Next Steps for Health Care Reform

Jason Furman
Chairman, Council of Economic Advisers

The Hamilton Project at The Brookings Institution
October 7, 2015
The Affordable Care Act Has Driven the Nation’s Uninsured Rate to the Lowest Level Ever

Source: CEA analysis of National Health Interview Survey, Cohen et al. (2009), Klemm (2000), and CMS (2009), and Gallup-Healthways Well-Being Index.
Note: Data are quarterly starting in 2014:Q1. Data for earlier years are generally either annual or bi-annual. Because NHIS data are not yet available after 2015:Q1, Gallup data are used to extrapolate through 2015:Q2.
Premium Growth in Employer Coverage Has Slowed Sharply

Growth in Premiums for Employer-Based Family Coverage
Annual nominal percent growth

Source: Kaiser Family Foundation, Employer Health Benefits Survey.
Deductibles Have Continued On Their Previous Trend As the Total Out-of-Pocket Share Has Drifted Lower

Average Deductible in Employer-Based Single Coverage

Out-of-Pocket Spending Share in Employer Coverage

Source: KFF/HRET Employer Health Benefits Survey; Medical Expenditure Panel Survey, Insurance Component.

Source: Medical Expenditure Panel Survey, Household Component; CEA calculations.
Medicare Has Seen Sustained Slow Growth in Per-Enrollee Spending

Growth in Medicare Spending Per Beneficiary

Source: Office of the Actuary, Center for Medicare and Medicaid Services, National Health Expenditure Projections.
Note: Medicare spending growth for 2015 is a CMS projection. GDP price index for 2015 is a CBO projection. The Medicare growth rate for 2006 has been adjusted to remove the effect of the introduction of Medicare Part D.
Quality of Care Received by Hospital Patients Has Improved Markedly

Change in Rate of Patient Harm in U.S. Hospitals
Percent change in harm rate since 2010

Source: Agency for Health Care Research and Quality; CEA calculations.
Hospital Readmission Rates Have Fallen Sharply Following the Introduction of Affordable Care Act Payment Incentives

Source: Centers for Medicare and Medicaid Services, Office of Enterprise Data and Analytics; CEA calculations.
Next Step #1: Expanding Insurance Coverage by Expanding Medicaid in More States:

Medicaid Expansion States and States with More Pre-ACA Uninsured Have Seen Larger Coverage Gains

Fall in Uninsured Rate from 2013 to 2014 vs. Level of Uninsured Rate in 2013, by State

Percentage point decline in uninsured rate from 2013 to 2014

Source: Census Bureau, American Community Survey.
Note: Following Census, states are categorized by their Medicaid expansion status as of January 1, 2014.
Next Step #2: Realizing the Full Potential of Payment Reform

Alternative Payment Models Have Expanded in Medicare; Goal is 50 Percent by 2018

Share of Traditional Medicare Payments Flowing Through Alternative Payment Models: Historical and Goals

HHS Goals
Next Step #3: Implementing the Excise Tax on High-Cost Employer Plans

High-Cost Excise Tax Will Reduce Health Care Spending, Thereby Boosting Wages and Reducing Deficits

Estimated Effects of the High-Cost Excise Tax on Deficits and Wages & Salaries

- Change in Wages & Salaries (Taxable Compensation)
- Change in Deficits

Source: Congressional Budget Office; CEA calculations.
Note: Deficit effects are taken directly from the CBO score. Effects on taxable compensation are computed from the CBO score using the methodology in the text.
“Cadillac Tax” Will Affect a Very Small Fraction of Enrollees and an Even Smaller Fraction of Plan Costs in 2018

Source: United States Department of the Treasury, Office of Tax Analysis.
Next Steps for Health Care Reform

Jason Furman
Chairman, Council of Economic Advisers

The Hamilton Project at The Brookings Institution
October 7, 2015