The Affordable Care Act at Five: Progress on Coverage, Costs, and Quality

Council of Economic Advisers

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The Affordable Care Act Has Driven the Nation’s Uninsured Rate to its Lowest Level Ever

After five years of the Affordable Care Act, more than 16 million people have gained health insurance coverage. The coverage gains since the end of 2013 are the most rapid since the decade following the creation of Medicare and Medicaid. The Nation’s uninsured rate is now at its lowest level ever.

Source: CEA analysis of NHIS; ASPE analysis of NHIS and Gallup-Healthways Well-Being Index data through March 4, 2015.

Note: Data are quarterly starting in 2014:Q1. Data for earlier years are generally either annual or bi-annual. The NHIS is the best tool for studying trends in insurance coverage, but because NHIS data are not currently available after 2014:Q2, Gallup data are used to extrapolate the uninsured rate through 2015:Q1.
The Young Adult Uninsured Rate Has Fallen by More Than 40 Percent Since 2010

The uninsured rate among young adults ages 19-25 fell by 43 percent through the middle of 2014. Young adults have benefited both from the option to remain on a parent’s plan until age 26 and from the law’s broader coverage expansion through the Marketplaces and Medicaid. Recent data show that coverage gains for young adults appear to have continued since the middle of 2014.

Source: National Health Interview Survey; CEA calculations.
States that Expanded Their Medicaid Programs Have Seen Much Larger Gains in Medicaid/CHIP Coverage

In states that have expanded their Medicaid programs, 9.5 million people have gained Medicaid/CHIP coverage since July-September 2013, compared to just 1.6 million in non-expansion states. Outside analysts estimate that an additional 5 million people would gain coverage in the long run if all states expanded their programs. Expansions are improving access to care, financial security, and health and well-being for the newly insured, while generating substantial benefits for state economies.

Source: Centers for Medicare and Medicaid Services; CEA calculations.
Note: States are categorized by expansion status as of December 2014. A small number of states are omitted in months where they lack baseline or current month data.
Health Care Prices Have Been Rising at the Slowest Pace in Nearly 50 Years

Since the Affordable Care Act became law, health care prices have risen at the slowest rate in nearly 50 years. The Affordable Care Act’s reforms to Medicare payment rates, along with likely “spillover” effects on prices in the private sector, have been major contributors to this recent slow growth.

Source: Bureau of Economic Analysis; CEA calculations.
Health Care Spending Per Enrollee Has Grown Exceptionally Slowly in Both the Public and Private Sectors

Under the ACA, per-enrollee health care spending has grown at exceptionally slow rates in both the public and private sectors. Driven by slow growth in per-enrollee costs, 2011, 2012, and 2013 saw the slowest growth in real per capita national health expenditures on record. While final data for 2014 are not yet available, slow growth in per-enrollee costs appears to have continued in 2014, even as millions of people gained health coverage.

Source: Centers for Medicare and Medicaid Services; Bureau of Economic Analysis; CEA calculations.
Slower Growth in Employer Premiums Makes It Easier for Businesses to Hire Workers and Pay a Good Wage

In 2014, employer premiums for family coverage grew at a rate tied for the slowest rate since the KFF/HRET survey began in 1999. If premium growth since 2010 had matched the average growth rate over the prior ten years, the average premium would be $1,800 higher today. Lower premiums make it easier for employers to add jobs today and ultimately translate into bigger paychecks for workers.

Source: Kaiser Family Foundation and Health Research and Education Trust, Employer Health Benefits Survey; CEA calculations.
Slow Growth in Medicare Spending Has Kept Medicare Beneficiaries’ Premiums Flat for Several Years Running

Medicare premiums are set to cover a fixed share of program costs, so recent years’ slow cost growth has generated large savings for beneficiaries. Premiums for Medicare Parts B and D have fallen slightly in inflation-adjusted terms since 2009. Had premiums followed the path projected under 2009 policies, a senior enrolled in both parts of the program would be paying an additional $431 in premiums in 2015.

Note: In 2010 and 2011, many Medicare Part B beneficiaries paid the 2009 premium due to the program’s “hold harmless” provision. The premium for those years is an average across beneficiaries who were and were not subject to the provision. The 2009 projections reflect a scenario in which the Sustainable Growth Rate payment reductions were assumed not to occur. Source: Centers for Medicare and Medicaid Services; Bureau of Economic Analysis; CEA calculations.
CBO has estimated that the law will generate substantial deficit savings that grow over time, for total savings of $1.7 trillion over two decades. Lower long-term deficits boost national saving, increasing capital accumulation and reducing foreign borrowing, which raises national income and wages over time.

Source: Congressional Budget Office; CEA calculations.
Since the ACA Became Law, the Life of the Medicare Trust Fund Has Been Extended by 13 Years

Medicare’s Trustees now project that the program’s hospital insurance trust fund will remain solvent until 2030, 13 years later than the Trustees’ 2009 projection, the last projection before the Affordable Care Act became law. The Affordable Care Act’s reforms to Medicare have played a lead role in the recent improvement in Medicare’s long-term financial outlook.

Source: Medicare Board of Trustees.
CBO’s Estimate of the Cost of Expanding Coverage Has Fallen by About One-Third Since March 2010

CBO has reduced its estimates of the long-run cost of the ACA’s coverage provisions by about one-third since the law passed. Lower-than-expected Marketplace premiums have played a major role in these revisions. CBO reported in April 2014 that initial Marketplace premiums were about 15 percent lower than originally projected, and CBO recently revised down its projections of future premium growth.

Source: Congressional Budget Office; CEA calculations.
Note: 2019 is the last year covered in the March 2010 estimates. The August 2010 GDP estimates have been adjusted for major NIPA revisions in the summer of 2013. Without these revisions, the decline since August 2010 would be larger.
Since August 2010, CBO has reduced projected Medicare and Medicaid spending in 2020 by $197 billion. These revisions primarily reflect the very slow growth in health care costs seen in recent years. Through fiscal year 2014, combined Medicare and Medicaid costs have already come in $142 billion below CBO’s August 2010 projections.

Source: Congressional Budget Office; CEA calculations.
Note: The August 2010 GDP estimates have been adjusted for major NIPA revisions in the summer of 2013. Without these revisions, the decline since August 2010 would be larger.
Since 2010, the rate of patient harm in U.S. hospitals has fallen by 17 percent. This decline corresponds to 1.3 million avoided patient harms, like infections and medication errors, and an estimated 50,000 avoided deaths. The Affordable Care Act incentivizes hospitals to provide high-quality care and makes investments that help hospitals learn from each other how to keep patients safe.

Source: Agency for Health Care Research and Quality.
Hospital Readmission Rates Have Fallen Sharply in Recent Years

The hospital readmission rate for Medicare patients fell sharply starting in 2012. The decline relative to 2007-2011 translated into 150,000 avoided readmissions between January 2012 and December 2013. This decline coincided with the beginning of an Affordable Care Act program that gives hospitals incentives to reduce readmissions, as well as related HHS initiatives that help hospitals identify and share strategies for doing so.

Source: Centers for Medicare and Medicaid Services, Office of Enterprise Data and Analytics.