Health Policy Institute of Ohio

Politics, Perceptions, and Five Years of the ACA:
The Affordable Care Act’s Impact on Coverage and Access

September 29th, 2015

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Washington, DC
“Proportion of Americans Without Health Insurance Dropped in 2014”  
*The Washington Post* September 17, 2015

- The Census Bureau reported that the number of those uninsured dropped by 8.8 million in 2014.
- The share of those uninsured fell throughout the year fell from 13.3% in 2013 to 10.4% in 2014.
- About 1 in 6 people with incomes of $25,000 or less had no coverage, compared with about 1 in 20 people earning $100,000 or more.
The Affordable Care Act (ACA) in the Individual Health Insurance Market
2015 ACA Individual Market Enrollment

• 9.9 million enrolled and paid for coverage in the state and federal exchanges through June 30th.
• That is down from the 11.7 million that signed up by the end of February during the second open-enrollment.
• It appears the administration is on the way to blowing away their 2015 goal of 9.1 million.
• But to get to 75% of all subsidy eligible people signing up, the state and federal exchanges would need about 15 million by the end of 2016 when the “3Rs” health plan reinsurance program expires.
2015 Obamacare Enrollment...

- In May of 2013, the Congressional Budget Office (CBO) projected that an average of 13 million would be enrolled during 2015.
- The CBO also projected that 22 million would be enrolled on average during 2016.
Plan Selections by Income
Source: Avalere from CMS Report

Percentage of Eligible Individuals Enrolled in Exchange Plans, by Income

- 76% in 100-150%
- 41% in 151-200%
- 30% in 201-250%
- 20% in 251-300%
- 16% in 301-400%
- 2% in Over 400%
**Vermont** still has the highest percentage of eligible people signed up. The state thinks some window shoppers last year may have inflated the signup number.

**Massachusetts** had the greatest increase; the state signed up almost no one in 2014 because of computer glitches.
Most Eligible People Are Still Not Signing Up

Share of potential market enrolled, 2015

Iowa has a lot of individuals insured outside the exchange.

Florida has more Obamacare signups than any other state.

Pennsylvania and Maine signed up few people in 2014, but rebounded this year.

Sources: Department of Health and Human Services (enrollment); Kaiser Family Foundation (potential market estimates)
The Obamacare Exchange Population is Sicker, Older, and Poorer Than the Mainstream Market

“Understanding the Exchange Population: A Statistical Snapshot”
Truven Health Analytics
Compared to the Off-Exchange Market Those On-Exchange “Have a Significantly Higher Prevalence of Common Chronic Conditions”
The Exchange Population is Older

Figure 1: Age and Percent of Exchange Enrollees by Plan Type

- Bronze: 6%
- Silver: Standard and Cost-Sharing Reduction: 82%
- Gold: 4%
- Platinum: <1%
- Catastrophic: 4%

Average Enrollee Age:
- 46
- 47
- 44
- 31
Most Exchange Members Are Poorer With 73% Enrolled in a Silver Cost Sharing Reduction (CSR) Plan and Most of Those (44%) Have a Plan That Pays 94% of Costs

Figure 3: Average Age by Silver Plan Cost-Sharing Reduction

*Percentage of all members in our exchange population
Many of the 2016 Rate Increases Have Been Surprisingly High

• Blue Cross of Texas reported collecting $2.1 billion in premium on its 780,000 lives but paying $2.5 billion in claims and, even after the government reinsurance payments losing $400 million on Obamacare policies in 2014.

• Many of these increases have come from the biggest market share health plans with the most data.

• These increases are coming a year earlier than expected—the “3Rs” Obamacare reinsurance program runs through 2016.
Biggest Market Share Players

• Maryland – Increases of 26% for CareFirst plans covering 80% of the market.
• Oregon – Moda with 52% market share is asking for a 25.6% increase.
• Tennessee – BCBS with 70% market share is asking for a 36.3% increase.
• Pennsylvania – Highmark originally asked for increases of 13.5% to 36.6% based upon paying out $400 million more in claims than it collected in premiums and ended up cutting plan offerings that now cover 367,000 people.
• Medical Mutual of Ohio was approved for a 14.5% increase.
Biggest Market Share players:

• Georgia – Market leader Humana with 254,000 enrollees is asking for increases of 14.8% to 19.44%.
• In New York health plans had asked for an average increase of 12.5% and the state granted an average of 5.7%—the state’s biggest plan was approved for a 13% increase.
• California’s rate increases have averaged 4%.
• Connecticut – Anthem with a 33% share is asking for a 6.7% increase.
• Vermont – Where 75% of the eligible signed up Blue Cross is asking for an average 8.3% increase.
Average 2016 Premium Increase for ACA Marketplace Benchmark Silver Plans Up 3.1% in 13 Cities

<table>
<thead>
<tr>
<th>Location</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland, Oregon</td>
<td>6.1%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Albuquerque, New Mexico</td>
<td>-11.8%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Burlington, Vermont</td>
<td>5.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Richmond, Virginia</td>
<td>2.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Baltimore, Maryland</td>
<td>2.6%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Average</td>
<td>3.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Washington, District of Columbia</td>
<td>-0.2%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Providence, Rhode Island</td>
<td>-11.3%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Portland, Maine</td>
<td>-4.4%</td>
<td>0.8%</td>
</tr>
<tr>
<td>New York City, New York</td>
<td>1.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Hartford, Connecticut</td>
<td>-1.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Detroit, Michigan</td>
<td>-1.3%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Los Angeles, California</td>
<td>-9.8%</td>
<td>-10.1%</td>
</tr>
<tr>
<td>Seattle, Washington</td>
<td>-5.0%</td>
<td>-10.1%</td>
</tr>
</tbody>
</table>

Source: Kaiser Family Foundation analysis of premium data from Healthcare.gov and insurer rate filings to state regulators.
Will The Cadillac Tax Be Repealed?

• Starting in 2018, employer-provided health plans whose costs exceed $10,200 individual and $27,500 family (indexed in future years for basic inflation) will trigger a 40% excise tax on the value of the benefits above this level.

• By 2018, 48% of large employers surveyed by the National Business Coalition on Health will have at least one plan exceed the limits—by 2020 72%.

• The Kaiser Family Foundation found that 25% of all employers (big and small) will have at least one plan that will exceed the cap in 2018.
Will The Cadillac Tax Be Repealed?

- But it would cost $87 billion over ten years in lost tax revenue to repeal it.
- A bill might also include the repeal of the 2.3% medical device tax would cost another $30 billion in lost revenue.
- President Obama has already said he would veto a “Cadillac Tax” repeal.
- Republicans will want more than just fixing some of the most unpopular parts of the new health law.
The Medicaid Expansion

Where the States Stand on Medicaid Expansion
29 States, DC, Expanding Coverage—July 20, 2015

Notes: Based on literature review as of 7/20/15. All policies subject to change without notice. HHS has announced that states can obtain a waiver to use federal funds to shift Medicaid-eligible residents into private health plans. The District of Columbia plans to participate in Medicaid expansion and will operate its own exchange.

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The Medicaid Expansion

- So far, 29 states and DC have expanded Medicaid.
- The Obamacare Medicaid expansion pays 100% of a state’s costs for the expansion through 2016 and then begins to reduce that support to 90% by 2020.
- Expect to see the state’s share of the cost of the Medicaid expansion will become a huge budget issue in many of these expansion states.
- California has enrolled 2.3 million—they had expected to enroll 800,000. Washington state has doubled its first estimate, Oregon has exceeded its estimate by 73%, and Kentucky has doubled its first estimate.
Rate of Uninsured in States That Expanded Medicaid Compared to Those Who Did Not

Percent adults ages 19–64 uninsured with incomes below 100 percent of poverty who were uninsured

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Total</td>
<td>33</td>
<td>26</td>
</tr>
<tr>
<td>Expanded Medicaid</td>
<td>28</td>
<td>17</td>
</tr>
<tr>
<td>Did not expand Medicaid</td>
<td>38</td>
<td>36</td>
</tr>
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Note: States were coded as expanding their Medicaid program if they began enrolling individuals in April or earlier. These states include AR, AZ, CA, CO, CT, DE, HI, IA, IL, KY, MA, MD, MI, MN, ND, NJ, NM, NV, NY, OH, OR, RI, VT, WA, WV, and the District of Columbia. All other states were coded as not expanding.

Are the ACA’s Accountable Care Organizations the Answer to Controlling Medicare Costs and Improving Quality?
Early Accountable Care Results

• The Obama administration has set a goal of having half of Medicare spending tied to performance systems by the end of 2018.
• In 2014, Medicare paid $60 billion to 353 ACOs covering 6 million seniors.
• 45% of ACOs cost the government more than their budget.
• After paying bonuses to the ACOs that saved money, the program cost $3 million more than projected.
• Only 7% of ACOs were willing to go at risk for being over budget in 2014.
Early Accountable Care Results...

- Provider risk aversion so widespread that Medicare has given provider organizations six years to participate without a downside.
- In 2014, 196 ACOs saved Medicare money, while 157 ACOs cost more than expected.
- Medicare lost money on ACOs in 2014 because they paid bonuses out to 97 ACOs while only three had to repay losses because they were under the two-sided risk program.
- The number of ACOs taking downside risk has shrunk from 32 at the start to 19 now.
Why the Poor ACO Performance Early in the Program

• These ACOs are in the early years of significant change.
• The early years see investments in infrastructure and new care models that participants are still learning to use.
• The ACO business model is far different than traditional business models.
• The ACOs that did generate savings were more often in markets long seen as having the most variation in spending and over-capitalized health care delivery markets—Texas, Florida, New York, and New Jersey.
• No “in-network” control—seniors can go to any provider.
The CBO’s June 2015 Long-Term Budget Outlook
Repeal and Replace?

• CBO: Health law repeal would raise federal deficits by $137 billion over ten years.
• Repeal would actually raise deficits by $353 billion over ten years but the CBO offset that with “dynamic scoring” results that would have repeal increase growth and workforce participation.
• Ending insurance subsidies and Medicaid expansion would save the $1.66 trillion cost of those subsidies between 2016 and 2025.
• Cuts to Medicare under Obamacare now save $879 billion over ten years and would be lost under full repeal.
Repeal and Replace?

• Tax increases under Obamacare such as the “Cadillac” tax, individual mandate penalties, and employer penalties are estimated to increase revenue by $502 billion over ten years and would be lost under repeal.

• Netting out these gains and losses plus other impacts on revenues and expenses leaves an increase to the deficit of $353 billion over ten years.
“Obamacare’s” Public Approval/Disapproval Roller Coaster

Public’s View Of The Law Remains Divided

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

Favorable | Unfavorable | Don’t know/Refused

<table>
<thead>
<tr>
<th>Month</th>
<th>Favorable</th>
<th>Unfavorable</th>
<th>Don’t know/Refused</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 10</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jan 11</td>
<td>50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct 11</td>
<td>51%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sep 11</td>
<td>45%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oct 11</td>
<td>40%</td>
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<tr>
<td>Jul 11</td>
<td>34%</td>
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<tr>
<td>Jul 12</td>
<td>35%</td>
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<td>Jan 12</td>
<td>41%</td>
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<td>Oct 12</td>
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<td>Sep 12</td>
<td>40%</td>
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<tr>
<td>Oct 12</td>
<td>38%</td>
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</tr>
<tr>
<td>Jul 12</td>
<td>34%</td>
<td></td>
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</tr>
<tr>
<td>Jul 13</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early Late June Aug</td>
<td>42% 43% 44%</td>
<td></td>
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<tr>
<td>Aug 13</td>
<td>39%</td>
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</tbody>
</table>

SOURCE: Kaiser Family Foundation Health Tracking Polls
The Partisan Divide Over the ACA

Partisan Differences In Opinion Of Next Steps For ACA

What would you like to see Congress do when it comes to the health care law?

- Expand what the law does
- Move forward with implementing the law as it is
- Scale back what the law does
- Repeal the entire law

Total:
- 28% Expand
- 22% Move forward
- 12% Scale back
- 28% Repeal

By Political Party ID:

Democrats:
- 44% Expand
- 35% Move forward
- 6% Scale back
- 5% Repeal

Independents:
- 25% Expand
- 22% Move forward
- 17% Scale back
- 28% Repeal

Republicans:
- 11% Expand
- 8% Move forward
- 17% Scale back
- 57% Repeal

NOTE: None of these/something else (Vol.) and Don’t know/Refused responses not shown.
SOURCE: Kaiser Family Foundation Health Tracking Poll (conducted August 6-11, 2015)
Hillary Clinton’s Health Proposals

• "I will defend the Affordable Care Act, but as president I want to go further," Clinton said. "I want to strengthen the Affordable Care Act, because the truth is, it couldn't and it didn't solve all of our problems.”

• Lower the ACA’s out-of-pocket costs by providing three sick visits not subject to deductibles.

• A refundable tax credit of up to $2,500 individual/$5,000 family for out-of-pocket costs that exceed 5% of their income.
Clinton...

- Provide states that don’t have the power to regulate insurance rates a federal regulatory fallback.
- Vigorously enforce antitrust laws to protect consumers against health industry consolidation and mergers.
- Continue the shift away from fee-for-service toward value based care that would include incentives for providers and payers to coordinate care (ACOs) as well as bundled episodes of care.
- Allow Medicare to negotiate drug prices.
Clinton...

- Deny tax brakes to drug companies for consumer advertising and require those getting federal funds to reinvest a minimum amount in research.
- Encourage generic drugs by lowering the amount of time companies have patent protection.
- Cap out-of-pocket drug costs at $250 a month for what insurers can charge consumers for chronic or serious conditions.
- Allow Americans to import drugs from abroad.
A Republican Alternative to Obamacare:

The Hatch, Upton, Burr Plan
"The Patient Choice, Affordability, Responsibility, and Empowerment Act”

- A full repeal and replacement of Obamacare
- No individual or employer mandate.
- No lifetime limits, coverage for children to age-26, and guaranteed renewability.
- Age rating would expand from the current 3:1 to 5:1.
- Guaranteed insurability only if the consumer remains continuously insured for 18-months.
- States would be allowed to use default enrollments to increase participation.
The Hatch, Upton, Burr Plan...

- Encourage states to develop high risk pools for those who lost guaranteed insurability.
- Eliminate health plan benefit mandates thereby making plans more affordable.
- Tax credits by age but only for those up to 300% of poverty. Here are the tax credits available for those making up to 200% of poverty:

<table>
<thead>
<tr>
<th>Age</th>
<th>Individual</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-34</td>
<td>$1,970</td>
<td>$4,290</td>
</tr>
<tr>
<td>35-49</td>
<td>$3,190</td>
<td>$8,330</td>
</tr>
<tr>
<td>50-64</td>
<td>$4,690</td>
<td>$11,110</td>
</tr>
</tbody>
</table>
The Hatch, Upton, Burr Plan...

- Eliminate the state and federal Obamacare insurance exchanges.
- Carriers could offer insurance across state lines.
- Cap the individual exclusion for employer-provided health insurance at $12,000 for a single person and $32,000 for a family (indexed at CPI+1%). The Obamacare “Cadillac” tax threshold is $10,220/$27,500 starting in 2018.
- Medical Malpractice reform that would cap damages and encourage state experimentation with alternative dispute resolution systems.
• Repealing the Medicaid expansion and providing the former funding levels for pregnant women, low-income children, and low-income families in the form of a “capped allotment” to the states which would be indexed at CPI+1%.

• Making mainstream commercial plans available to those who would lose their Obamacare Medicaid benefits using the standard tax credit subsidies.

• For example, a family of four making $30,313 a year (125% of poverty) with the parents age-34 would receive $4,290 in a tax credit.
Five Years Later

- The number of those who are uninsured is down—particularly in the states that expanded Medicaid.
- After two individual market open-enrollments and three years of rate actions the jury is still out over whether this is the Affordable Care Act.
- In the insurance exchanges, the ACA is working well for the poorest who have been the ones who have disproportionately signed up.
- Likely no “repeal and replace” on the horizon but an imperative to fix what we have.
- The longer-term federal budget deficits lurk over the entire health care landscape.