

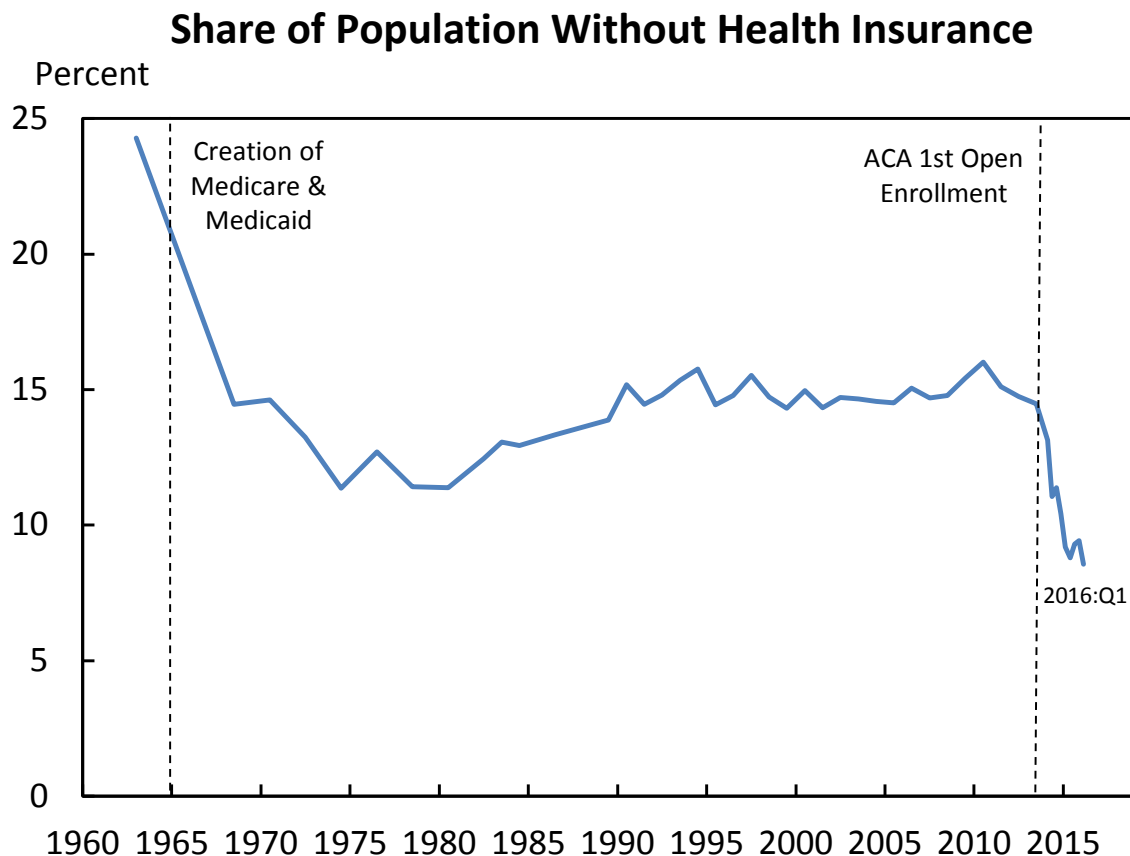
# **The Affordable Care Act at Six: Progress on Coverage, Costs, and Quality**

**Council of Economic Advisers**



**March 22, 2016**

# The Affordable Care Act Has Driven the Uninsured Rate Below 10 Percent For the First Time Ever

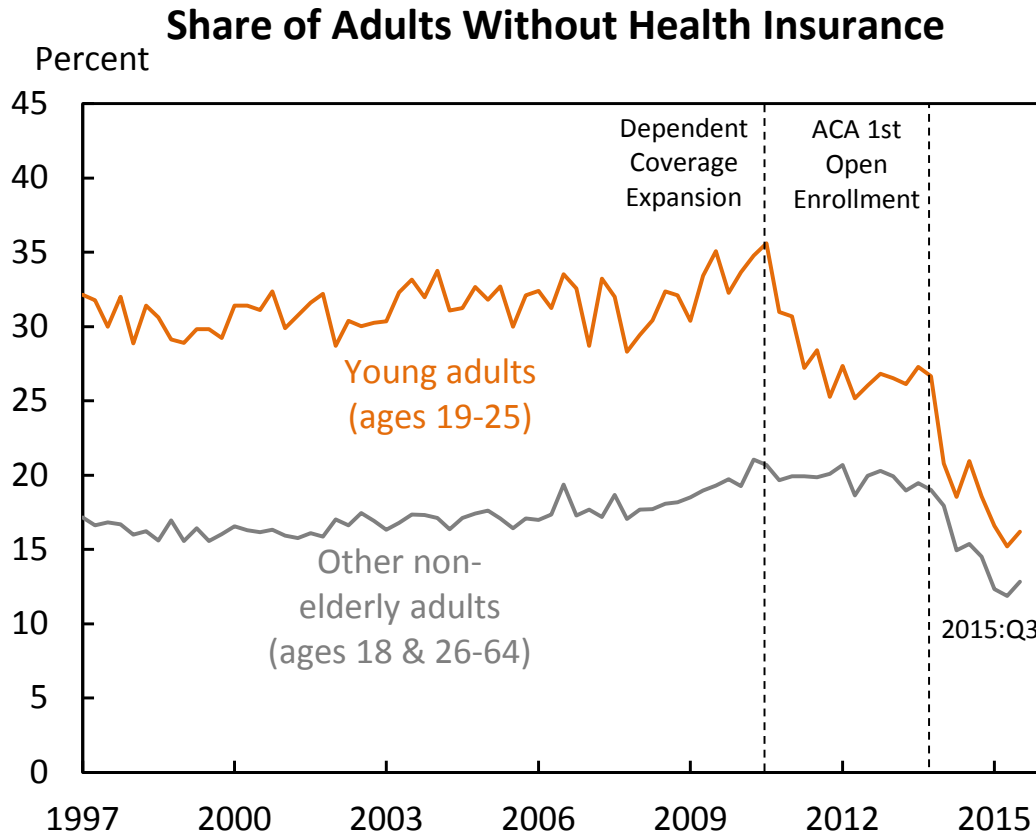


**Thanks to the Affordable Care Act, 20 million people have gained health insurance coverage.** The coverage gains since the end of 2013 are the most rapid since the decade following the creation of Medicare and Medicaid, and the uninsured rate is now below 10 percent for the first time ever.

Source: CEA analysis of NHIS; ASPE analysis of Gallup-Healthways Well-being Index data through February 22, 2016.

Note: The figure reflects annual or bi-annual estimates from the NHIS through 2013 and quarterly estimates from the NHIS for 2014:Q1 through 2015:Q3. Because the latest available NHIS data are for 2015:Q3, the uninsured was extrapolated through 2016:Q1 using ASPE's estimates based on Gallup-Healthways data.

# The Young Adult Uninsured Rate Has Fallen by More Than Half Since 2010

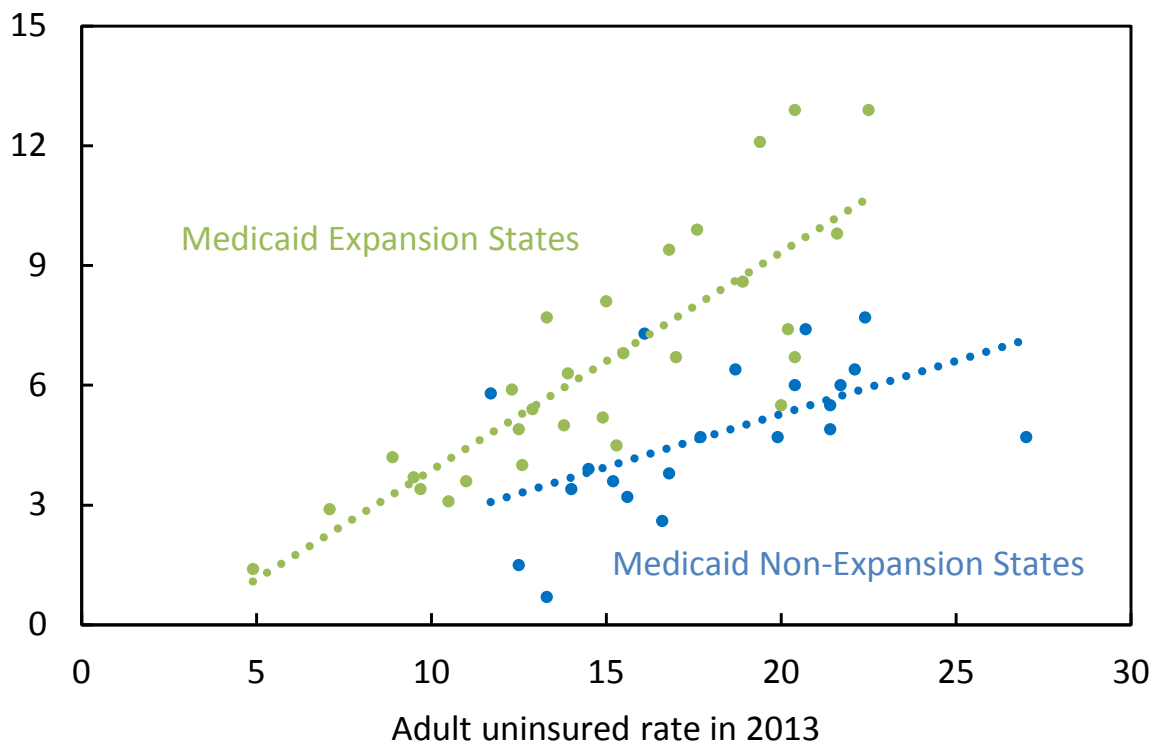


**The uninsured rate among young adults ages 19-25 has fallen by 52 percent through the third quarter of 2015.** Young adults have benefited both from the option to remain on a parent's plan until age 26 and from the law's broader coverage expansion through Medicaid and the Health Insurance Marketplaces. Other data imply that coverage gains for young adults have continued since the third quarter of 2015.

# States that Expanded Their Medicaid Programs Have Seen Much Larger Gains in Health Insurance Coverage

## Decline in Uninsured Rate vs. 2013 Uninsured Rate, by State

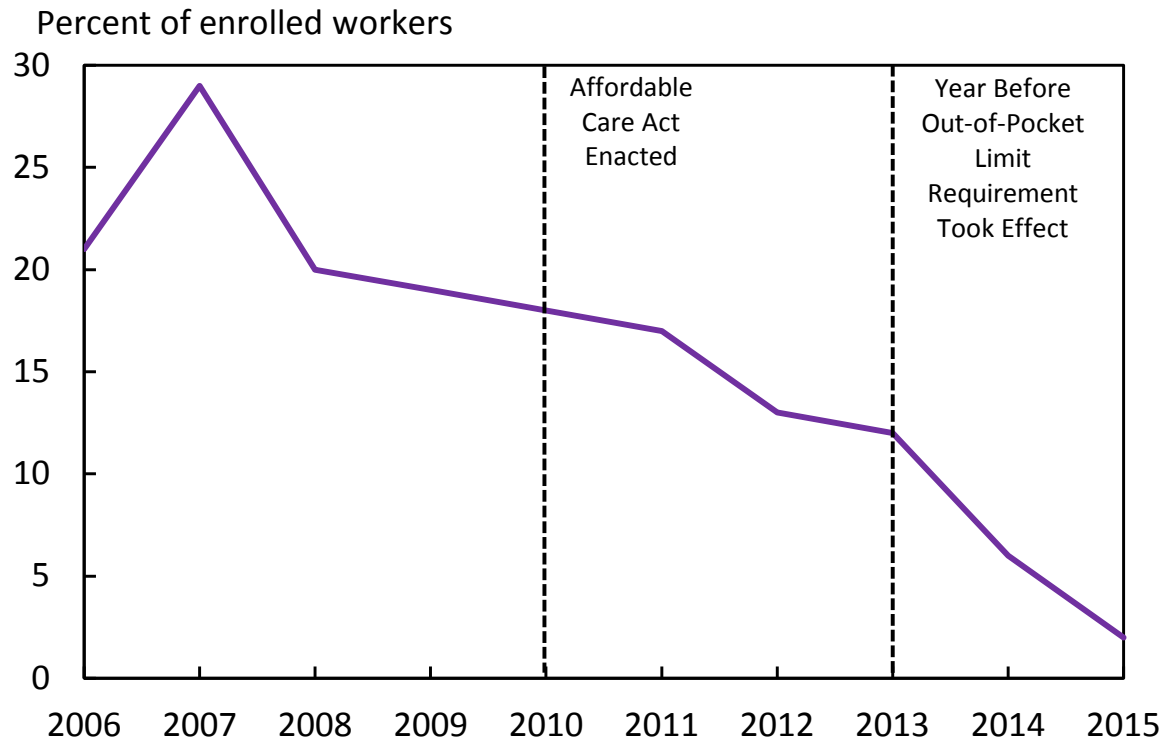
Decline in adult uninsured rate, 2013 to 2015



**Medicaid expansion states have seen much larger gains in insurance coverage since 2013, despite starting with lower uninsured rates.** The adult uninsured rate in Medicaid expansion states has declined by 6.6 percentage points from 2013 through 2015, compared to 4.9 percentage points in non-expansion states. Medicaid expansion states that had high uninsured rates in 2013 have seen the largest gains.

# Millions More Workers Are Now Protected Against Unlimited Out-of-Pocket Spending

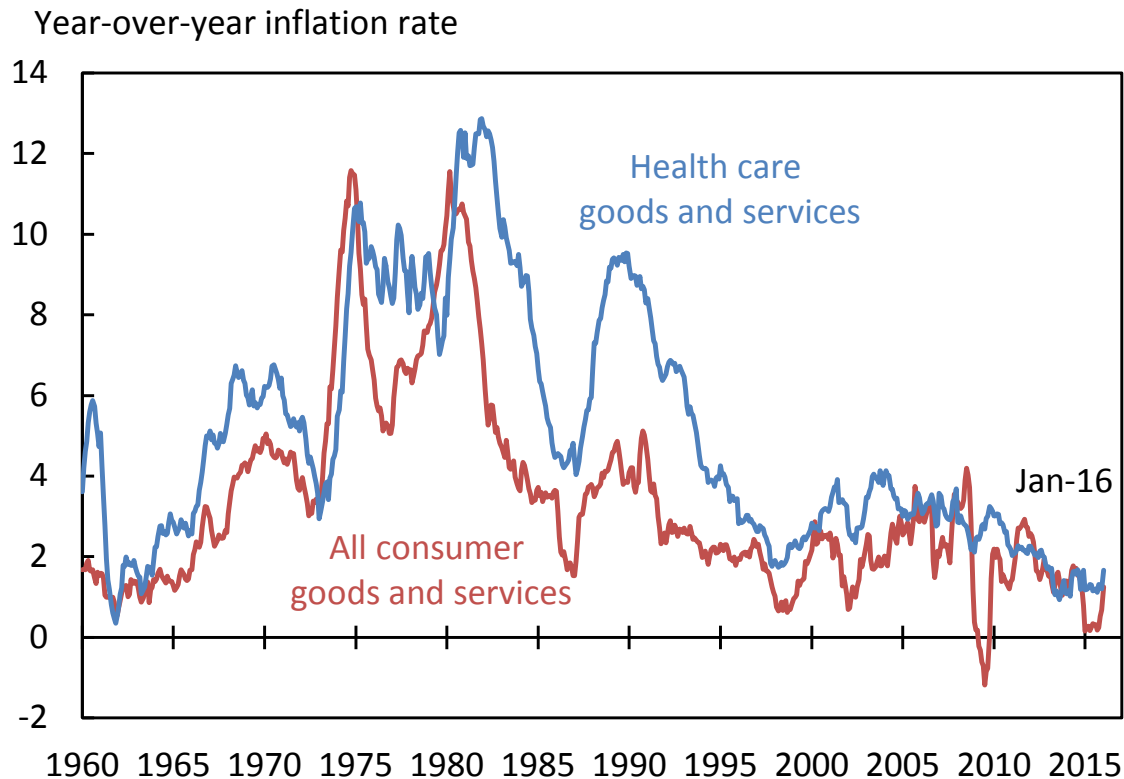
## Share of Workers in Employer-Based Single Coverage Without an Annual Limit on Out-of-Pocket Spending



**The ACA requires almost all private insurance plans to cap enrollees' annual out-of-pocket spending, one of many ways the law has improved coverage for people who were already insured.** In 2010, 18 percent of workers with job-based single coverage had no limit on their annual out-of-pocket costs, which left them financially vulnerable if they became seriously ill. In 2015, just 2 percent of workers lacked this protection. Due to this decline, an estimated 22 million more plan enrollees have an out-of-pocket limit.

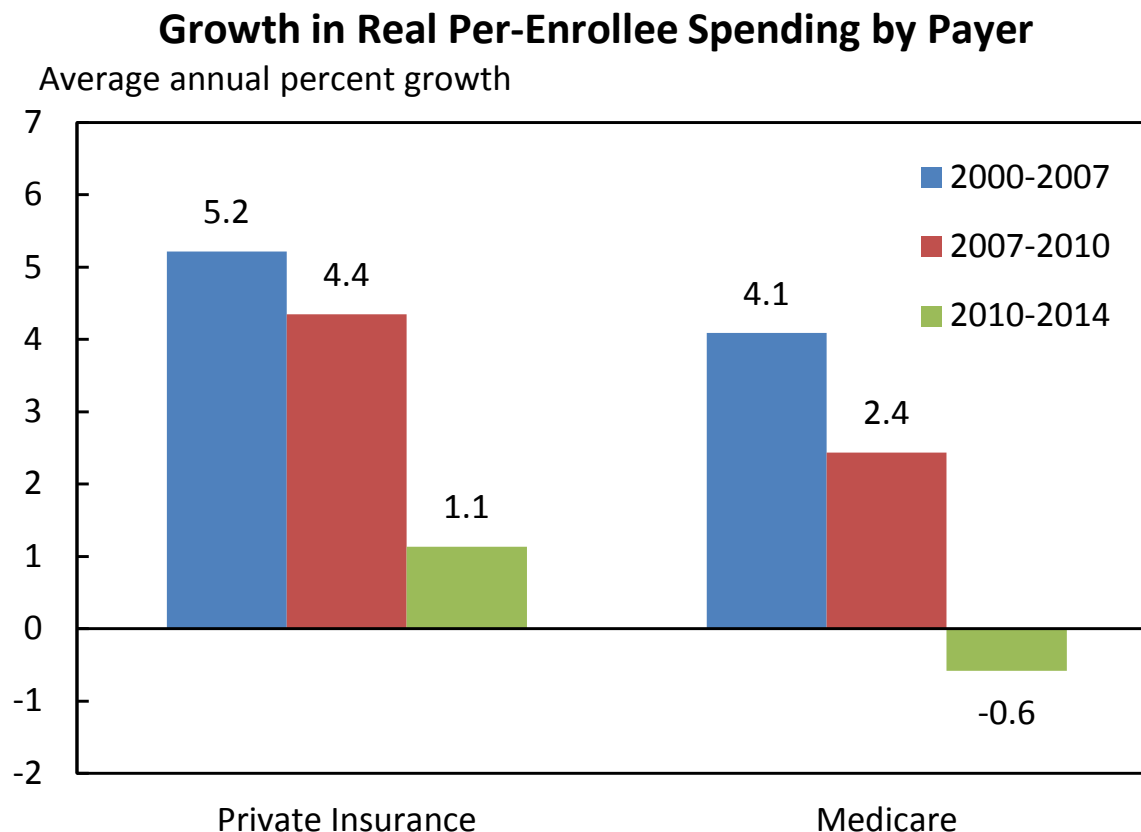
# Health Care Prices Have Been Rising at the Slowest Rate in 50 Years

## Health Care Price Inflation vs. Overall Inflation



**Since the Affordable Care Act became law, health care prices have risen at the slowest rate in 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 price growth.

# Health Care Spending Per Enrollee Has Grown Exceptionally Slowly in Both the Public and Private Sectors

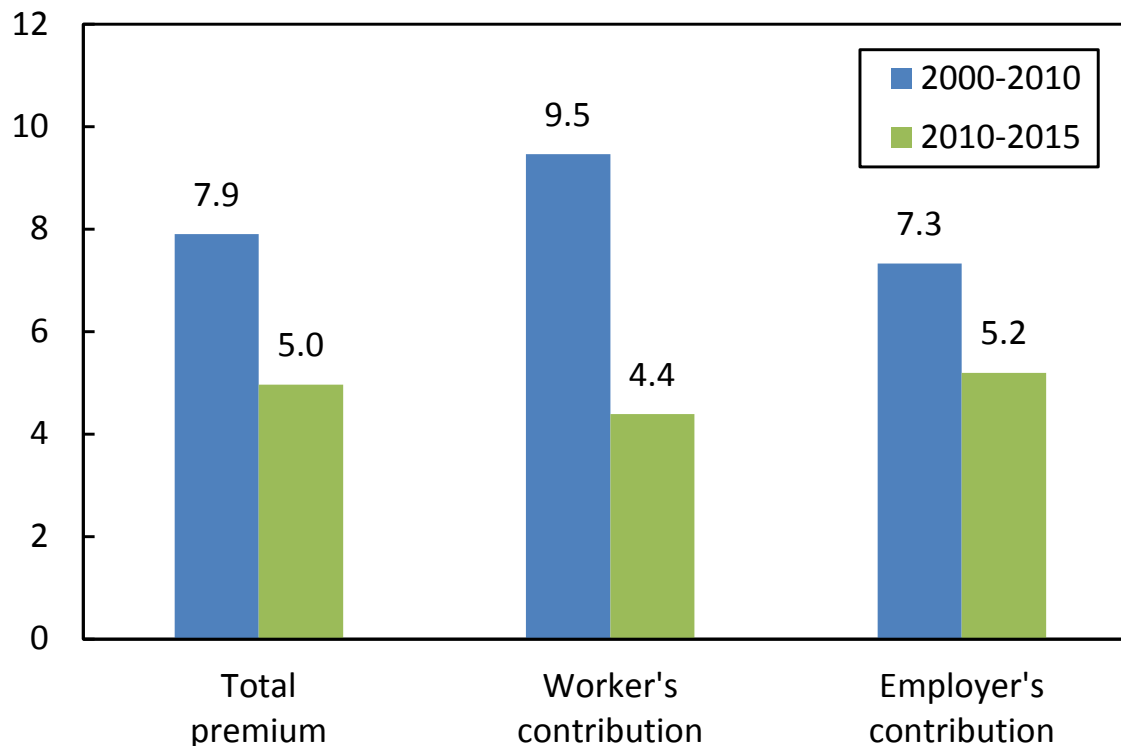


**Under the ACA, per-enrollee health care spending has grown exceptionally slowly in both the public and private sectors.** Due to slow growth in per-enrollee spending, the years 2011, 2012, and 2013 saw the slowest growth in real per capita national health expenditures on record. Slow growth in per-enrollee health care spending continued in 2014 and, according to other recent data, 2015, which has kept aggregate health care spending growth moderate even as millions have gained health insurance coverage.

# Slower Premium Growth in Job-Based Coverage Saves Workers Money and Makes It Easier for Businesses to Pay a Good Wage

## Growth in Premiums for Employer-Based Family Coverage

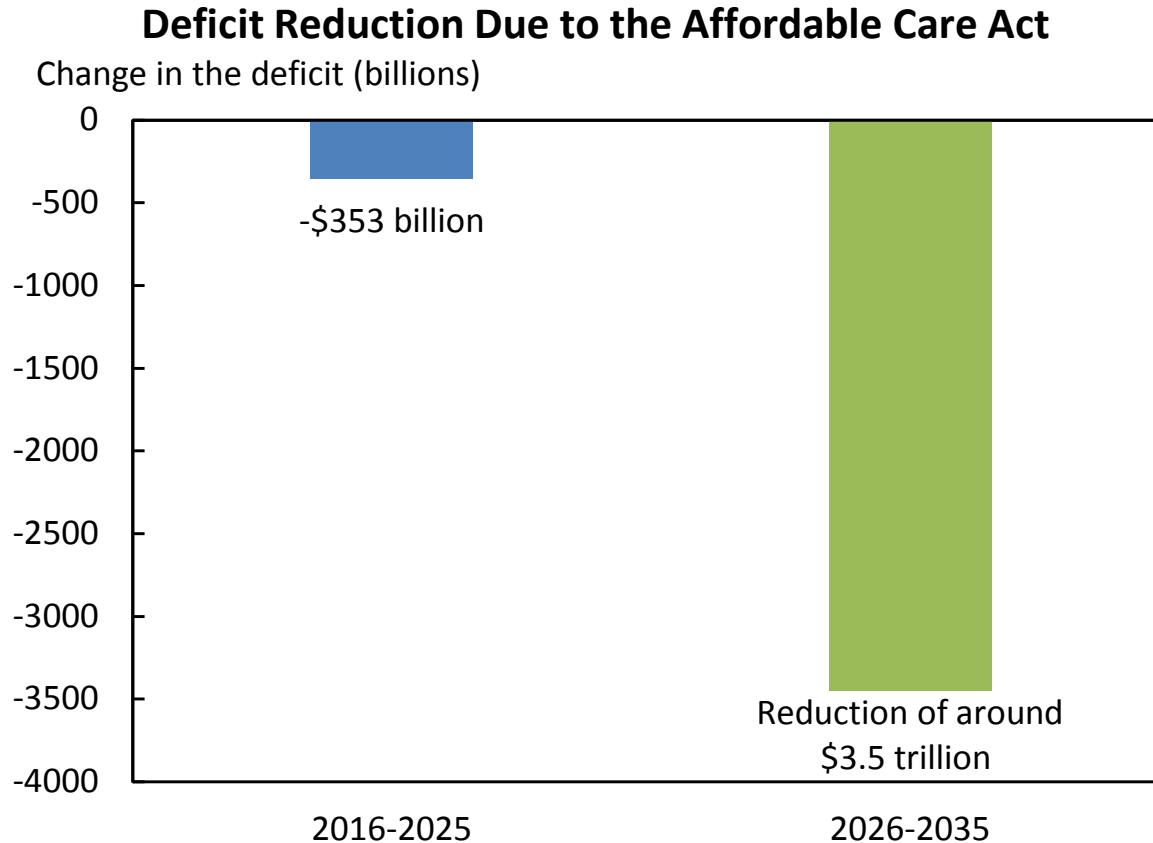
Annual nominal percent growth



**Premium growth in job-based coverage has been sharply lower since the Affordable Care Act became law than over the preceding decade.** If premium growth since 2010 had matched the average growth rate over the prior ten years, the average family premium would have been almost \$2,600 higher in 2015. Much of these savings has already accrued directly to workers in the form of lower premium contributions; economic research implies that the remainder will ultimately show up in their paychecks.



# CBO Estimates that the Affordable Care Act Substantially Improved the Long-Term Budget Outlook

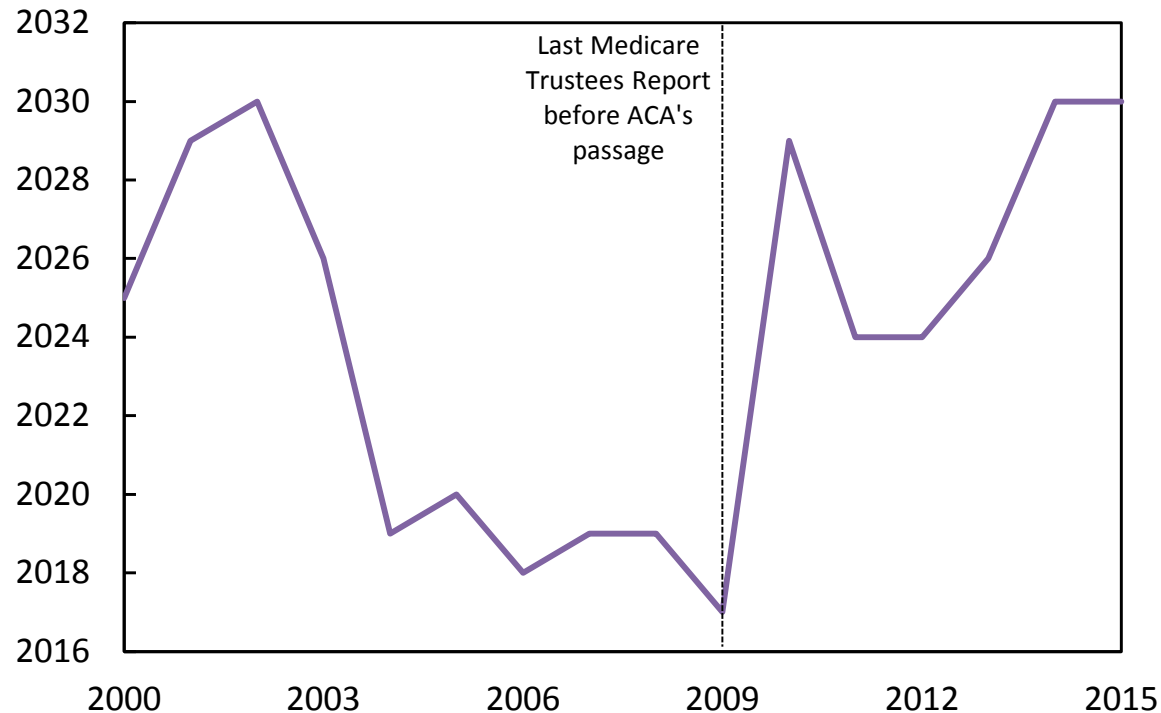


**CBO has estimated that the law will generate substantial deficit savings that grow over time, implying total savings of more than \$3 trillion over the next two decades.** Lower long-term deficits boost national saving, thereby increasing capital accumulation and reducing foreign borrowing, which raises wages and overall national income over time.

# Since the ACA Became Law, the Life of the Medicare Trust Fund Has Been Extended by 13 Years

## Forecasted Year of Medicare Trust Fund Exhaustion

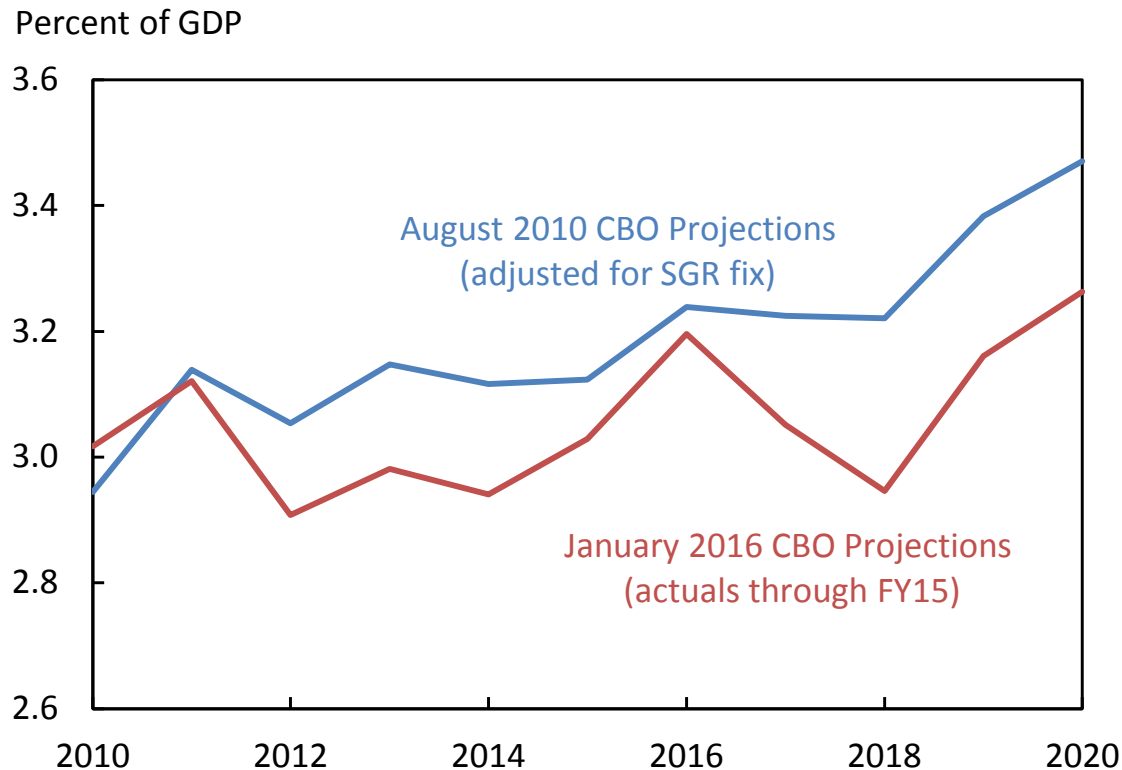
Year of exhaustion of the hospital insurance trust fund



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

# CBO Has Sharply Reduced its Projections of Future Medicare Spending Since the ACA Became Law

## CBO Projections of Medicare Spending



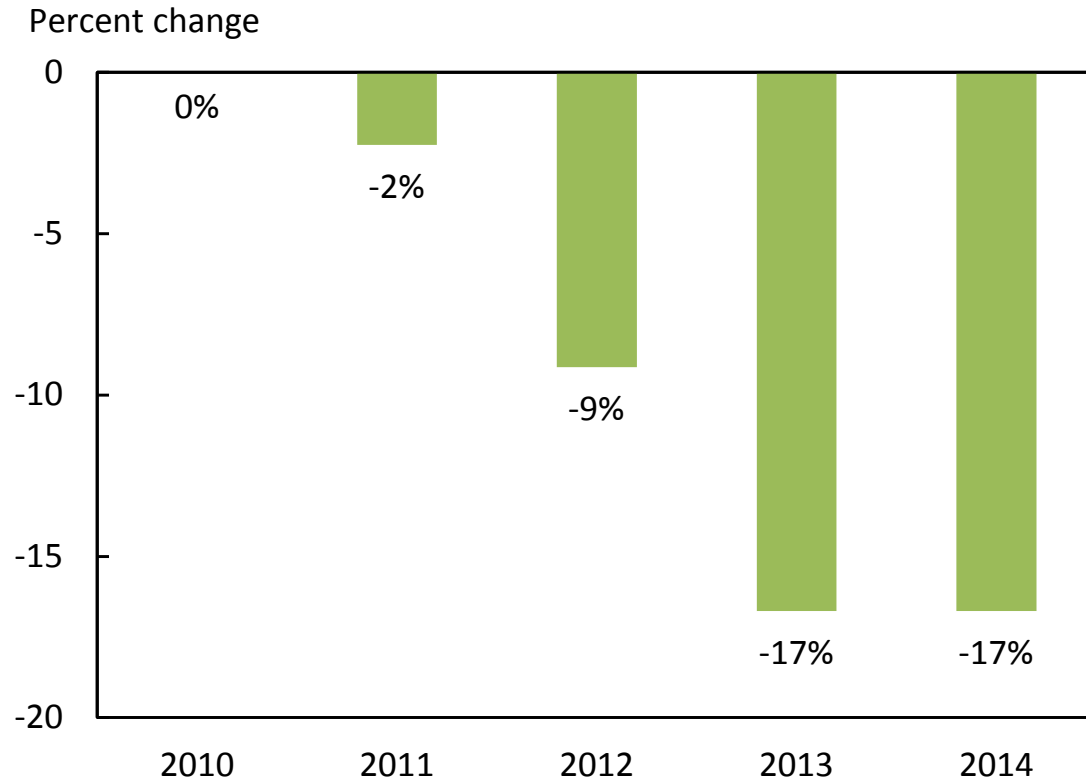
**Since August 2010, CBO's projections of Medicare spending under current policy in 2020 have fallen by \$123 billion, a reduction of 15 percent.** These revisions to the Medicare spending outlook primarily reflect the very slow growth in health care costs in recent years.

Source: Congressional Budget Office; CEA calculations.

Note: For comparability, CBO's August 2010 Medicare projection was adjusted to reflect a nominal freeze in physician payment rates, rather than the sharp reductions that would have occurred under the (since repealed) sustainable growth rate (SGR) physician payment formula. This adjustment was made using CBO's April 2010 "SGR menu." In addition, CBO's August 2010 GDP estimates have been adjusted to reflect major NIPA revisions in the summer of 2013; without this adjustment, the decline since August 2010 would be larger.

# The Quality of Care Received by Hospital Patients Has Improved Since 2010

## Change in Rate of Patient Harm in U.S. Hospitals Since 2010

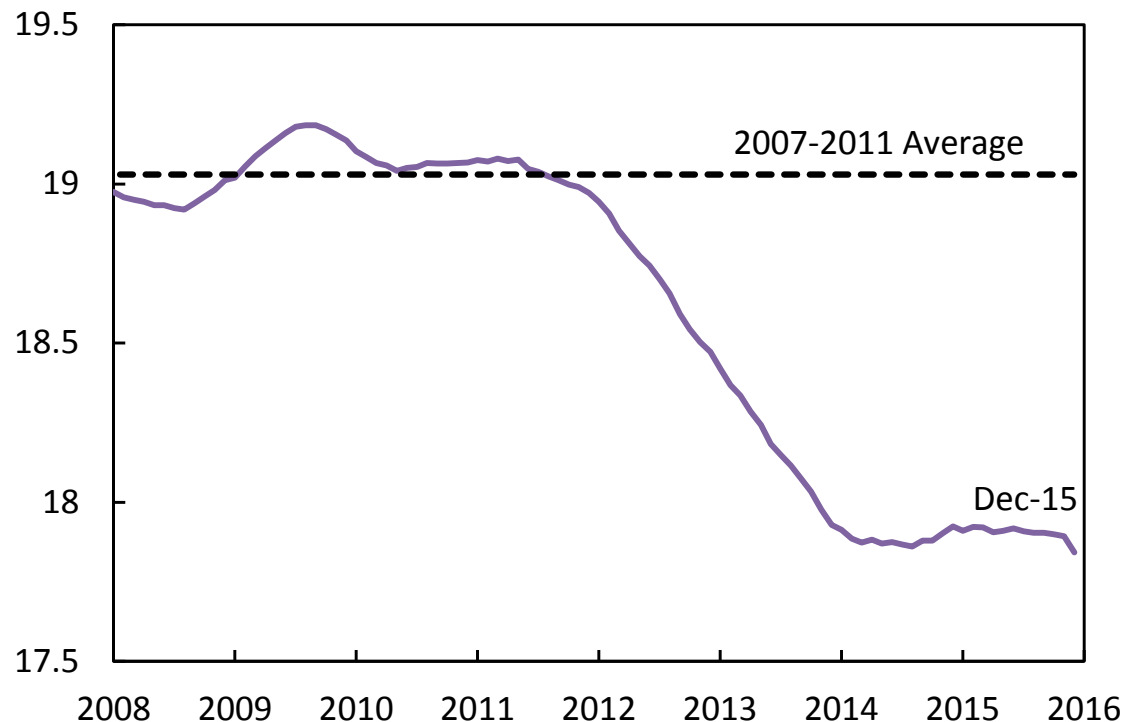


**Since 2010, the rate of patient harm in U.S. hospitals has fallen by 17 percent.** Cumulatively since 2010, this translates into 2.1 million avoided patient harms, like infections and medication errors, and an estimated 87,000 avoided deaths. The Affordable Care Act incentivizes hospitals to provide high-quality care and makes investments that help hospitals learn from each other how to keep patients safe.

# Hospital Readmission Rates Have Fallen Sharply in Recent Years

## Medicare 30-Day, All-Condition Hospital Readmission Rate

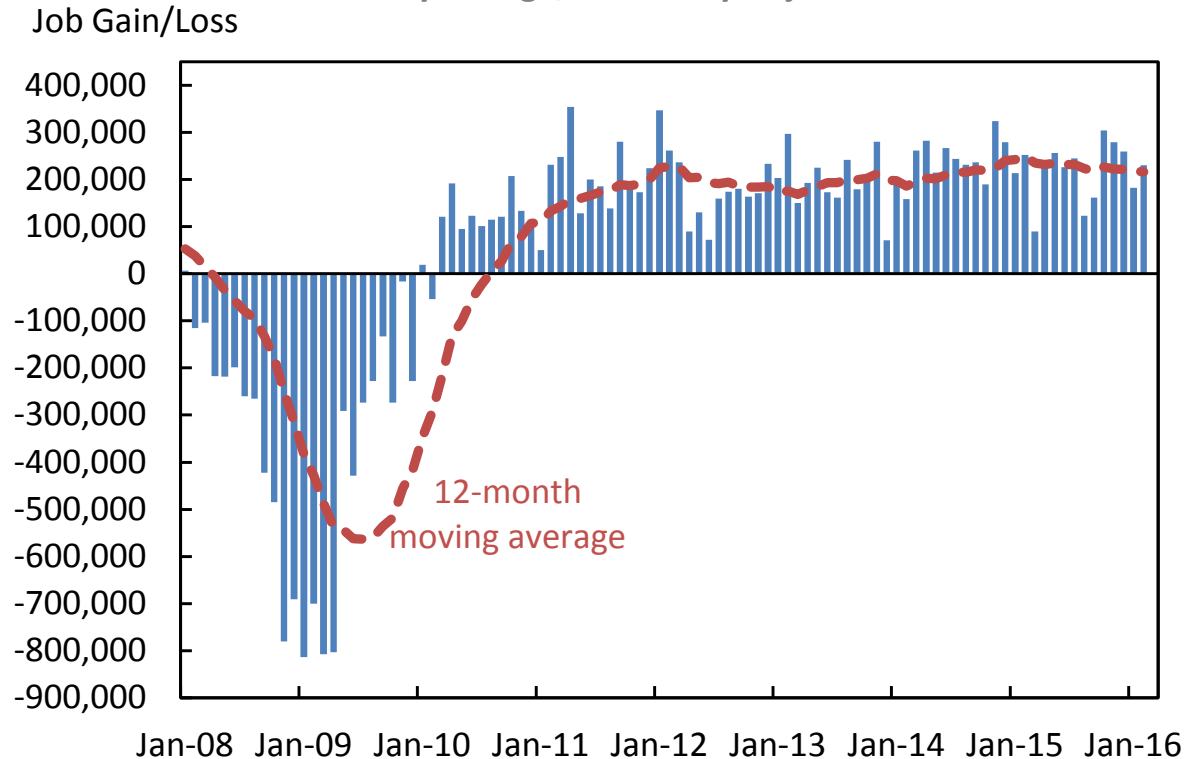
Percent, 12-month moving average



**The hospital readmission rate for Medicare patients has fallen sharply in recent years.** If the readmission rate had remained at its level before the Affordable Care Act's passage, a cumulative 565,000 additional readmissions would have occurred through May 2015. The Affordable Care Act created incentives for hospitals to reduce readmissions and supported related HHS initiatives that help hospitals identify and share strategies for doing so.

# The Private Sector Has Added Jobs Every Month Since the Affordable Care Act Became Law

**Private-Sector Payroll Employment**  
Monthly Change, Seasonally Adjusted



**Businesses have added 14.3 million jobs over 72 straight months of job growth, a streak that started the month the Affordable Care Act became law.** This streak is the longest on record. In stark contrast to claims that the Affordable Care Act would be a “job killer,” the two year period after the law’s major coverage provisions took effect saw the strongest private sector job growth since the late 1990s.