Affordable Care Act Due For a Checkup

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With the mid-year elections around the corner and the second year of enrollment for the Affordable Care Act (ACA) about to begin in mid-November, now is a good time to assess what has and has not been accomplished by this landmark legislation.

Prior to the passage of the ACA, the U.S. had by far the highest health care costs and lowest coverage rates in the developed world. The non-group individual insurance market was almost non-existent, patients with pre-existing conditions were largely shut out of coverage, and even families with insurance were just one job loss away from losing it, as the Great Recession unfortunately showed us. Forty-six million Americans had no health insurance. Reform efforts from Presidents Nixon to Clinton had accomplished nothing. President Bush hadn’t even tried.

It is easy to forget, but the key elements of the ACA were borrowed from a policy originally developed by the conservative Heritage Foundation and implemented in Massachusetts by none other than Mitt Romney. It is a market-based reform, not a government takeover of the health care market, as some have erroneously characterized it.

Yes, the details can seem complicated, but fundamentally, the ACA relies on just three interrelated common-sense elements: 1) everyone must carry insurance; 2) insurance companies cannot deny insurance to anyone based on pre-existing conditions; and 3) subsidies are provided to families who cannot afford to purchase insurance. In addition, the ACA makes some preliminary efforts at reforming medical care to reduce cost increases, for example, by encouraging the development of Accountable Care Organizations.

So, on its first anniversary, how is the Affordable Care Act doing?

It’s working well. Coverage is up and cost increases are down. Three million young adults gained coverage by being able to remain on their parents’ policies until age 26, 7.3 million persons now have coverage through the online exchanges, and an additional 3.6 million have new coverage through the expansion in Medicaid. The average increase in premiums for 2015 is the lowest in more than a decade.

It should have been better. The rollout of the federal website was inexcusably chaotic, and some state websites, like Oregon, were no better. Thankfully, that fiasco is behind us. President Obama and former Health and Human Services Secretary Sebelius also deserve blame for not making the case for the ACA more clearly and more vigorously. As a result, while survey after survey shows broad support for the individual parts of the ACA, there is weaker support for the law itself.
It would have been better. Two disastrous Supreme Court decisions weakened the potential benefits of the ACA. First, when the Court upheld the law, it allowed states to opt out of the Medicaid expansion that was intended to provide health insurance to the near-poor more directly. Tragically, 24 states, including Texas and Florida, turned down more than $40 billion a year in federal money that would have provided health care coverage to a total of nearly 7 million persons as well as revenues to their hospitals. All have Republican governors who appear to have put narrow party interests ahead of the interests of their most vulnerable citizens.

Second, the recent decision in the Hobby Lobby case allowed closely-held for-profit corporations to exercise their religious rights by denying coverage for contraception in health insurance policies. The ACA doesn’t specifically require coverage for contraception, but it does require that preventive care be covered without co-payment. After the passage of the law, a Public Health Service panel concluded that because contraception is an important preventive health care measure for adult women, all FDA-approved contraceptives should be covered. This meant that the most reliable and effective, but more expensive, forms of birth control, like IUDs and LARCs (long-acting reversible contraceptives) would be covered without co-pay. For most women, this will still be the case, but the Hobby Lobby exemption is troubling because it could potentially be extended to other health care needs.

It doesn’t make everything better. We still have a fragmented health care system that is far too complex. Physician networks are narrowing, some insurance policies were canceled, and some companies are phasing in high-deductible insurance plans that shift more costs to workers. But let’s be clear: nothing in the ACA requires or encourages these changes. Rather, they are business decisions of insurance companies and firms.

We can make it better. It was wishful thinking to imagine that the ACA could anticipate every complication that would arise in an industry as complex as health care. We can and must learn from ongoing experience with the ACA. Already, proposals are being offered to re-think the definition of full-time work that triggers the employer requirement to provide health insurance. Almost anything can be on the table as long as it is consistent with the purpose of the law and doesn’t involve reducing the number of persons with health insurance.

The prognosis. After a rocky start and in the face of unyielding opposition, the Affordable Care Act is doing exactly what it was intended to do – expand access to health care for millions of Americans and strengthen private health care markets. I predict that in 10 years, no one will understand why we had such a divisive fight about this modest and sensible effort to bring the United States up to the standards of the rest of the developed world.

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