

The Claim:

“[T]hanks to President Obama and the Affordable Care Act, we have 90 percent coverage... We are going to stay on that [path] and get to 100 percent universal coverage.”¹

HILLARY CLINTON

The Reality:

Obamacare has left America’s middle class behind when it comes to health-insurance coverage, while leaving the middle class holding the check for rising insurance costs.

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Reality Check

Supporters of the Affordable Care Act (ACA) have declared victory on health care reform: they proudly note the decline in America’s uninsured rate, as well as the sizable enrollment of lower-income individuals on the new individual-insurance exchanges (“ACA exchanges”). Yet after a brief rise, the number of insured Americans is now plateauing well below the ACA’s goal of universal coverage—rather than pay the ACA exchanges’ exorbitant premiums, middle-income individuals are overwhelmingly opting to forgo health insurance and pay the individual-mandate tax instead. Without significant reform, America’s middle class will continue to suffer the ACA’s high costs without enjoying its benefits.

Key Findings

- Nearly 30 million American adults remain uninsured.²
- After an initial surge, enrollment on the ACA exchanges has slowed dramatically: since March 2015, only 1 million additional individuals have signed up for coverage.³
 - ◆ This is less than 10 percent of the enrollment growth projected by the Congressional Budget Office (CBO).⁴
 - ◆ Total enrollment on the ACA exchanges stands at only 60 percent of the CBO’s March 2015 projection.⁵
 - ◆ Enrollment on the ACA exchanges has not undershot forecasts because uninsured individuals have acquired insurance elsewhere: throughout 2015, the uninsured rate hovered around 12 percent.⁶
- By February 15, 2015—the end of the ACA exchanges’ second enrollment period—fewer than half of eligible middle-income Americans had signed up for coverage.⁷
 - ◆ Only 49 percent of lower-middle-income individuals⁸—and only 9 percent of upper-middle-income individuals⁹—had enrolled on the federal ACA exchange.¹⁰
 - ◆ Premiums on the ACA exchanges have increased by nearly 50 percent, relative to the pre-ACA benchmark.¹¹

On the Record

Nearly 30 million American adults remain uninsured. Despite the ACA's vast—and growing—cost to taxpayers, it has failed to place the U.S. on the road to near universal health-insurance coverage. To deliver coverage that is more affordable and attractive to middle-class Americans, structural reforms are urgently needed. Until then, America's middle class will suffer the ACA's high costs without enjoying its benefits.

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Weak Enrollment Growth

The ACA has stimulated dramatic changes to America's individual health-insurance market. It has placed more restrictions on insurance pricing (i.e., charging individuals different premiums depending on their health and age), and it has mandated benefit increases for insurance plans.¹² Such changes have caused premiums on the ACA exchanges to soar by 49 percent, on average;¹³ younger, healthier Americans have seen their insurance costs rise the most.¹⁴

To encourage enrollment on the ACA exchanges despite surging premiums, the ACA deploys carrots (premium and cost-sharing subsidies) and a stick (taxing individuals who remain uninsured). In 2015, for example, the average monthly premium subsidy for ACA-exchange enrollees was \$263 per month, which reduced monthly premiums by 72 percent, on average—from \$364 to \$101.¹⁵

In 2014, after accounting for attrition after the end of the first open-enrollment period (March 31, 2014), 6.7 million individuals had enrolled by October 15.¹⁶ In 2015, 2.6 million additional individuals enrolled (and remained on their plans), raising the total to 9.3 million people enrolled on September 30.¹⁷ In 2016, if similar trends hold, total enrollment on the ACA exchanges will likely hit 10 million by November 1 (the start of the fourth open-enrollment period).¹⁸

Overall, ACA-exchange enrollment has been lower than expected; in 2016, the gap between actual and forecasted enrollment is likely to widen further. For instance, in 2014, the ACA exchanges' first year, enrollment (6.7 million) exceeded the CBO's February 2014 forecast (6 million).¹⁹ But in 2015, total enrollment (9.3 million) lagged behind the CBO's March 2015 forecast (11 million).²⁰ And if current trends hold, total enrollment in 2016 (about 10 million) will be dramatically less than the CBO's March 2015 forecast (21 million).²¹

Toward Universal Coverage?

Are these lower-than-anticipated ACA-exchange enrollment figures the result of uninsured individuals securing coverage by other means—such as by enrolling in employer-sponsored coverage or Medicaid? Start with the former. As the Department of Health and Human Services has noted,²² in a growing economy, employer-sponsored coverage typically rises as more people acquire jobs. Instead, from the fourth quarter of 2013 to the fourth quarter of 2015, employer-sponsored coverage in the U.S. declined.²³

Or take Medicaid. Enrollment in this government-insurance program for the poor expanded during the aforementioned period;²⁴ but such expansion largely matched the CBO forecast—and, therefore, was also incorporated into the CBO forecast for ACA-exchange enrollment.²⁵ Indeed, if the ACA exchanges' meager enrollment numbers were caused by a rise in coverage obtained elsewhere, America's overall uninsured rate would have declined in 2015. Instead, it barely budged, hovering around 11.9 percent.²⁶

In reality, enrollment growth on the ACA exchanges has fallen far short of projections because uninsured middle-income Americans have largely decided that—despite the availability of subsidies and the penalty for not purchasing insurance—the insurance on offer is too expensive. Consider enrollment on the federal ACA exchange, where household income data on enrollees are publicly available. At the end of the ACA's second enrollment period, only 49 percent (6.6 million out of 13.6 million) of eligible lower-middle-income individuals had enrolled; and just 9 percent (1.5 million of 15.8 million) of eligible upper-middle-income individuals had enrolled.²⁷

It is also true that as an individual's income rises, the ACA's premium and cost-sharing subsidies decline, which make the ACA exchanges' already expensive coverage—and their high deductibles—even less attractive. The ACA exchanges pose serious problems for insurers, too. Enrollees have been older and less healthy than expected;²⁸ by December 2015, the enrollment rate for young (typically healthy) individuals, aged 18–34, had stagnated at 26 percent.²⁹ Faced with such developments, various insurers, including UnitedHealthcare, have threatened to drop out of the ACA exchanges.³⁰

Nearly 30 million American adults remain uninsured.³¹ Despite the ACA's vast—and growing—cost to taxpayers, it has failed to place the U.S. on the road to near-universal health-insurance coverage. To deliver coverage that is more affordable and attractive to middle-class Americans, structural reforms to the ACA are urgently needed. Until then, America's middle class will suffer the ACA's high costs without enjoying its benefits.

Endnotes

- ¹ See <http://www.nytimes.com/2016/03/07/us/politics/transcript-democratic-presidential-debate.html>.
- ² The most recent breakdown of population estimates by age is for 2014; see <http://factfinder.census.gov/bkmk/table/1.0/en/PEP/2015/PEPMONTHN>. We assume that the adult fraction of the population remains the same in December 2015 as it was throughout 2014; we multiply that fraction (76.5 percent) by the estimated adult population for December 2015 (see <http://factfinder.census.gov/bkmk/table/1.0/en/PEP/2015/PEPMONTHN>). We then multiply Gallup's most recent estimate of the uninsured rate (<http://www.gallup.com/poll/188045/uninsured-rate-fourth-quarter-2015.aspx>)—11.9 percent for the fourth quarter of 2015—by the estimated number of the adult population in December 2015 (248 million). The total equals 29.5 million.
- ³ See https://aspe.hhs.gov/sites/default/files/pdf/83656/lb_2015mar_enrollment.pdf; and see <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-02-04.html>.
- ⁴ See <https://www.cbo.gov/sites/default/files/51298-2015-03-ACA.pdf>. The CBO projected enrollment to grow by 90 percent, from 11 million in February 2015 (the end of the second enrollment period) to 21 million in January 2016 (the end of the third enrollment period). Actual enrollment grew by 8.5 percent, from 11.7 million to 12.7 million—or less than 10 percent of the CBO forecast.
- ⁵ See <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49892/49892-breakout-AppendixB.pdf>.
- ⁶ See <http://www.gallup.com/poll/188045/uninsured-rate-fourth-quarter-2015.aspx>.
- ⁷ Author's analysis of data from <http://avalere.com/expertise/managed-care/insights/exchanges-struggle-to-enroll-consumers-as-income-increases>; and from https://aspe.hhs.gov/sites/default/files/pdf/83656/lb_2015mar_enrollment.pdf.
- ⁸ Defined as individuals with incomes of 100 percent–250 percent of the federal poverty level.
- ⁹ Defined as individuals with incomes above 250 percent of the federal poverty level. (Though the dividing line between upper-middle-income and upper-income adults is subjective, ACA enrollees with incomes of 400 percent or more of the federal poverty level represent only about 2 percent of total enrollment.)
- ¹⁰ See n. 7 above.
- ¹¹ See <http://www.forbes.com/sites/theapothecary/2014/06/18/3137-county-analysis-obamacare-increased-2014-individual-market-premiums-by-average-of-49/#72be72816c8d>.
- ¹² See <http://www.hhs.gov/healthcare/facts-and-features/key-features-of-aca-by-year/index.html>.
- ¹³ See <http://www.forbes.com/sites/theapothecary/2014/06/18/3137-county-analysis-obamacare-increased-2014-individual-market-premiums-by-average-of-49/#72be72816c8d>.
- ¹⁴ Ibid.
- ¹⁵ See https://aspe.hhs.gov/sites/default/files/pdf/83656/lb_2015mar_enrollment.pdf.
- ¹⁶ See <http://avalere.com/expertise/managed-care/insights/exchange-enrollment-outlook-10.5-million-to-sign-up-by-end-of-2015>.
- ¹⁷ See <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2015-Fact-sheets-items/2015-12-22-2.html>.
- ¹⁸ Assuming a 21 percent attrition rate (the rate observed in 2015), of the 12.7 million people enrolled on the ACA exchanges at the end of the third enrollment period (January 31, 2016), 10 million will remain enrolled on December 31, 2016.
- ¹⁹ See <https://www.cbo.gov/sites/default/files/51298-2014-02-ACA.pdf>.
- ²⁰ See <https://www.cbo.gov/sites/default/files/51298-2015-03-ACA.pdf>.
- ²¹ Ibid.
- ²² See <https://aspe.hhs.gov/basic-report/how-many-individuals-might-have-marketplace-coverage-at-the-end-of-2016>.
- ²³ See <http://www.gallup.com/poll/188045/uninsured-rate-fourth-quarter-2015.aspx>.
- ²⁴ See <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/49892/49892-breakout-AppendixB.pdf>.
- ²⁵ Ibid. Though Medicaid expansion is a pillar of the ACA, reforming the individual market and making private insurance more affordable is, arguably, the ACA's central goal.
- ²⁶ See <http://www.gallup.com/poll/188045/uninsured-rate-fourth-quarter-2015.aspx>.
- ²⁷ See n. 7 above.
- ²⁸ See <https://www.nationaljournal.com/s/67249/insurers-report-that-enrollees-aca-exchanges-are-older-than-expected-so-far>.
- ²⁹ See <http://kff.org/health-reform/state-indicator/marketplace-plan-selections-by-age>.
- ³⁰ See <http://money.cnn.com/2016/01/19/news/economy/unitedhealth-obamacare>.
- ³¹ See n. 2 above.