



PRODUCTS

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One Year and Counting: Reflections on the Affordable Care Act

One year ago, on October 1, 2013, the public health insurance exchanges created as part of the Affordable Care Act (ACA) opened for business. Well, at least some of them opened for business. Due to highly publicized technological disasters, the federal exchange that was supposed to serve 34 states would have been better described as “out to lunch” than “open for business” a year ago.

While many parts of the ACA were implemented over the last four years, the insurance exchanges were the centerpiece. The botched rollout threatened to undermine the entire law. Now that a year has passed since the exchanges opened, it’s a good time to look at the ACA’s status — what’s working and what isn’t — as well as the outlook for President Obama’s signature legislative achievement.

The primary goal of the ACA is to reduce the number of uninsured Americans. Early returns suggest this is indeed happening:¹

- Eight million people bought individual insurance through the state and federal insurance exchanges, despite the technological challenges on the federal exchange and some of the state exchanges.
- Six million people enrolled in Medicaid or the Children’s Health Insurance Program (CHIP), even though nearly half the states have chosen not to expand Medicaid.
- The Congressional Budget Office (CBO) estimates that 5 million people will enroll in non-exchange individual plans in 2014.
- One million 19- to 26-year-olds gained coverage through a parent’s policy since October 1, 2013.

These groups total 20 million; however, it’s not clear how many of these enrollees were previously insured under a different plan. How much of a “dent” has the ACA made in the uninsured population? It’s estimated that the number of adults lacking insurance dropped by 5 million to 9 million since the quarter before ACA open enrollment.² According to the Kaiser Family Foundation, 57 percent of people who bought insurance on exchanges were previously uninsured.³ The most complete and reliable numbers won’t be available until 2015, when the U.S. Census Department publishes the results of the 2014 Current Population Survey Annual Social and Economic Supplement. But the early indications are promising.

Those are the numbers to date — but the ACA is about a lot more than numbers. In fact, it seems to be mostly about opinions and politics. Republican politicians oppose the law (the ACA passed without a single Republican vote). Democratic politicians are, in general, in favor of the law. Consumer opinions are similarly aligned by political affiliation: Most Republicans oppose the law, most Democrats support it, and Independents are split, with slightly more opposing the law.⁴

LIMRA recently asked individuals about the ACA’s impact on their family and whether the ACA made them more knowledgeable health care consumers.

Their answers depend on whether they have health insurance and, if they do, what type it is. For those with employer-sponsored coverage, half say the ACA did not have an impact, and 3 in 10 say it increased their costs.

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Those who purchased individual insurance outside of the exchanges are more likely to say the ACA made it easier for someone in their family to get coverage. A relatively small number of people in the sample say they purchased insurance on a state or federal exchange; these individuals are more likely than others to say the ACA allowed someone in their family to get coverage and lowered the cost of health care. Only 1 in 5 respondents feel the ACA has made them more knowledgeable health care consumers. In the long run, educated health care consumers likely will help moderate the upward trend in the cost of health care.

Where will the ACA go from here? Politics likely will have an impact, but probably not in the near term. Regardless of what happens in the 2014 Congressional elections, President Obama certainly would veto any attempts to repeal or significantly alter his signature domestic accomplishment. The next opportunity for these types of actions would be after the 2016 presidential election. It is possible that having a Republican president and Republican majorities in both houses of Congress could lead to an attempt to repeal the ACA, but is that what Americans want? A recent survey by the Kaiser Family Foundation says no. Six in 10 Americans (including 86 percent of Democrats and 58 percent of Independents) think Congress should work to improve the law, not repeal and replace it.⁵

There are still legal challenges working their way through the courts that could eliminate subsidies for the millions of Americans purchasing insurance on federally run exchanges. Given that 85 percent of public exchange enrollees received a subsidy, elimination of that subsidy would likely make insurance unaffordable for most of them. Congress could modify the wording in the law to clarify that subsidies are available regardless of whether people purchase insurance on an exchange run by a state or on an exchange run by the federal government on behalf of a state. However, that is unlikely given the hyper-partisan environment in Washington these days.

What is the outlook for the ACA? Realistically, we won't know for several years whether it is a "success." Quite frankly, it's unlikely there ever will be agreement on what defines "success" for this controversial law. A Supreme Court decision that eliminates subsidies in the states that use the federal exchange could cripple the law, making health insurance unaffordable for the majority of exchange customers in those states. If the courts uphold the subsidies, and no further major court challenges prevail, the fate of the law will be in the hands of the politicians.

As I mentioned earlier, if Republicans win the presidency and both houses of Congress in 2016 (with a super majority in the Senate), they would be able to repeal the ACA. But by then, the CBO predicts that 25 million people will have insurance purchased on ACA exchanges, with an additional 12 million added to Medicaid and CHIP programs.⁶ From a political perspective, it may be too late to achieve outright repeal without angering tens of millions of potential voters. If Democrats win the

presidency in 2016, the ACA likely is here to stay. By the following presidential election in 2020, it would be too entrenched to be repealed. Whether the ACA is modified, updated, or improved in any way really depends on whether the politicians in Washington can put aside partisan posturing and work together for the common good. 🌐

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¹ Sources: Blumenthal, David and Collins, Sara R., “Health Care Coverage Under the Affordable Care Act — A Progress Report,” *New England Journal of Medicine*, July 14, 2014; and *Updated Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act*, Congressional Budget Office, April 2014.
² Blumenthal, David and Collins, Sara R., “Health Care Coverage Under the Affordable Care Act — A Progress Report,” *New England Journal of Medicine*, July 14, 2014.
³ *Survey of Non-Group Health Insurance Enrollees*, Kaiser Family Foundation, June 19, 2014.
⁴ According to Kaiser Family Foundation Health Tracking Polls
⁵ *Kaiser Health Tracking Poll: July 2014*
⁶ *Updated Estimates of the Effects of the Insurance Coverage Provisions of the Affordable Care Act*, Congressional Budget Office, April 2014.