Hard Promises: Has the ACA Made Health Care More Affordable?  
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The United States has long had the most expensive health care system in the world. The Affordable Care Act (ACA) accordingly sought to “bend the cost curve” and reduce the rate of growth in medical care spending. In a country that spends over $3 trillion a year on medical care, amounting to more than $10,000 per person, controlling health care expenditures is a hard promise to keep [1]. Has the ACA fulfilled the aspiration to make health care more affordable?

The ACA adopted multiple strategies to moderate health care spending. It sought to increase insurance competition through newly-formed health insurance exchanges (now called Marketplaces), where uninsured persons and small businesses could shop for private policies. It also contained measures, including adjustments to hospital payments, to contain federal Medicare expenditures. The ACA established new spending targets for Medicare and the Independent Payment Advisory Board (IPAB) to recommend policies to reduce spending growth if those targets were exceeded. The ACA additionally promoted reforms to health care payment and delivery—among them Accountable Care Organizations (ACOs), bundled payment, value-based purchasing, and creation of an Innovation Center to help proliferate successful models—that the Obama administration and policy analysts believed could help control costs. Finally, the ACA imposed the so-called “Cadillac tax” on expensive private insurance plans, a measure designed to restrain excessive health care spending caused by tax preferences for employer-sponsored insurance that allegedly induce overly generous coverage.

At first glance, the ACA’s cost-containment measures have underperformed. Some policies are mired in controversy. The Cadillac tax (economists love the idea, other Americans hate it) has been postponed to 2020. There is no assurance it will ever be implemented. The IPAB, fiercely opposed by the medical care industry, exists in name only. Not a single person has been nominated to the board. Other ACA policies have also not met expectations. Enrollment in the insurance Marketplaces is much smaller than envisioned, and they have not produced the level of insurer competition or savings that the Obama administration hoped to achieve. Payment and delivery reforms are still unfolding, their long-term impact uncertain. ACOs, perhaps the most hyped of those changes, have generated only modest savings to date [2].

Despite such disappointments, there is good news: health care spending grew at a remarkably moderate clip during the past decade. The United States is spending much less on medical care than analysts predicted at the ACA’s enactment. Americans are now projected to spend a total of $21.1 trillion on medical care during 2014–2019, $2.6 trillion lower than forecast in 2010 [3]. The slowdown in spending growth encompasses both government programs and private plans, with increases in premiums for employer-sponsored insurance far lower during 2012–2017 (averaging about 4% a year) than they were in the decade before the ACA’s passage [4]. The precise causes of the slowdown in health care spending are not clear, yet the ACA likely has played a role in moderating spending growth. In particular, changes that the ACA made to Medicare have produced substantial savings. Total Medicare spending in 2014 was $126 billion less than forecast in 2009, meaning that the federal government spent $1,200 less per Medicare beneficiary than had been projected [3, 5].
The slowdown in US health care spending growth is a notable, if underappreciated, achievement that has alleviated the burden of rising costs on the federal and state governments, employers, workers, and taxpayers. Yet, despite this widespread, sustained slowdown, many Americans still regard medical care as unaffordable. What explains that disconnect? One reason for moderate premium growth in employer-sponsored insurance is the steep increase in deductibles, which rose from $616 in 2007 to $1,505 in 2017 [4]. Increases in required cost-sharing (eg, copayments) and the spread of high-deductible insurance, which started before the ACA’s enactment and shows no sign of abating, have left many workers feeling underinsured. The plans available in the ACA’s insurance exchanges also have large deductibles (though lower-income persons are eligible for subsidies to offset the costs of deductibles and other cost-sharing liabilities). Even as the number of uninsured Americans declines, the problem of underinsurance grows.

Meanwhile, premiums for persons buying coverage through the ACA’s Marketplaces, which were initially lower than expected, have increased substantially the past 2 years as insurers struggle to stem financial losses from a sicker and more expensive enrollee population than they anticipated. The Trump administration’s decision to stop reimbursing insurers for the cost-sharing reductions that the ACA requires for lower-income persons and the Republicans’ repeal of the ACA’s penalty for not obtaining insurance could further increase premiums in the individual market. Although persons eligible under the ACA for premium subsidies are shielded from such increases, there are about 12 million Americans buying coverage on the individual market who are unsubsidized and consequently vulnerable to these large rate increases. Even for those receiving federal assistance, the ACA’s limited subsidies can leave persons who aren’t very low-income facing sizable premiums.

In short, while the ACA has helped to slow down spending growth, health insurance and medical care remain unaffordable for many Americans.

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