



## Health Reform So Far – Major Gains in Coverage and Access

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For decades, the United States has been the only developed nation that does not guarantee all citizens access to health insurance, but now things are quickly changing. The Affordable Care Act of 2010 is America's most ambitious attempt in half a century to expand health insurance and access to care, and after several years of contentious debates, hard-fought elections, and a high-stakes Supreme Court decision, the law's main features are now in effect. Building on earlier more targeted coverage provisions under the law, as of January 2014 millions of Americans became eligible for enrollment in an expanded Medicaid program or subsidized private insurance purchased on regulated marketplaces.

How effective has the Affordable Care Act been at expanding insurance coverage thus far? Full accounting will take time, but promising developments are already evident.

### Young Adults Gain Coverage

Before the Affordable Care Act, one in three young adults in the United States had no health insurance, but starting in 2010 the law mandated that young adults could stay on their parents' health insurance plans until age 26. The insurance rate among 19 to 25 year olds rose by ten percentage points, corresponding to two to three million young adults getting new coverage. And research shows that the coverage has impacted access and health. The proportion of young adults paying out of pocket medical costs in excess of \$1500 has fallen by half. About \$150 million in annual bills for emergency room visits in life-threatening episodes is now covered by insurers. Young adults report significant improvements in physical and mental health, and more have developed regular relationships with care-givers and are no longer delaying needed care.

### Low-Income Adults Become Eligible for Medicaid

Under the Affordable Care Act as originally enacted, all fifty states were to expand Medicaid eligibility to all people with incomes at or near the federal poverty level. Prior to 2010, many states restricted eligibility to particular subsets of low-income people – those with disabilities, parents of dependent children, pregnant women, and children – excluding millions of adults without children at home who simply could not afford private health insurance and did not get it from employers. Even poor parents or disabled people did not always qualify for coverage, depending on how low their incomes were and the state they happened to live in. National health reform aimed to create a more level playing field across states and a more inclusive Medicaid program. However, in June 2012, the Supreme Court gave each state the right to refuse to expand its existing Medicaid program. Since then, 27 states plus the District of Columbia have decided to move ahead with Medicaid expansion – in many cases building on earlier expansions of eligibility. But 23 have not moved forward so far. Even so, approximately 7.2 million more low-income Americans are enrolled in Medicaid in 2014 compared to the number enrolled before the expansion of Medicaid under the Affordable Care Act.

What difference does Medicaid expansion make? Research on earlier Medicaid expansions in states such as New York, Oregon, and Arizona found that newly covered low-income adults enjoyed major gains in access to preventive services and improvements in mental health and overall wellbeing. A randomized trial of Medicaid coverage in Oregon found no statistically significant improvement in blood pressure, cholesterol, or glucose levels in the first two years, raising some questions about the long-term impact of Medicaid on health. But a larger non-randomized study found gains in self-reported health as well as a significant reduction in death rates in the five years after states expanded Medicaid coverage.

### Marketplace Enrollments and Tax Credits to Buy Private Insurance

The most innovative part of the Affordable Care Act was the creation of health insurance marketplaces (or “exchanges”) in all 50 states to allow people without employer-sponsored insurance to shop for private plans. New federal tax credits are now available to many Americans to help cover premiums, provided to single individuals with annual incomes below roughly \$47,000 and to families of four earning up to \$95,000.

Open enrollment for these plans began October 2013, and the coverage took effect starting in January 2014. At first, there were serious technical glitches in many marketplaces, but they were largely fixed by early 2014. Meanwhile, several million individuals received notices from their insurance plans in the fall of 2013 informing them that their plans were being cancelled since they did not comply with the law’s new standards for comprehensive health insurance. A media firestorm erupted, but these cancellations were not far from the historical norm. Many such plans were frequently cancelled by companies or dropped by individuals well before the health reform law, at the rate of six million every year. In the end, many people who lost or dropped individual insurance plans in 2013 and 2014 ended up getting alternative coverage by shopping on the marketplaces. After initial hiccups and controversies, official statistics from the U.S. Department of Health and Human Services show that more than eight million Americans selected a plan through the marketplaces by April 2014. By late summer of 2014, roughly ninety percent had paid their premiums and were still insured.

### **Impressive Early Gains – and Looming Challenges**

The bottom line so far is very encouraging. Taking into account cancellations of earlier private plans as well as gains in coverage through Medicaid expansion and enrollments on the marketplaces, a recent article using national data from the Gallup Poll estimated that 10.3 million more American adults had health insurance coverage by April 2014. Gains in coverage were significantly larger in the states that expanded Medicaid. The same study also showed that five million more Americans than last year now say they are able to afford medical care, and four million have found a primary care provider.

Challenges remain as open enrollment for next year begins in November 2014. Policymakers need to make further inroads in covering tens of millions who still lack insurance, while protecting gains in coverage made in 2014. Keeping enrolled people in Medicaid and marketplace plans should be a top priority, along with minimizing disruptions as people’s incomes go up and down. Finally, encouraging the remaining 23 states that have not yet expanded Medicaid to join the coverage expansions is critical to realizing the full potential of health reform to improve the financial, mental, and physical health of all Americans.