

Next Steps for Health Care Reform

Jason Furman

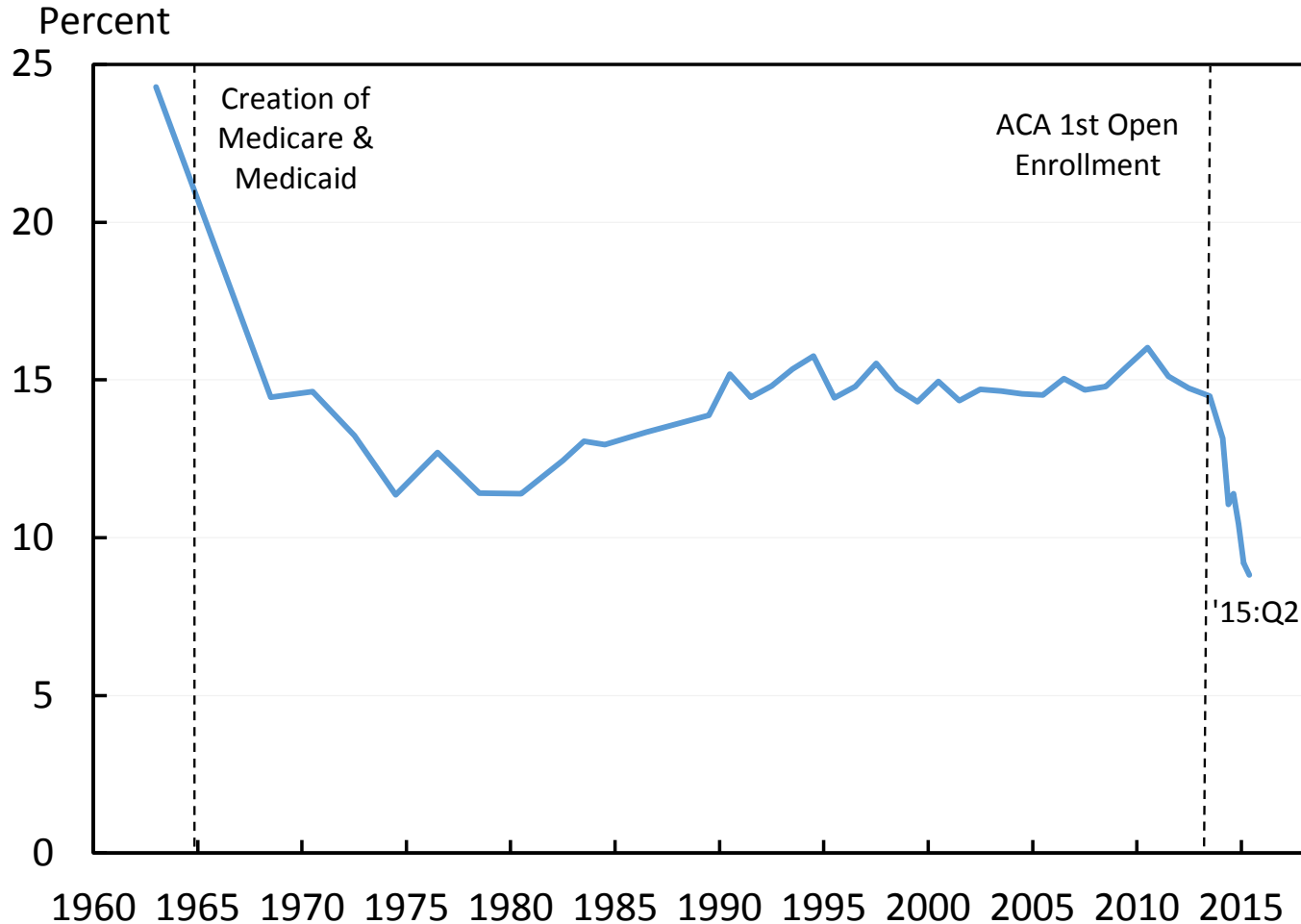
Chairman, Council of Economic Advisers



**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

Percent of Population Without Health Insurance



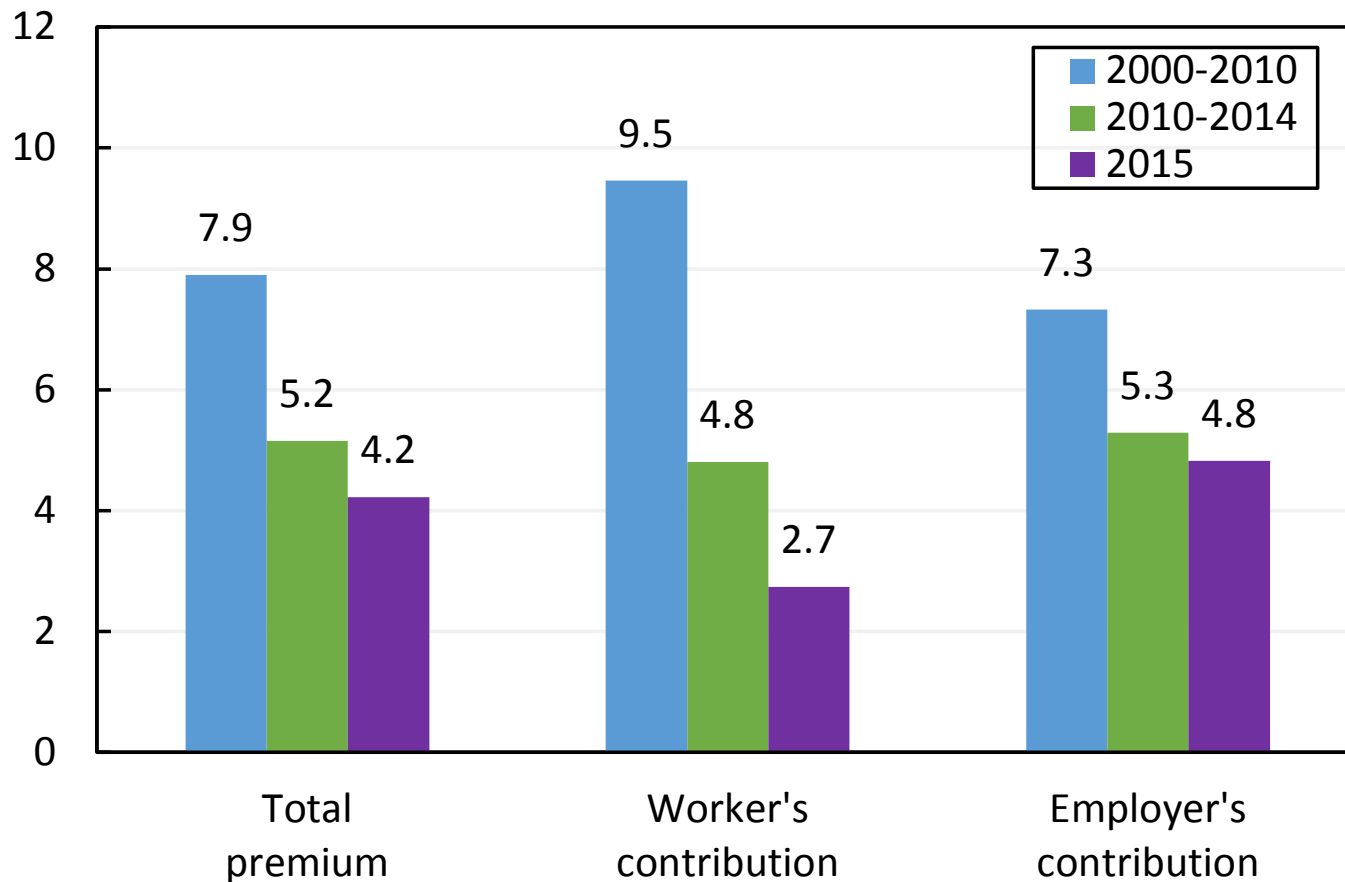
Source: CEA analysis of National Health Interview Survey, Cohen et al. (2009), Klemm (2000), and CMS (2009), and Gallup-Healthways Well-Being Index.

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

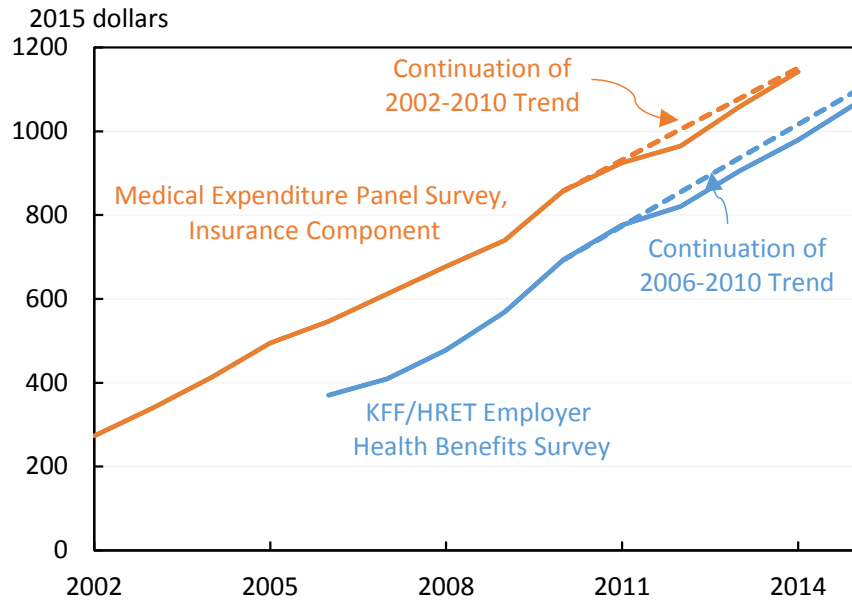
Growth in Premiums for Employer-Based Family Coverage

Annual nominal percent growth



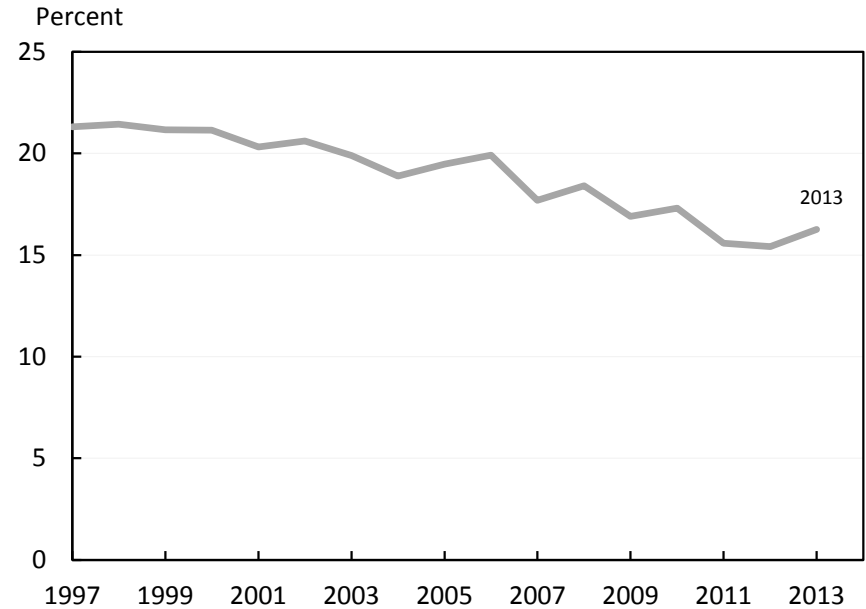
Deductibles Have Continued On Their Previous Trend As the Total Out-of-Pocket Share Has Drifted Lower

Average Deductible in Employer-Based Single Coverage



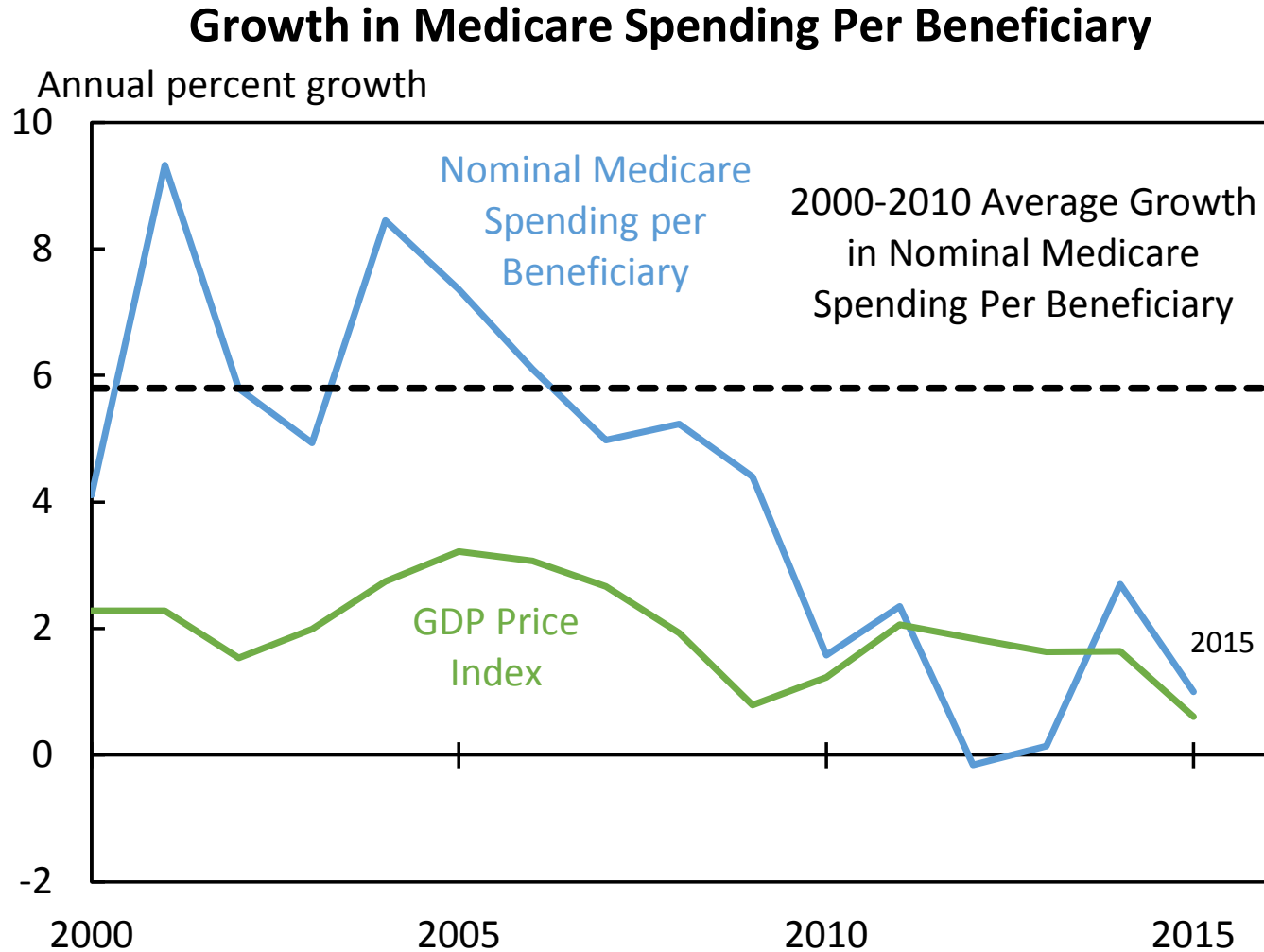
Source: KFF/HRET Employer Health Benefits Survey; Medical Expenditure Panel Survey, Insurance Component.

Out-of-Pocket Spending Share in Employer Coverage



Source: Medical Expenditure Panel Survey, Household Component; CEA calculations.

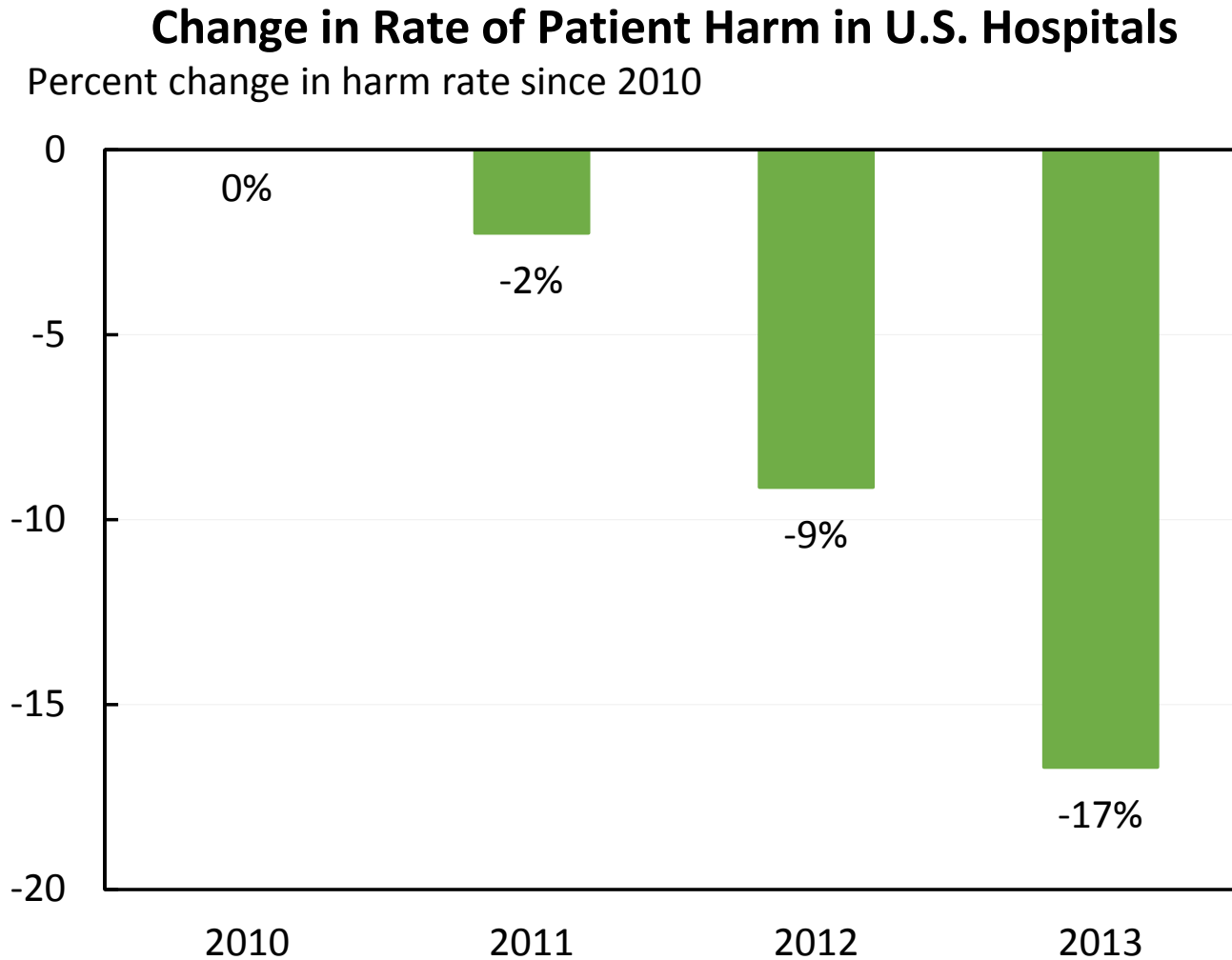
Medicare Has Seen Sustained Slow Growth in Per-Enrollee Spending



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.

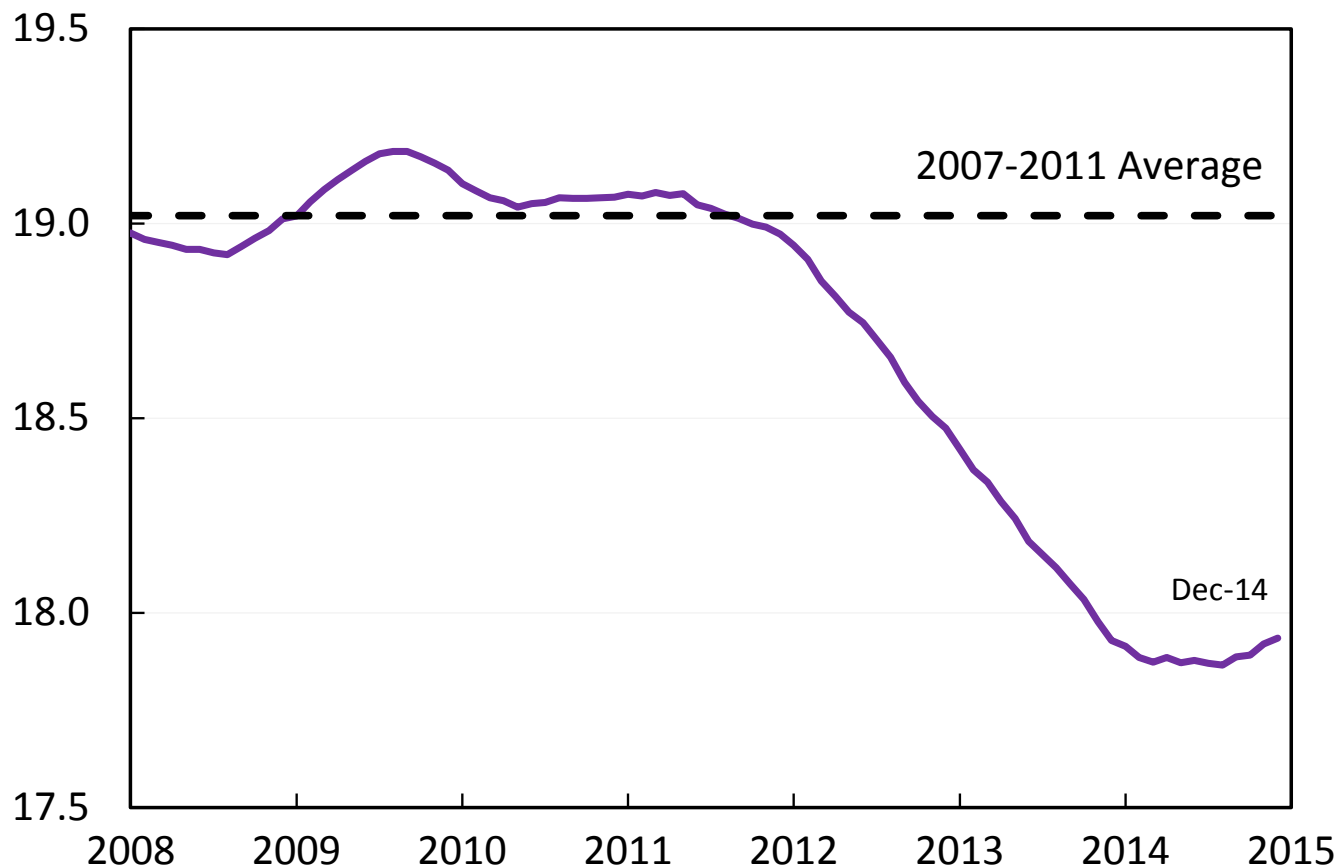
Quality of Care Received by Hospital Patients Has Improved Markedly



Hospital Readmission Rates Have Fallen Sharply Following the Introduction of Affordable Care Act Payment Incentives

Medicare 30-Day, All-Condition Hospital Readmission Rate

Percent, 12-month moving average

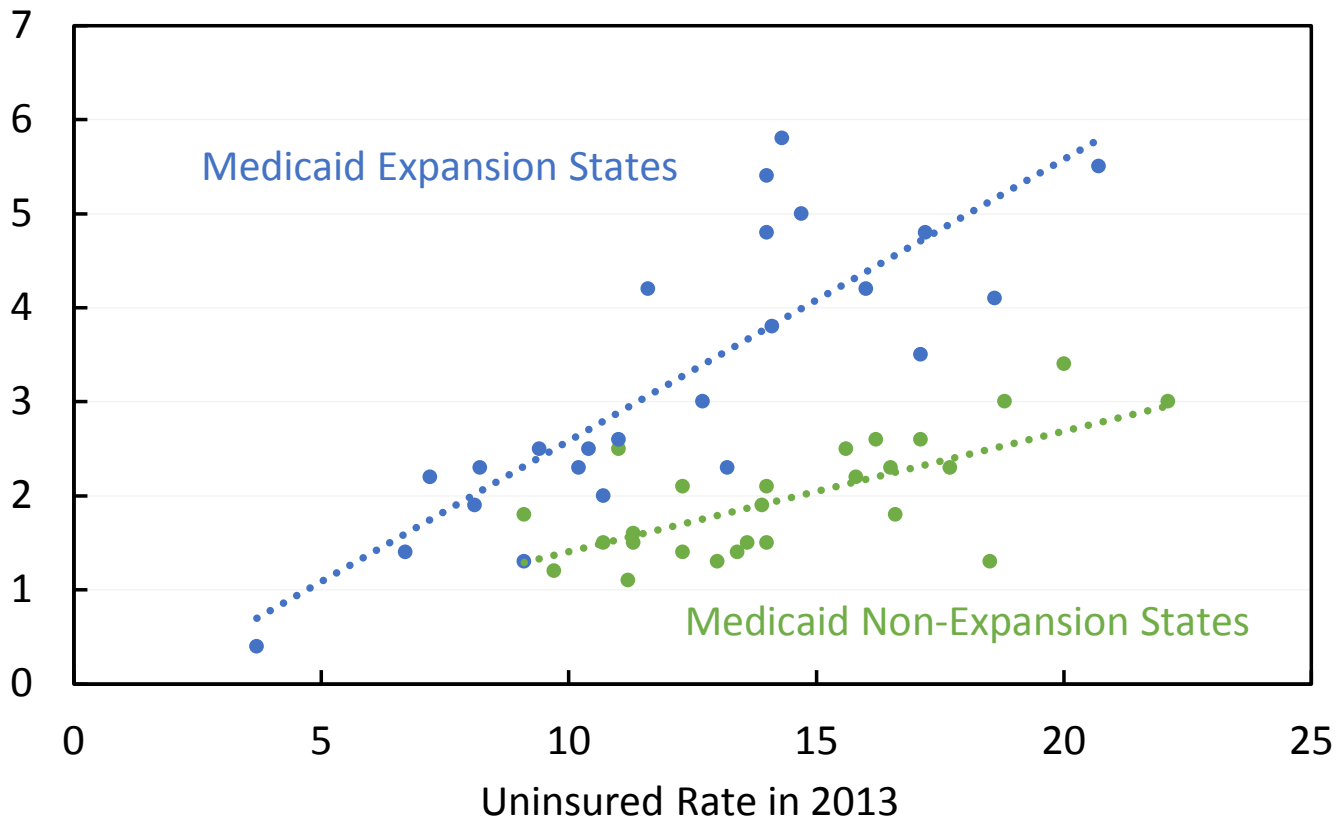


Next Step #1: Expanding Insurance Coverage by Expanding Medicaid in More States:

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.

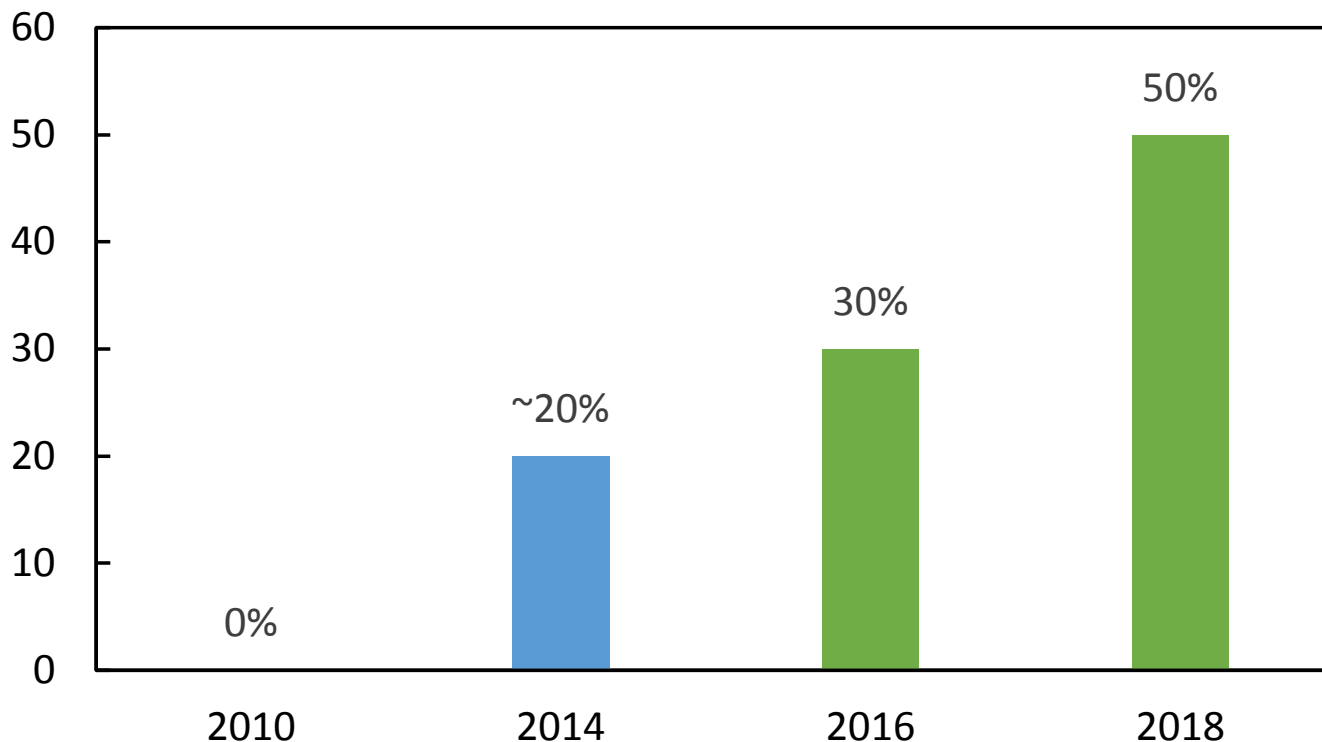
Note: Following Census, states are categorized by their Medicaid expansion status as of January 1, 2014.

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

Percent of payments

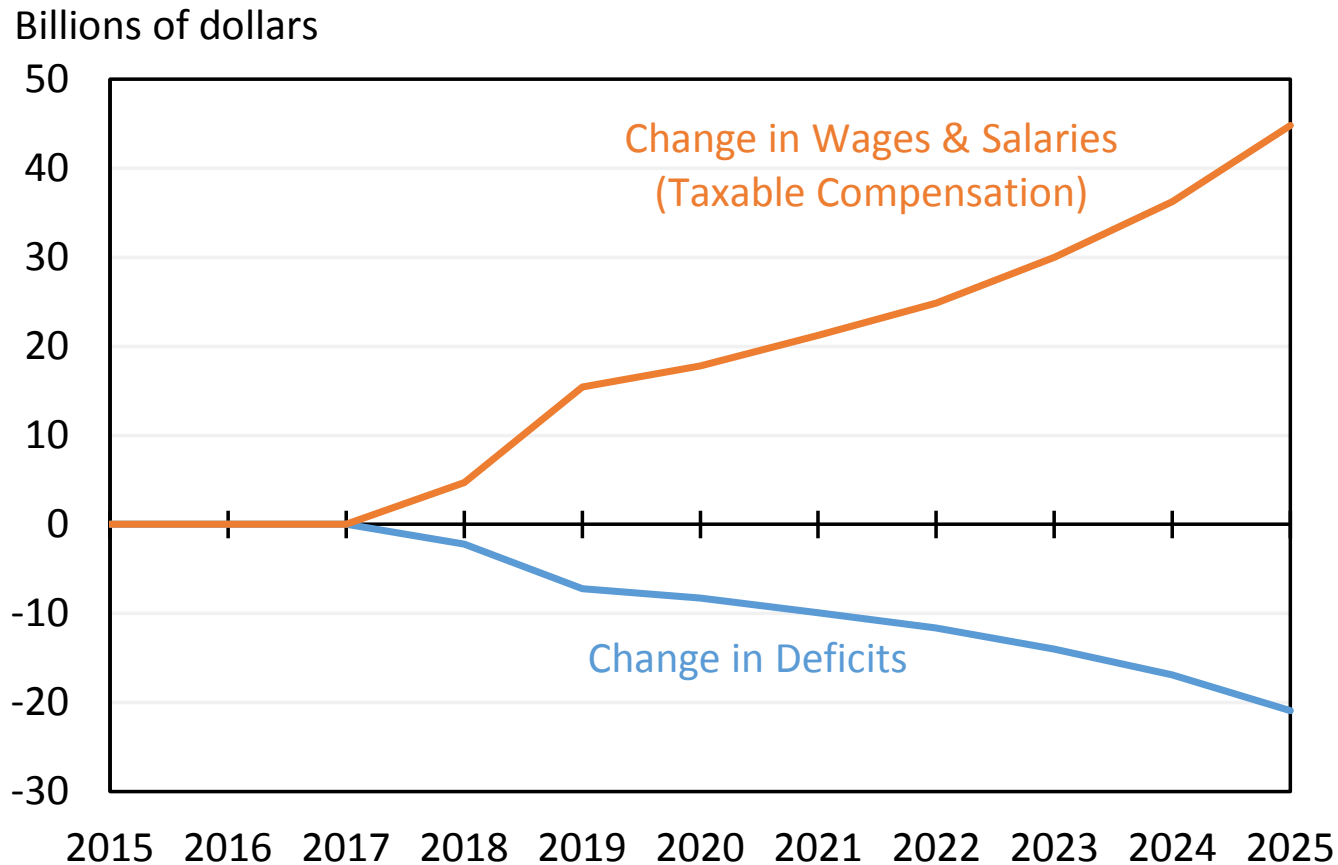


HHS Goals

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

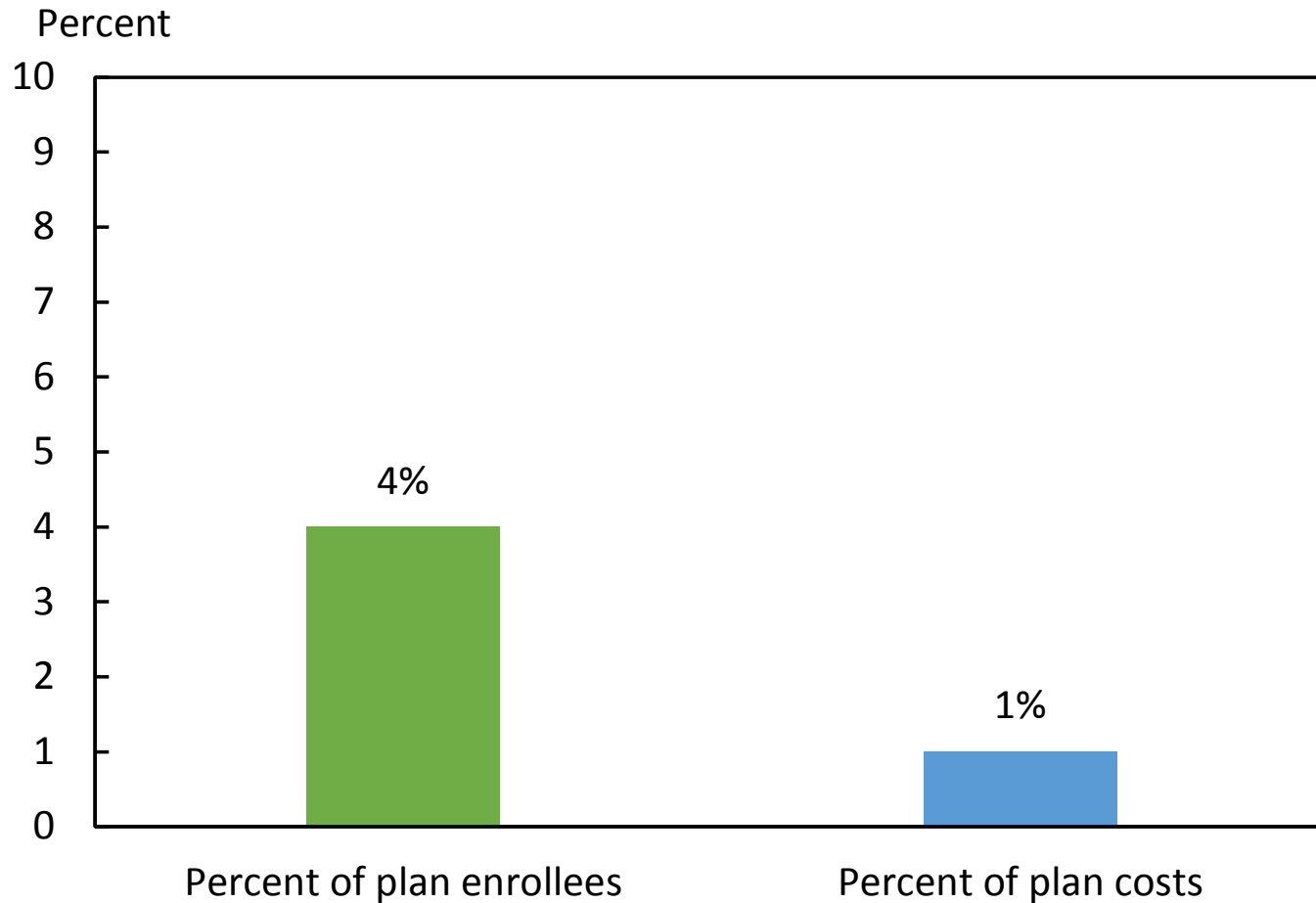


Source: Congressional Budget Office; CEA calculations.

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

Share of Enrollees and Costs Affected by Excise Tax in 2018



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