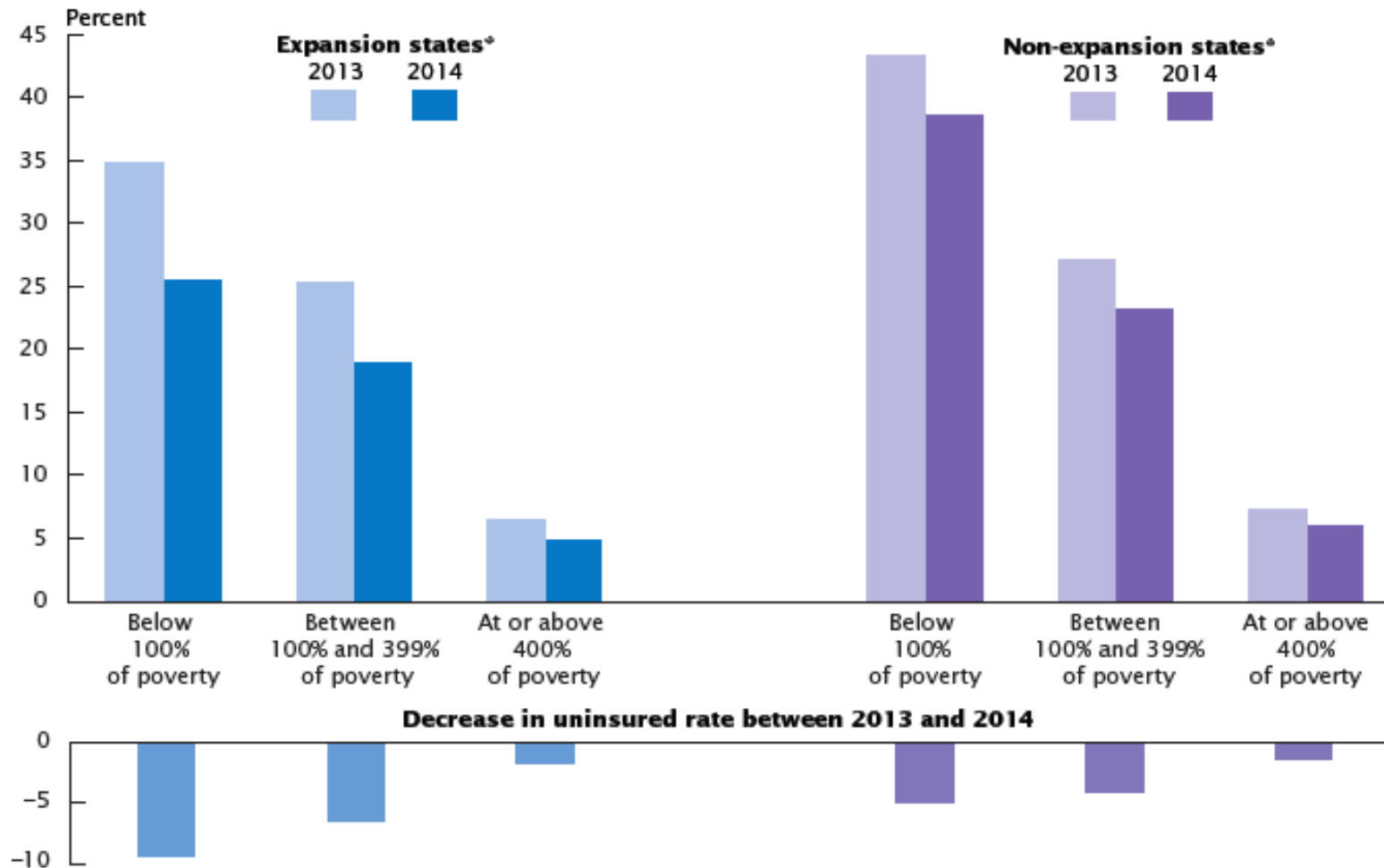
For information on confidentiality protection, sampling error, nonsampling error, and definitions in the American Community Survey, see <www2.census.gov/programs-surveys/acs/tech_docs/accuracy/ACS_Accuracy_of_Data_2014.pdf>.

Source: U.S. Census Bureau, 2013 and 2014 1-Year American Community Surveys.

Source: Smith and Medalia. 2015. *Health Insurance Coverage in the United States: 2014*, US Census Bureau Report.

Gains in Expansion and Non-Expansion States

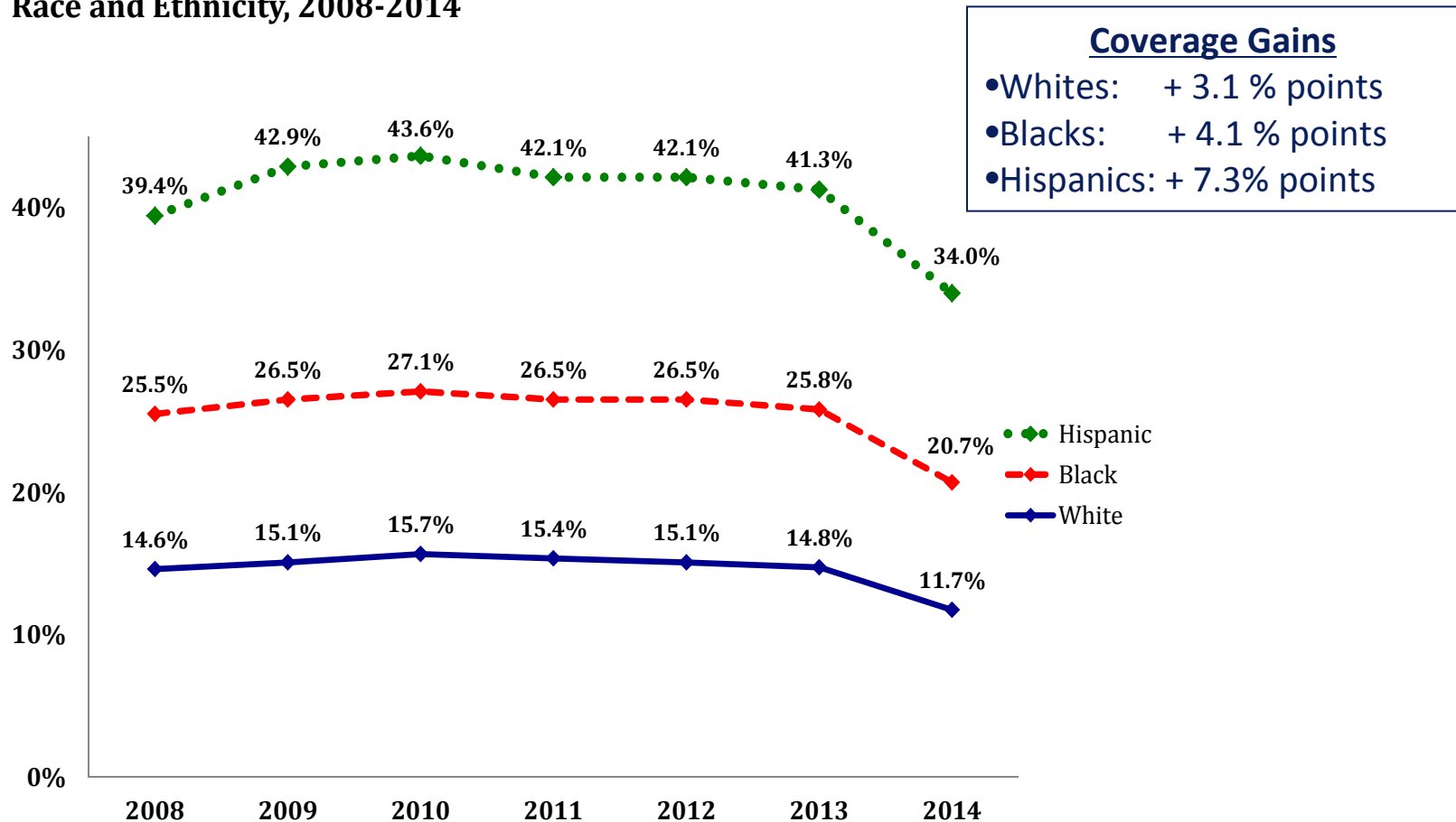
Uninsured Rate by Poverty Status and Medicaid Expansion of State for Adults Aged 19 to 64 Years: 2013 and 2014
(Civilian noninstitutionalized population)



Source: Smith and Medalia. 2015. *Health Insurance Coverage in the United States: 2014*, US Census Bureau Report.

Percent Uninsured by Race/Ethnicity, 2008 to 2015

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



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

Source: Buchmueller et al, "The Effect of the Affordable Care Act on Racial and Ethnic Disparities in Insurance Coverage (unpublished manuscript, 2015)

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

<i>In the past 12 months, did you...</i>	Percentage pt. change, post minus pre		
	19-25 year olds	26 to 34 year olds	Diff-in-Diff
Delay care because of cost	-5.6**	-1.6	-4.0**
Not receive care because of cost	-3.7**	-1.4	-2.3**

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)

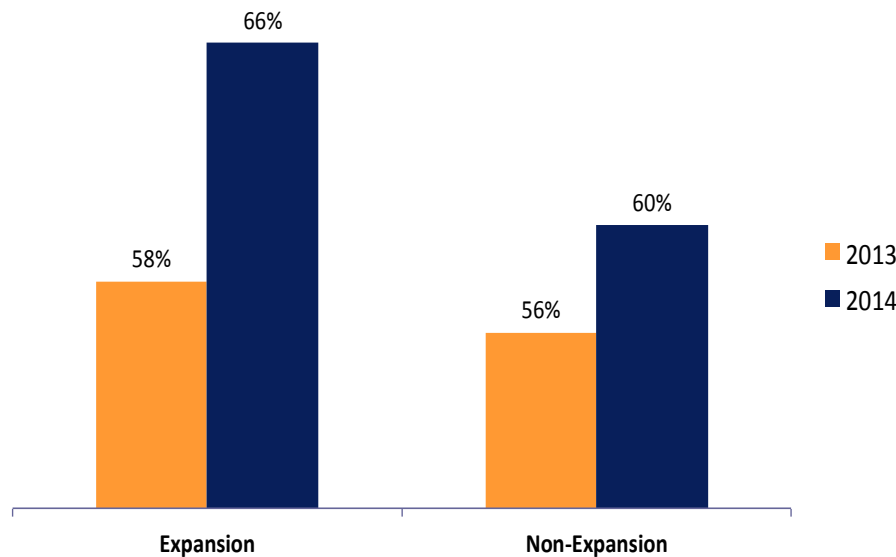
Other Research on Young Adults

- Health care Utilization
 - ~ Hospital admissions ↑
 - ~ Mental health care ↑
 - ~ Dental visits ↑
- Health Outcomes
 - ~ Early stage cancer diagnosis ↑

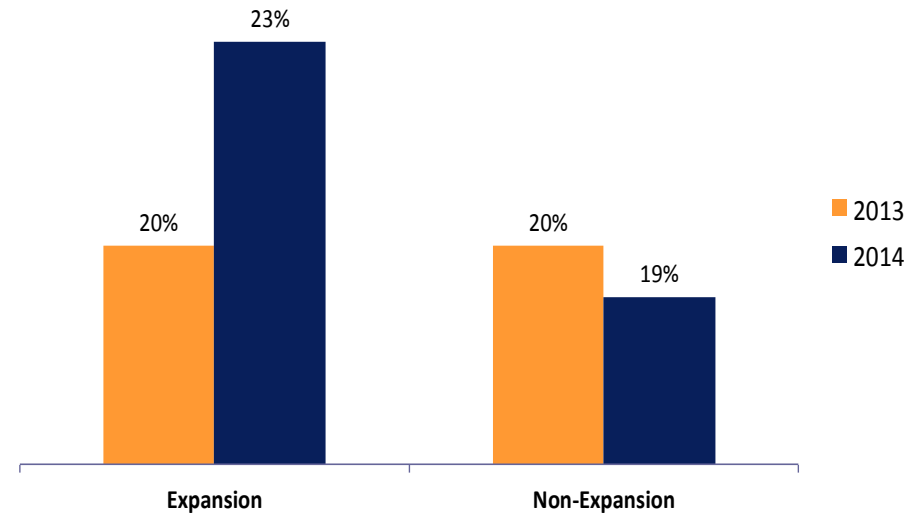
The ACA Expansions and Access to Care

- 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



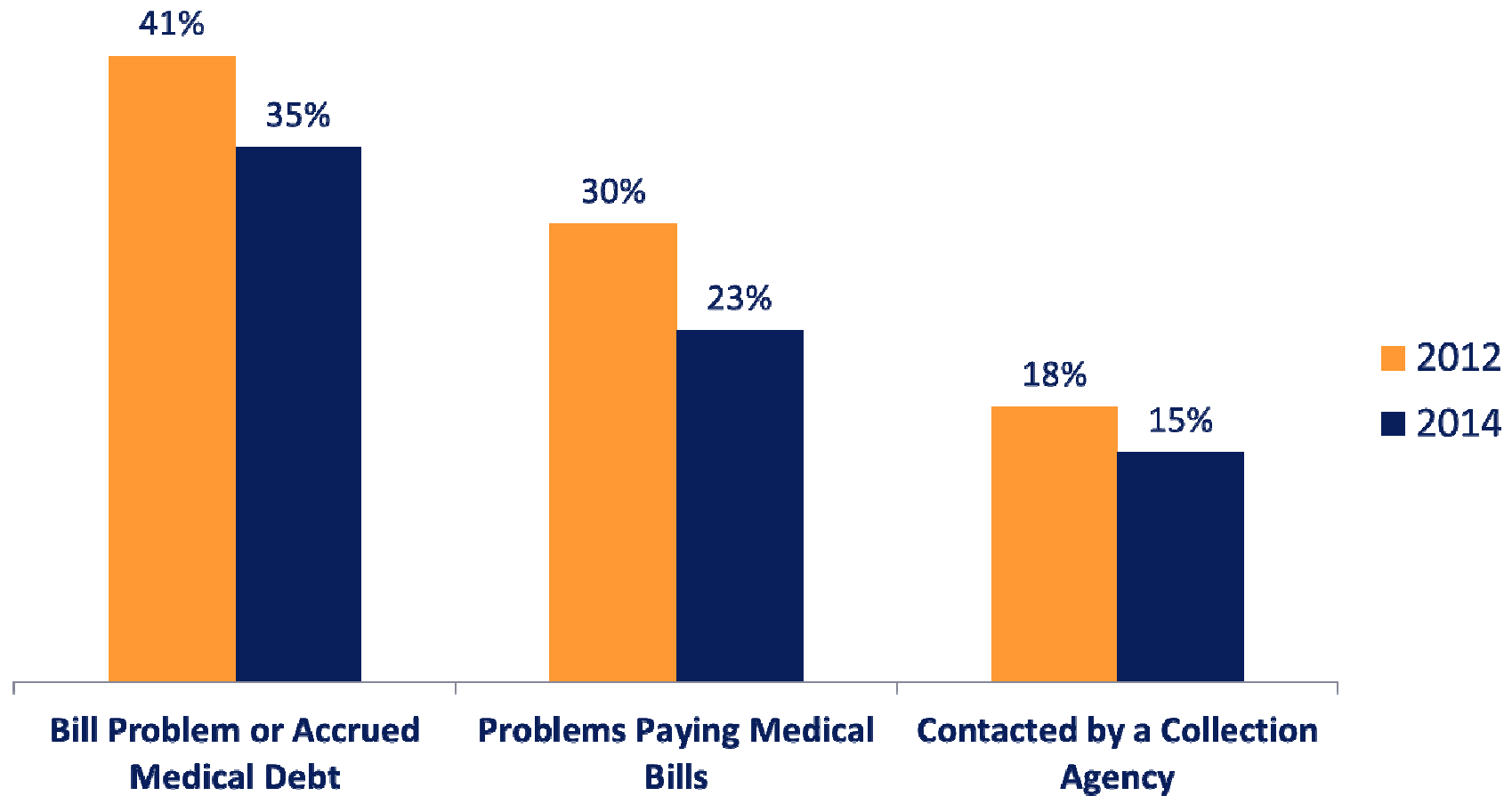
% who have seen a specialist
in the past 12 months



Source: Miller and Wherry "The Consequences of the Affordable Care Act Medicaid Expansions on Coverage, Utilization, Access, and Health," (unpublished manuscript, 2015)

Financial Effects of Coverage Expansion

Coverage expansion has coincided with improved financial health



Source: "Trends in Coverage, Medical Debt and Access to Care,"
Commonwealth Fund, January 2015

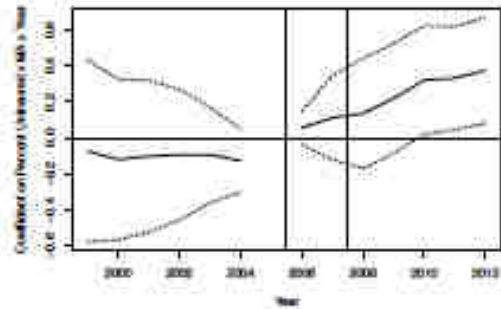
Financial Effects: Evidence from Massachusetts

Mazumder and Miller (*AEJ:EP*, forthcoming)

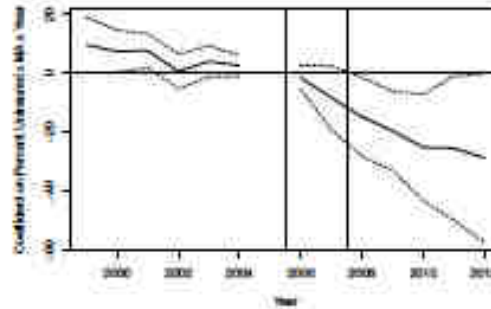
- 2006 MA reform was the model for the ACA.
- M&M examine the effect of coverage expansion on:
 - ~ Total and past due debt
 - ~ Credit score
 - ~ Bankruptcy
- Research design: “triple-difference” event study approach that leverages differences between MA and other states as well as differences within-MA related to age and geography.

Massachusetts Triple-Difference Results

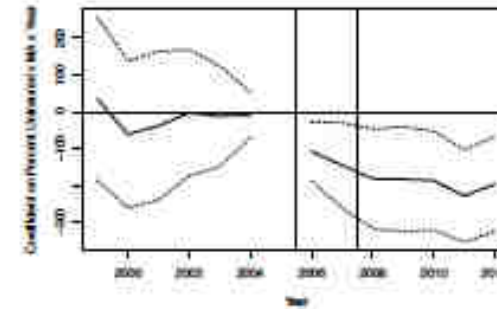
Coefficients on Year x MA x Uninsured₂₀₀₅



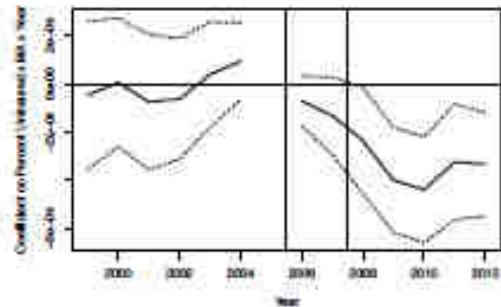
(a) Risk Score



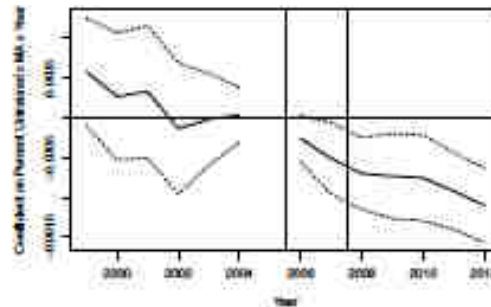
(b) Total Amount Past Due



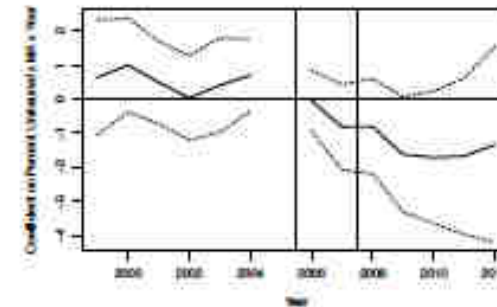
(c) Total Debt



(d) Bankruptcy last 24 mos



(e) Fraction of Debt Past Due



(f) Amount in Collection

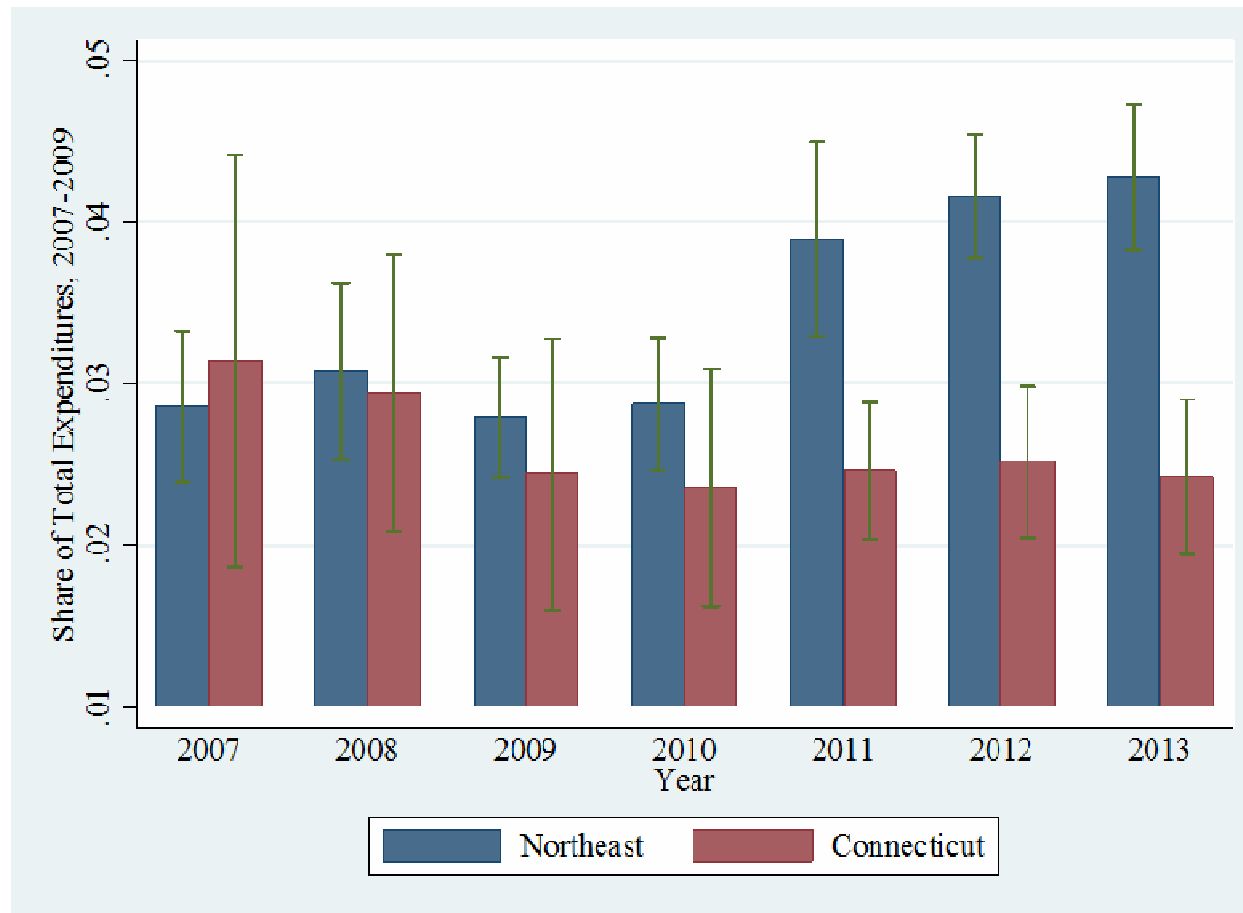
Source: Mazumder and Miller, "The Effect of the Massachusetts Health Reform on Household Financial Distress," (*AJ: EP*, forthcoming)

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

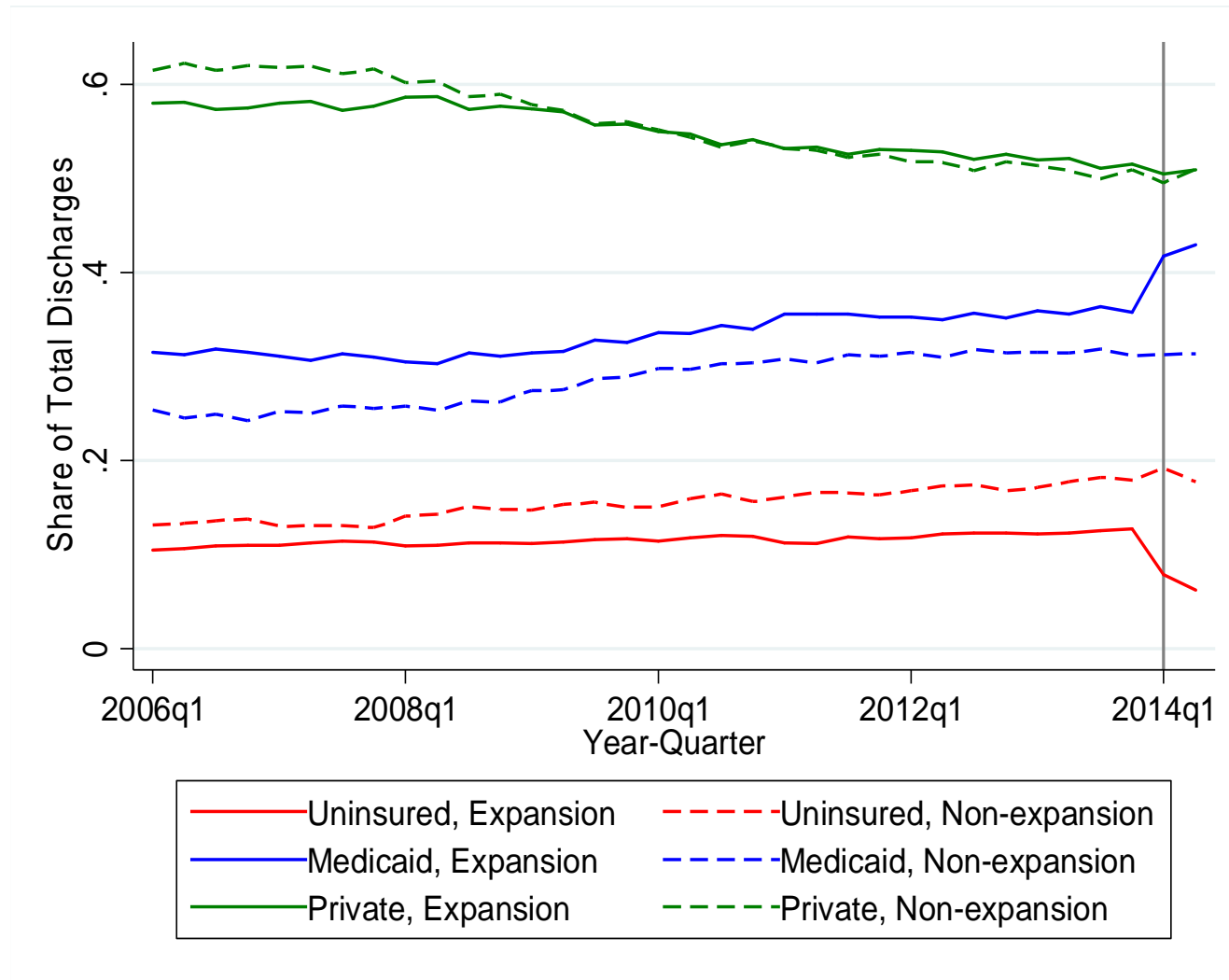
Coverage Expansions and Uncompensated Care

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



Source: Nikpay, Buchmueller and Levy (*Health Affairs* 2015)

Coverage Expansions and Hospital Payer Mix



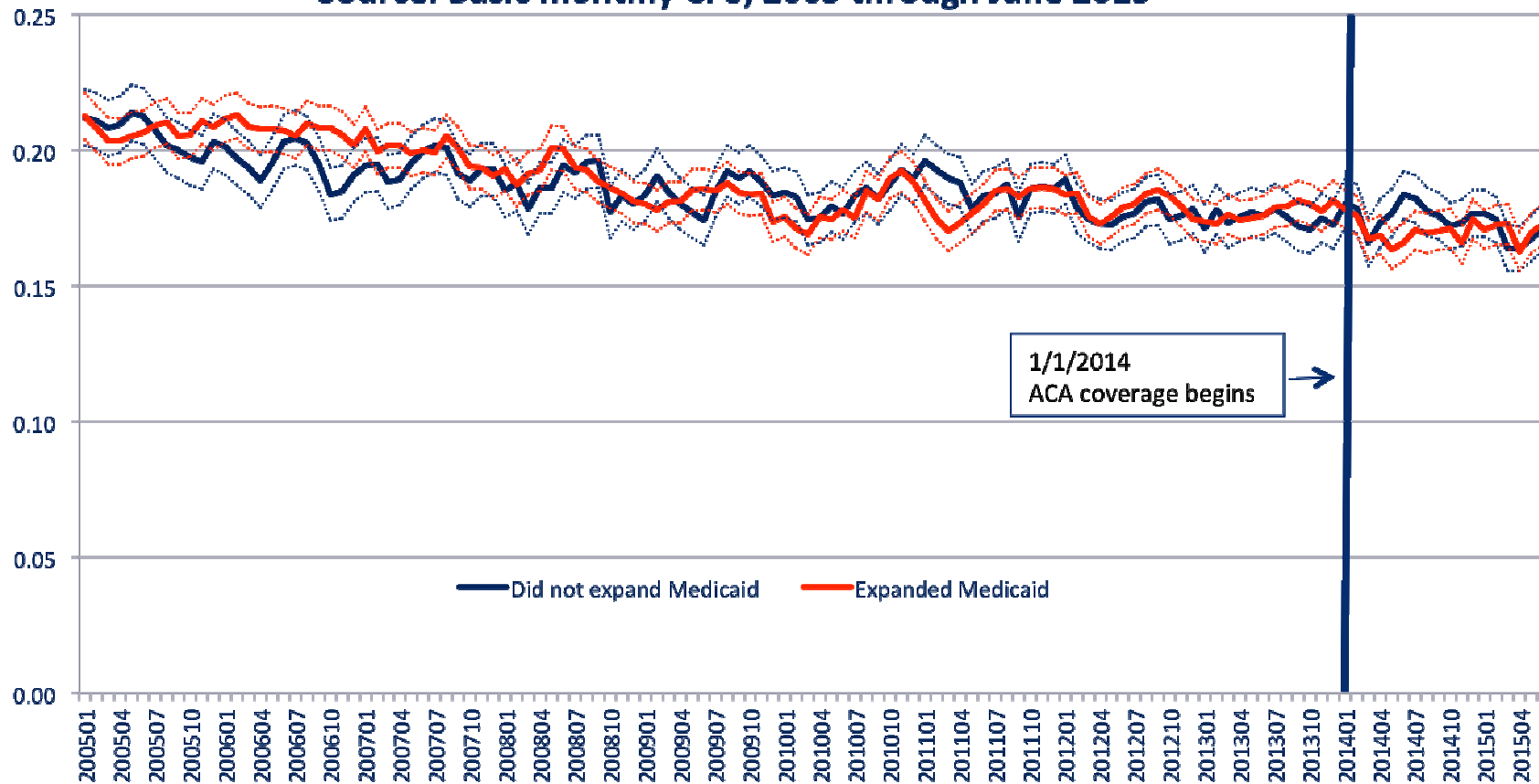
Source: Nikpay, Buchmueller and Levy (*Health Affairs* 2016)

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)

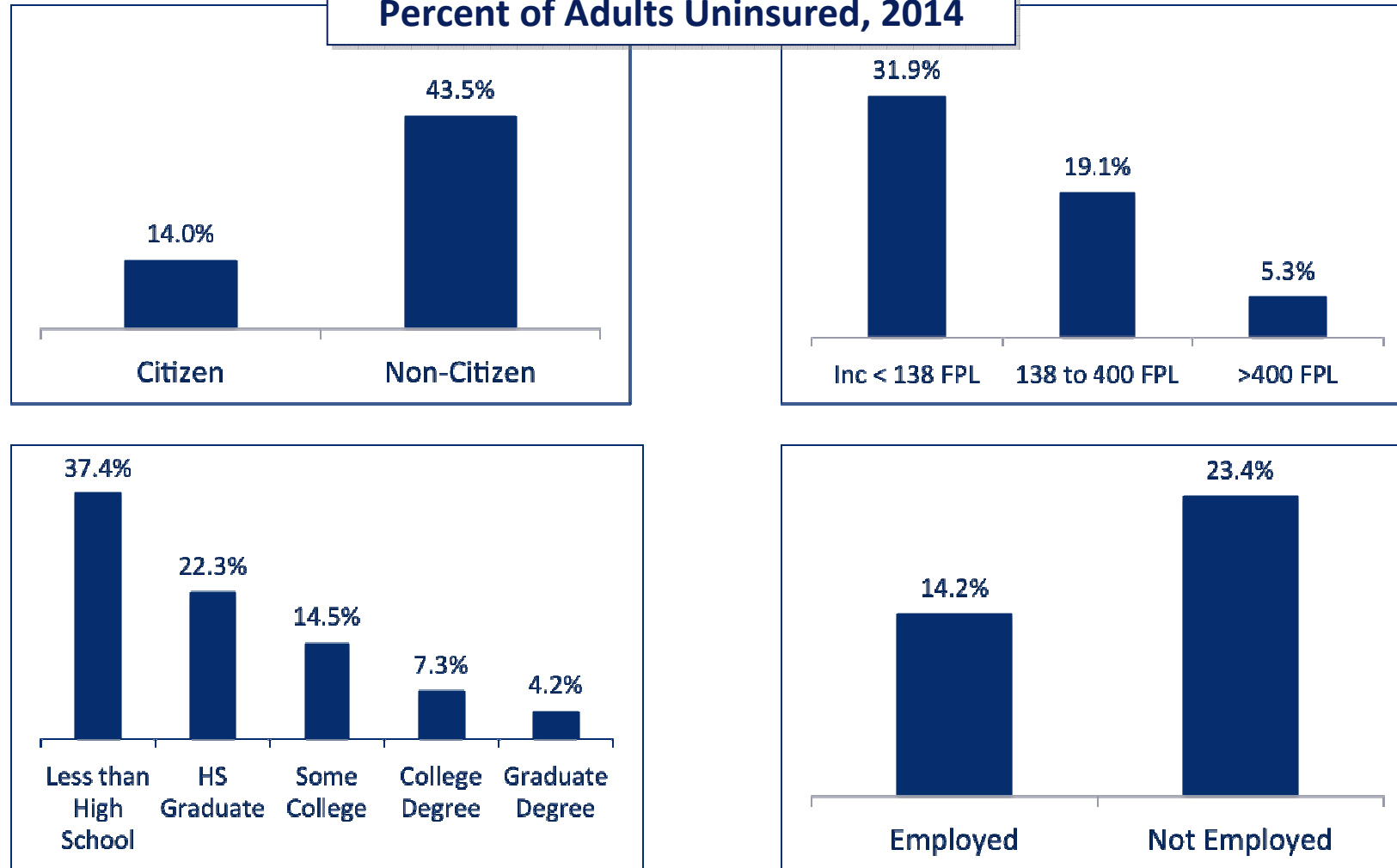
Summary and conclusions

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***

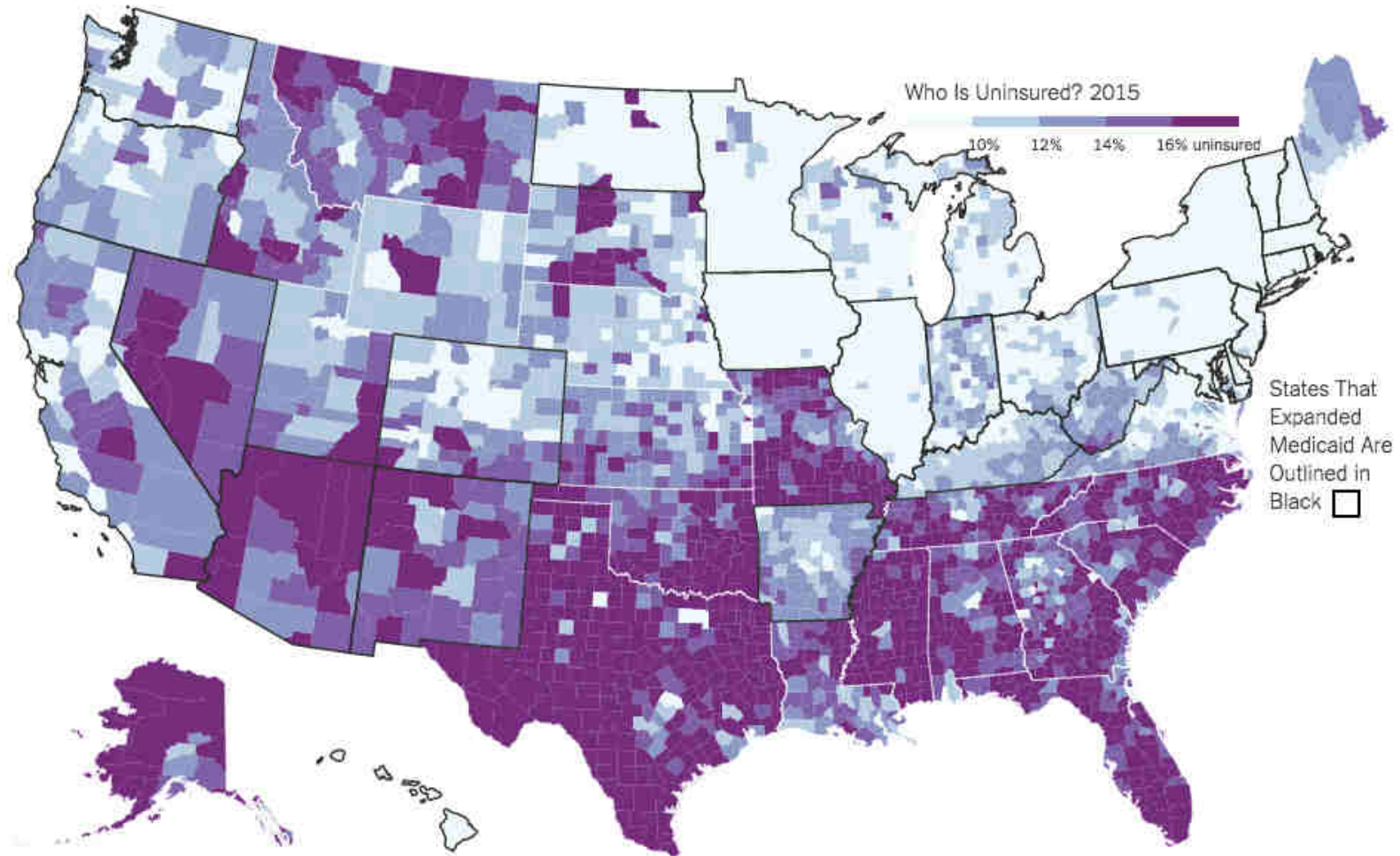
Large Disparities in Coverage Remain

Percent of Adults Uninsured, 2014



Source: American Community Survey, 2014

Percent Uninsured by State, 2015



Source: New York Times, November 1, 2015

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Your questions?

References

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