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The 2016 Election and the ACA: A Report Card on Healthcare Reform (Part One of a Two-Part Series)

With Republican presidential candidate Donald Trump's victory in the 2016 election and Republican majorities in both chambers of the U.S. Congress, questions regarding legislative priorities for the incoming administration are dominating political discourse. In particular, the 2016 election has been viewed by political commentators, in part, as a referendum on the ability of the 2010 *Patient Protection and Affordable Care Act* (ACA), i.e., "*Obamacare*," to resolve many of the fundamental issues affecting the delivery of, and payment for, healthcare services in the U.S.,[1] including rising health insurance premiums in the individual health insurance market and increased beneficiary cost-sharing under such plans.[2] While President-elect Trump vowed to repeal the ACA during his campaign,[3] he has since stated his intention to keep certain provisions, possibly because a full, immediate repeal may increase the number of uninsured persons by approximately 22 million.[4]

President Harry S. Truman once said, "*The only thing new in the world is the history you don't know*."[5] Through this lens, a reflection on the ACA six years after passage, including an examination of its successes and shortcomings, may serve to guide assessments of future healthcare reform efforts. This two-part *Health Capital Topics* series will discuss the current status of the ACA and its potential for evolution in light of the recent election, with this first installment examining the impact of the ACA during its six years of existence.

Any investigation regarding the impact of the ACA on the U.S. healthcare industry must first acknowledge that the legislation, throughout its 900 pages, and the thousands of pages of regulatory text implementing its provisions, covers such a wide variety of topics (e.g., health insurance payment reform, access to healthcare, quality of healthcare, healthcare costs, fraud and abuse containment efforts) that reflection on a single issue cannot adequately surmise its overall impact on healthcare in the U.S.[6] Nevertheless, the passage of the ACA on March 23, 2010, serves as a significant milestone in the paradigm shift in the healthcare industry toward an increasing emphasis on quality, efficiency, and access to care. Many of the drivers of early healthcare reform efforts (e.g., rising healthcare expenditures, changing patient populations and demographics) created a "*perfect storm*," which helped drive both public and private efforts to reform the industry.[7] With the law's creation of many *value-based reimbursement* (VBR) programs, including *accountable care organizations* (ACOs), the *hospital readmissions reduction program* (HRRP), and the *physician value-based payment modifier* (PVBM) program, the ACA provided momentum for the institution of equivalent programs already being created among healthcare providers and private health insurers.[8] Such pressure on increasing quality and reducing costs remains present today, as national healthcare expenditures are projected to reach $3.35 trillion, and constitute 18.1 percent of national gross domestic product, in 2016.[9]

Notably, the ACA has already addressed, and limited the impact of, many of the drivers of healthcare reform during its six-year existence. Most notably, since 2010, the uninsured rate in the U.S. has decreased from 15.5 percent in 2010 (47,208,000 persons) to 9.4 percent in 2015 (29,758,000 persons),[10] due in large part to coverage provisions contained within the ACA, such as those related to the "*individual mandate*" and Medicaid expansion.[11] Further, states that expanded Medicaid to most adults with incomes at or below 138 percent of the federal poverty line experienced multiple economic benefits, including decreased healthcare costs per enrollee for the newly eligible adult population.[12] Despite expected growth in overall healthcare expenditures as a result of increases in the number of persons covered by Medicaid expansion, states that increased eligibility spent an average of $4,513 per enrollee for the new adult Medicaid population, a nearly $2,600 difference from average spending per enrollee across all Medicaid beneficiaries,[13] as well as reduced uncompensated care costs due to coverage increases.[14] Relative to their expansion counterparts, non-expansion states may experience limited reductions in uncompensated care costs due to the larger number of uninsured individuals who otherwise may be insured under Medicaid.[15] Further, Medicaid expansion has been correlated with reduced utilization of the emergency department as a normal source of medical care.[16]

Additionally, the ACA instituted many provisions that remain popular with Republicans and Democrats alike. Such provisions include:

(1) Banning health insurers from discriminating against beneficiaries with pre-existing conditions;

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(2) Increased coverage for behavioral health services; and,
(3) Allowing children to maintain health insurance coverage through the plans of their parents until the age of 26.[17]

Many healthcare policy experts have noted that these popular coverage provisions are likely to remain federal law during the next administration, citing bipartisan support for the policies.[18]

Despite the numerous positive impacts of the ACA, certain programs and policies promulgated under the landmark legislation have faced significant attacks from Republicans, including President-elect Trump. In particular, Republicans have criticized the performance of the *health insurance exchanges* (Exchanges) created under the ACA, focusing on the rise in premiums under such plans, as well as the lack of plan options available to consumers on the market platform.[19] For the 2016-2017 enrollment period, benchmark premiums for midlevel Silver plans increased an average of 25 percent nationally, while each county on the Exchanges will, on average, offer policies from *three* (3) health insurance companies, a decrease from the 2015-2016 average of *five* (5).[20] Such concerns have been used by Republicans as evidence of the ineffectiveness of the law during the Presidential campaign.[21]

While concerns regarding the sustainability of the Exchanges during the 2016 campaign cycle have focused primarily on events occurring after the implementation of this program in 2014, these concerns are more broadly rooted in the anti-competitive nature of the health insurance marketplace, both before and after the law's enactment in 2010. A 2012 study published in the *American Economic Review* noted that, in 2006, 99 percent of large group insurance markets fell within the "*highly concentrated*" category according the *Horizontal Merger Guidelines* set forth by the *U.S. Department of Justice*, an increase from the 1998 level of 68 percent.[22] The inclusion of a public insurance option, which many Democrats advocated to include in the ACA (but which option was ultimately excluded from the legislation) was meant to provide an alternative health insurance choice for consumers, particularly in concentrated markets.[23] Such exclusion from the landmark legislation may have prevented the creation of a competitive force that would push private health insurers to control costs.[24]

Many aspects of the ACA that faced scrutiny during the 2016 election cycle, including the Medicaid expansion and the Exchanges, reflect the fact that the ACA does not exist in a vacuum; rather, numerous forces, both market-based and in various levels of government, have affected, and will continue to affect, the implementation and sustainability of the ACA.[25] Further, the 2016 election serves as evidence of the changing environment in which healthcare reform arises:

> "*[T]he one certainty is that healthcare reform cannot, and should not, be viewed as a singular event, but rather as a long-standing process that will inevitably continue to be subject to various intervening economic circumstances, health variables, and sociopolitical scenarios at each stage*."[26]

Part Two of this series will reflect on the areas of the ACA that may be subject to change under the Trump administration, and how those changes may occur. Further, *Health Capital Topics* will provide coverage and analysis of changes to the law as they occur in the future.

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