

The ACA Coverage Expansions: Where Are We and What's Ahead?

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As we enter the third year of open enrollment, dramatic coverage gains have been achieved under the Affordable Care Act (ACA). Millions of Americans have been covered through new Health Insurance Marketplaces, Medicaid, and private insurance. The uninsured rate has dropped to the lowest rate in decades and expanded coverage has led to improved access to care. Looking ahead, reaching the remaining uninsured and ensuring that coverage translates to care and is affordable remain priorities.



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and over half (56 percent) also receive cost-sharing subsidies to help afford coverage.¹ Medicaid enrollment has also grown by 14 million since the period before the first open enrollment, which started in October 2013, with gains particularly strong in states that adopted the Medicaid expansion. Further facilitating coverage, all states have modernized Medicaid enrollment processes under the ACA and coordinated with

Health Insurance Marketplaces, although work to fully realize streamlined enrollment and renewal continues.

Marketplace and Medicaid enrollment gains do not appear to have resulted in an overall decline in employer-based coverage, the mainstay of coverage in the U.S. Steady during the past two years, over half of firms offer health benefits to employees, and most workers at these firms are eligible for health benefits and take up coverage. The vast majority of adults who have gained coverage since the ACA coverage expansions began have low or moderate family income in the range targeted for financial assistance under the ACA and most are in working families. Despite concerns about adverse selection into coverage, about half of newly insured adults are under age 35 and newly insured adults are in better health than those who remained uninsured.

Strides in Reducing the Uninsured

Enrollment in ACA coverage has resulted in large declines in the uninsured rate. The number of uninsured non-elderly Americans in 2014 was 32 million, an unprecedented decrease of nearly nine million people since 2013. Declines have continued into 2015 with the uninsured rate down to 10.5 percent in the second quarter from 16.6 percent in 2013,² with significant declines for non-elderly adults. Uninsured rates for children also improved but are much lower than adults due

The ACA Increased Access to Coverage for Millions of Uninsured Americans

The enactment of the ACA in 2010 ushered in far-reaching changes to the U.S. health-care system and broadened access to health coverage by building on employer-based coverage, restructuring the individual insurance market, establishing Health Insurance Marketplaces, and increasing access to affordable coverage for low- and moderate-income Americans by expanding Medicaid and offering tax subsidies for the purchase of private insurance. The ACA provides federal tax credits for people with incomes from 100 to 400 percent of the federal poverty level (FPL) (\$19,790 to \$79,160 for a family of three) to use to purchase coverage. For the low-income population, the ACA fills historical gaps in Medicaid eligibility by extending Medicaid to nearly all non-elderly adults with incomes at or below 138 percent of the FPL (\$27,724 for a family of three). With the June 2012 Supreme Court ruling, the Medicaid expansion essentially became optional for states, and currently, 30 states and Washington, D.C. have expanded Medicaid eligibility under the ACA.

Marketplace and Medicaid Enrollment Gains

In 2014, the major coverage provisions of the ACA were implemented, resulting in millions of Americans gaining coverage. Approximately 10 million individuals are enrolled in state or federal Marketplace plans. Most Marketplace enrollees (84 percent) receive premium subsidies

Key Board Takeaways

The ACA has increased access to health coverage for millions of Americans, led to improved access to care for newly insured people, and resulted in fewer individuals and families facing the health and financial consequences of not having insurance. Still millions of people remain uninsured and newly insured individuals may not be familiar with how insurance coverage works or how to navigate the healthcare system. With the third open enrollment period upon us, healthcare leaders have a key role to play in mobilizing outreach efforts to hard-to-reach populations and promoting strategies to facilitate timely and affordable access to healthcare services. Key priorities include:

- Getting the word out about coverage opportunities and how to sign up utilizing local healthcare providers, grassroots organizations, the media, and assisters
- Supporting efforts aimed at increasing “health literacy,” particularly among newly insured consumers to help people understand and make the best coverage and plan choices, in terms of affordability and access to providers
- Organizing providers and delivery systems to reach beyond the walls of the hospital to community settings to facilitate patient access to preventive services, primary care, and management of chronic health conditions
- Convening community leaders to discuss strategies to keep people covered and eliminate gaps for the remaining uninsured

to children’s higher eligibility levels for public coverage. Coverage gains have been particularly large among low-income individuals and people of color—groups that had high uninsured rates prior to 2014. Medicaid expansion states saw steep reductions in the uninsured rate from 14.9 percent in 2013 to 8.5 percent in the second quarter of 2015.³ Non-expansion states also saw somewhat smaller declines, as low- and moderate-income people enrolled through the Marketplace, and Medicaid eligible uninsured adults and children enrolled as a result of expanded outreach and improved enrollment processes. Enrollment growth has been facilitated by Marketplace assisters who have played an important role in helping people navigate eligibility and plan choices.

3 Martinez and Cohen, November 2015.

1 The Kaiser Family Foundation State Health Facts, Total Marketplace Enrollment and Financial Assistance (available at <http://kaiserfam/1QxVzra>).

2 Michael E. Martinez and Robin A. Cohen, *Health Insurance Coverage: Early Release of Estimates from the National Health Interview Survey, January–June 2015*, Centers for Disease Control and Prevention, National Center for Health Statistics, November 2015.

Looking Ahead

Over a year after the ACA's major coverage expansions, millions of Americans now have affordable health insurance, allowing them to access the healthcare they need while protecting them against catastrophic medical costs. Looking ahead, several priorities emerge, including reaching the remaining uninsured, translating coverage to care, and ensuring affordable care.

Reaching the Remaining Uninsured

Even with the ACA, continuing gaps in the nation's health insurance system leave 32 million non-elderly people without coverage. About half (49 percent) of the uninsured are eligible for financial assistance through either Medicaid or subsidized Marketplace coverage but are not enrolled.⁴ Few uninsured adults say they are uninsured because they do not need coverage, oppose the ACA, or would rather pay the penalty. Rather, most people who remain uninsured have been without coverage for long periods of time or never had coverage. These individuals may be particularly hard to reach and require targeted outreach and enrollment efforts utilizing community-based approaches drawing on providers, grassroots organizations, and assisters.

However, many uninsured people remain outside the reach of the ACA, including low-wage workers who do not qualify for Medicaid or Marketplace subsidies, because they do not meet the income threshold or because they reside in a state that has not expanded Medicaid. In addition, undocumented immigrants are excluded from Medicaid and the Marketplace regardless of their income.

State decisions on the Medicaid expansion have substantially affected access to health coverage for low-income adults. In the 20 states that have not expanded Medicaid, over three million poor adults fall into a "coverage gap." These adults have incomes above Medicaid eligibility limits in their state but below the lower limit for Marketplace premium tax credits. People

4 Rachel Garfield et al., "New Estimates of Eligibility for ACA Coverage among the Uninsured," Kaiser Family Foundation, October 2015.

in the coverage gap are concentrated in Southern states, with the largest numbers in Texas, followed by Florida, Georgia, and North Carolina.⁵

There is no deadline for states to implement the Medicaid expansion, which is fully federally funded through 2016 (phasing down to 90 percent over time), and discussions continue in a number of states. Beyond substantial reductions in their uninsured rates, states that have implemented the Medicaid expansion also report savings in behavioral health, the criminal justice system, and uncompensated care as well as increased revenue as a result. In addition, hospitals and health systems in expansion states show sharp increases in Medicaid stays and sharp declines for the uninsured during 2014.^{6,7} Safety net hospitals, which traditionally care for the uninsured, are likely to feel financial pressure, particularly in non-expansion states, as federal payments to disproportionate share hospitals are reduced over time.

Translating Coverage to Care

Adults who have gained coverage through the ACA are experiencing greater access to healthcare and protection from burdensome medical costs than those who remain uninsured. However, newly insured adults face challenges in using the medical system compared to adults who previously had coverage, which may reflect transitions to new care arrangements, difficulty finding a provider, and problems navigating the health system and health insurance networks. Newly insured adults may not fully understand the details of their plan, how their coverage works, and how to make the best decisions to protect themselves from burdensome medical expenses. Given the limited income of newly insured adults, it's

5 Rachel Garfield and Anthony Damico, "The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid—An Update," Kaiser Commission on Medicaid and the Uninsured, October 2015.

6 Peter Cunningham, Rachel Garfield, and Robin Rudowitz, "How Are Hospitals Faring under the Affordable Care Act? Early Experiences from Ascension Health," Kaiser Commission on Medicaid and the Uninsured, April 2015.

7 Robin Rudowitz and Rachel Garfield, "New Analysis Shows States with Medicaid Expansion Experienced Declines in Uninsured Hospital Discharges," Kaiser Commission on Medicaid and the Uninsured, September 2015.

not surprising that they tend to be very sensitive to cost in choosing their plan, placing a priority on lower premiums over benefits and provider networks that can lead to challenges when trying to access services through their plan.

Ensuring Affordable Coverage

Although people gaining coverage are less likely to report problems with medical bills than their uninsured counterparts, 44 percent of those who pay a monthly premium report difficulties and 20 percent report higher-than-expected costs under their plan.⁸ Affordability remains a concern as even modest healthcare costs can be a major burden for low- and middle-income families and rising out-of-pocket costs can impede efficient care delivery. These issues may be ameliorated by efforts to increase the "health literacy" of newly insured consumers, but addressing affordability may also require additional policy solutions targeted to low- and moderate-income people who must balance health costs against other "pocketbook" issues, including paying for rent, food, utilities, and other basic necessities.

The ACA has provided coverage to millions of people in the United States in its first two years and has the potential to reach many more, ensuring that fewer individuals and families will face the health and financial consequences of not having insurance. With the third open enrollment period upon us, helping people understand and make the best choices in coverage is a priority. At the same time, addressing affordability challenges, eliminating gaps in coverage, and reaching the remaining uninsured continue to warrant the attention of state and federal policymakers. ●

The Governance Institute thanks Barbara Lyons, Senior Vice President, Kaiser Family Foundation, and Director, Kaiser Commission on Medicaid and the Uninsured, for contributing this article. She can be reached at barbaral@kff.org.

8 Rachel Garfield and Katherine Young, "How Does Gaining Coverage Affect People's Lives? Access, Utilization, and Financial Security among Newly Insured Adults," Kaiser Commission on Medicaid and the Uninsured, June 2015.