



High Burden Out-of-Pocket Spending for Health Care: State Variation and Potential Impacts of ACA

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Background

- Health care costs outpacing growth in income
- Key goal of ACA is to address affordability
 - Medicaid expansion
 - Premium and cost-sharing subsidies in the Exchange
- State variation in ACA implementation and health care costs/markets

Goals

- Assess variation in high burden spending across states
- Estimate potential for ACA to alleviate high burden spending

Data: Current Population Survey

- Annual Social and Economic Supplement (ASEC)
- New questions related to OOP spending added to the CPS in 2010 (reference year 2009)
- CPS is a monthly labor survey
 - ASEC fielded in Feb-April
 - Questions on work, income, migration and health insurance
 - Combine 2 years to produce state estimates

OOP Spending in the CPS

- Spending related to: medical, dental, vision, medical supplies, and prescription drugs
 - Reported net of reimbursements
- Includes:
 - Premiums (except Medicare Part B)
 - Non-premium
 - Co-pays, deductibles, other cost sharing
- Data quality: compares well to other reliable sources of information on OOP spending (MEPS and SIPP)

Measures & Methods

- OOP spending as a share of income
 - High burden: >10% of income
 - Very high burden: >20% of income
- Unit of analysis=individuals in health insurance units (HIUs)

Methods: Potential Impacts of ACA

Maximum potential gains

Potentially Medicaid eligible

- Non-elderly *citizens* $\leq 138\%$ FPG

Potentially subsidy eligible

- Non-elderly *citizens* >138 & $<400\%$ FPG
- Uninsured or with nongroup coverage
- Assign potential savings at individual level, recalculate HIU spending and burden

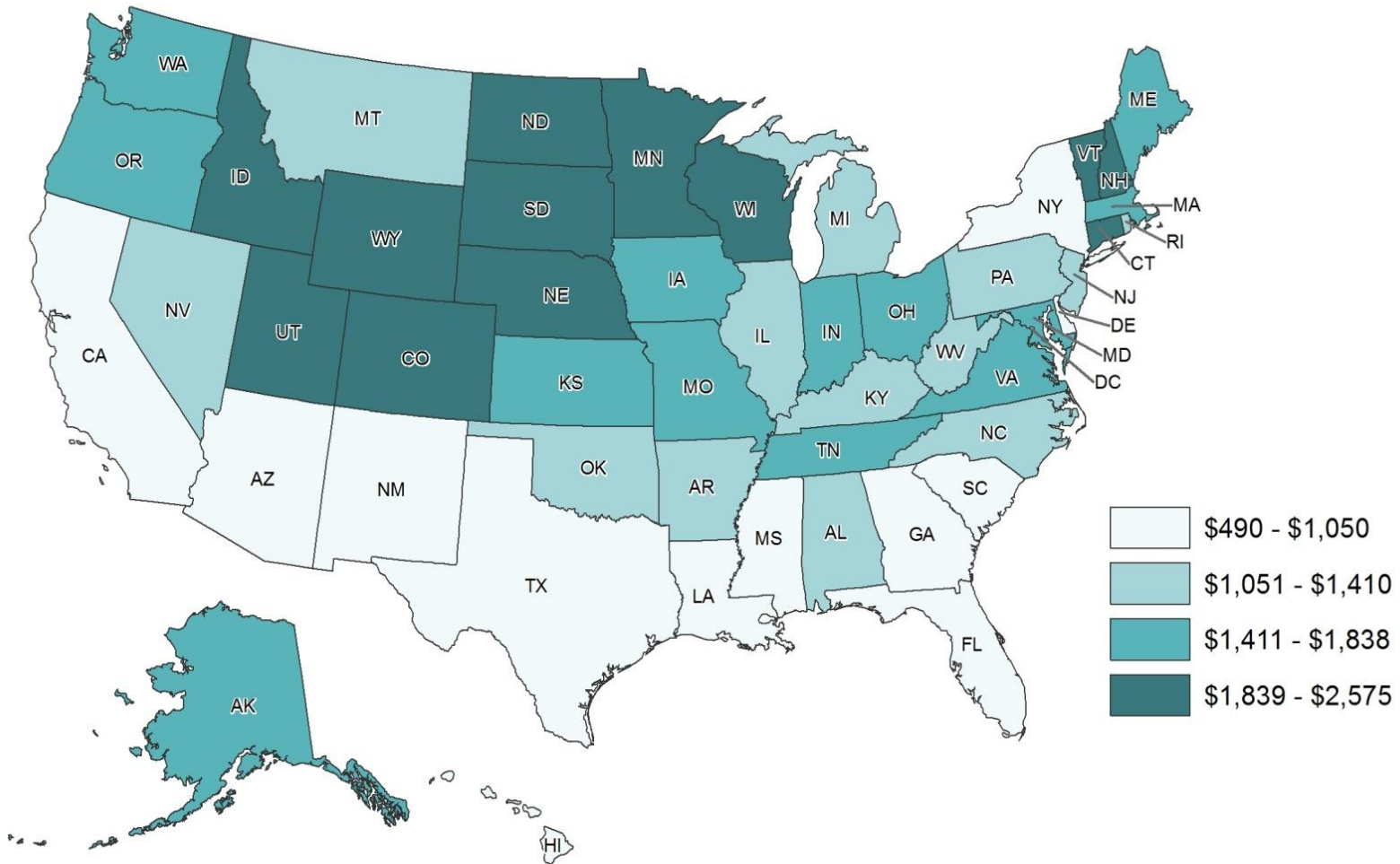
Methods: Potential Impacts of ACA

Family Income as % of FPG	Premium Cap as % of Income	Out-of-Pocket Maximum	
		Individuals	Families
<=138	0%	-----5% of income-----	
138-149	3-4%	\$1,983	\$3,967
150-199	4-6.3%	\$1,983	\$3,967
200-249	6.3-8.05%	\$2,975	\$5,950
250-299	8.05-9.5%	\$2,975	\$5,950
300-399	9.5%	\$3,967	\$7,933

Baseline Results, 2010-2011

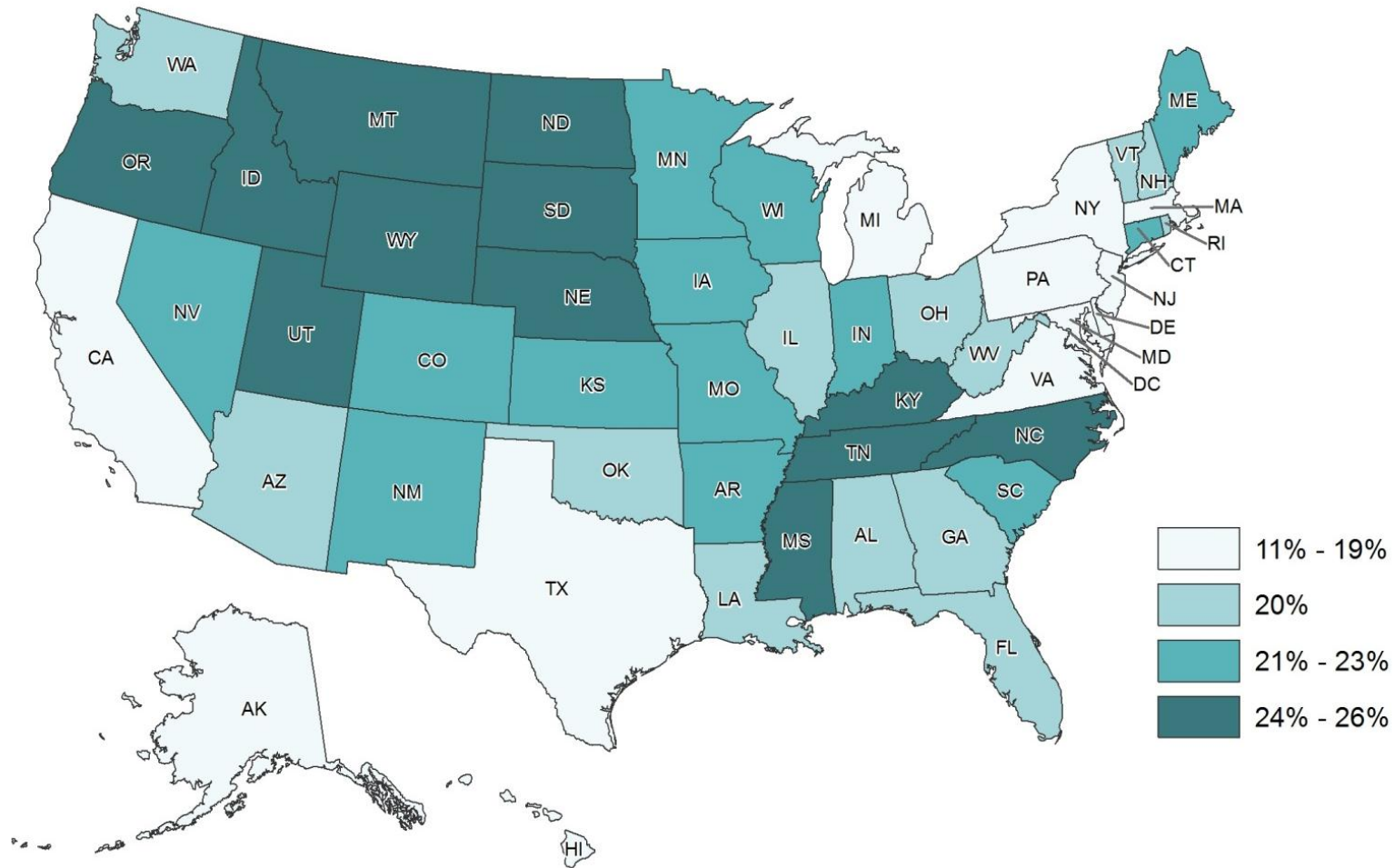
- Median spending \$1275
- High burden spending impacts many Americans
 - Nearly 20% or 58 million high burden (>10% income)
 - 8% very high burden (>20% income)
- Variation across states

Median OOP Spending



Source 2010-2011 CPS ASEC

Percent of Individuals in HIUs with High Burden (>10% income) OOP Spending



Source 2010-2011 CPS ASEC

Estimated Impacts of ACA on OOP Spending: Nationally

- Decrease in median OOP
 - \$1275 to \$1000
- Decrease in share with high burden
 - 19.2% to 13.8%
- 16.8 million no longer high burden
- 42 million continue to experience high burden spending

Source 2011 CPS ASEC

Characteristics of individuals with baseline high burden spending

	No longer high burden	Still high burden	Total population
Female	53%	46%	51%
Race			
White	63%	73%	63%
Black	16%	8%	12%
Asian	4%	5%	5%
Hispanic	13%	2%	3%
Other	4%	12%	17%
Family income (% FPG)			
0-138	94%	17%	30%
139-250	5%	34%	20%
250-400	2%	28%	19%
400+	0%	21%	32%

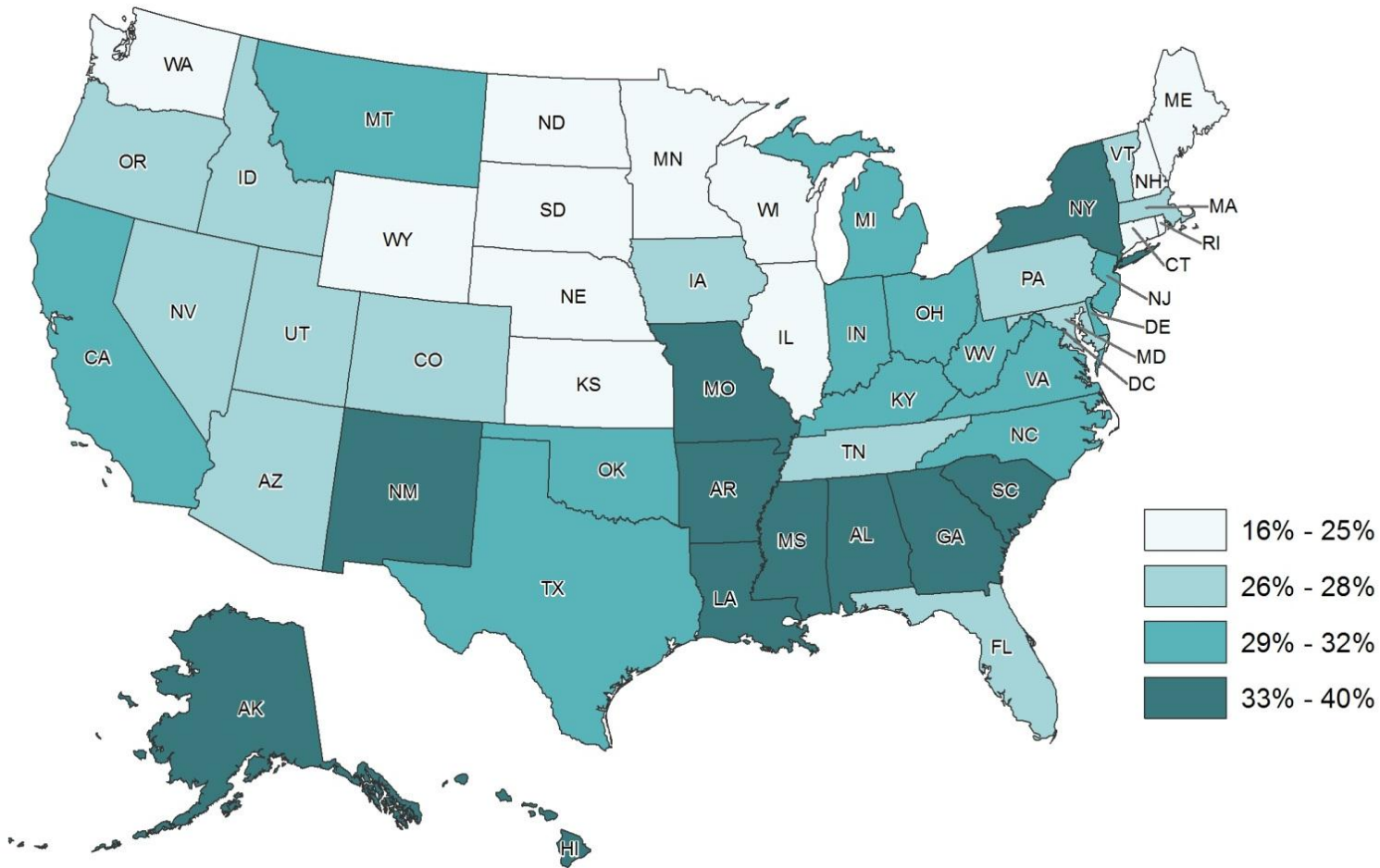
Characteristics of individuals with baseline high burden spending, cont.

	No longer high burden	Still high burden	Total population
Health Status			
Excellent or Good	82%	81%	88%
Fair or Poor	18%	19%	12%
Has employer based coverage	39%	60%	55%
Has non-group coverage	15%	23%	9%
Child present in family	44%	40%	46%
Elderly person present in family	1%	35%	15%

Estimated Impacts of ACA on OOP Spending: State Level

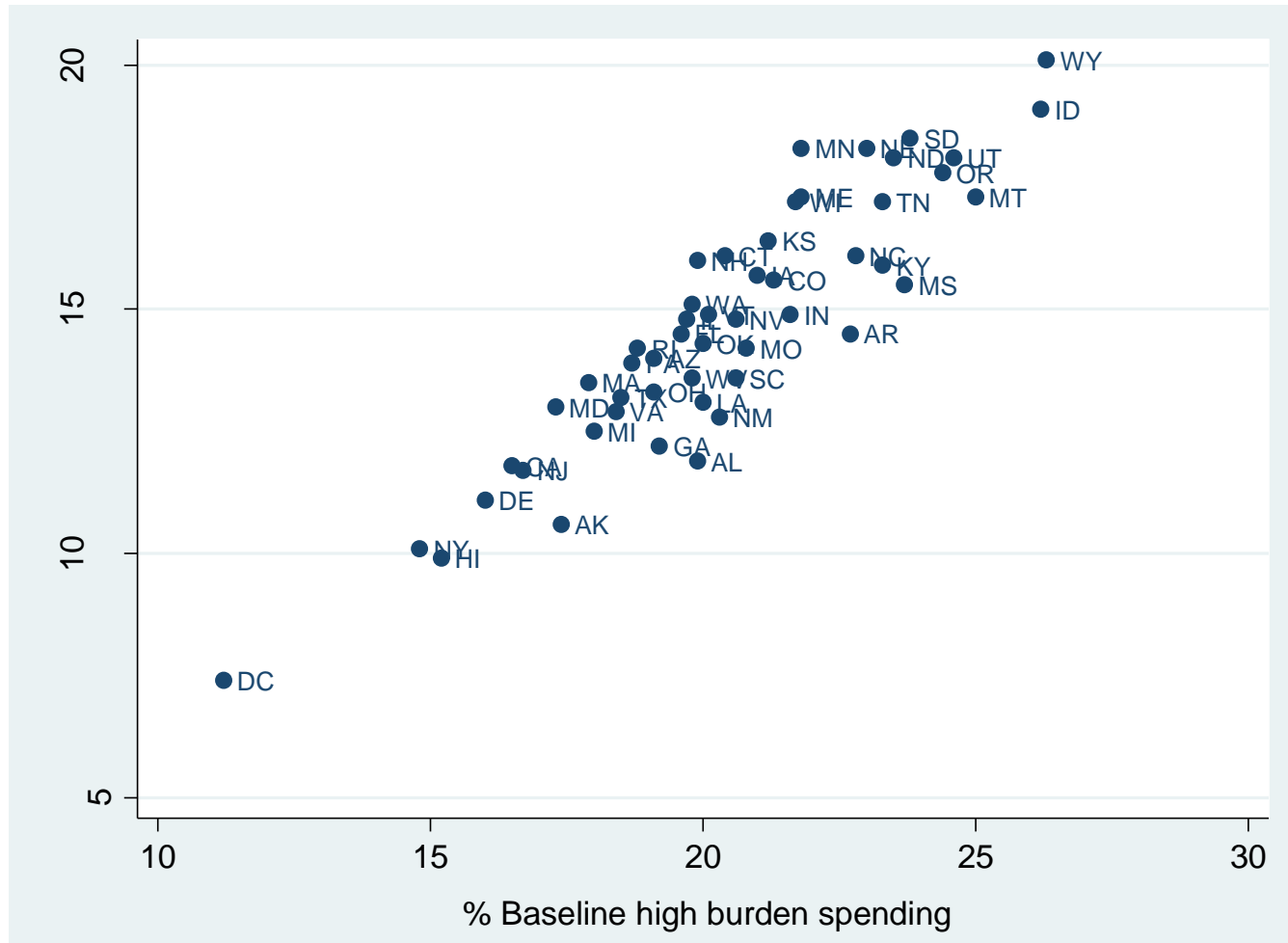
- Median levels and share with high burden decrease in all states
- Variation across states persists
 - In potential impact of ACA: 16% to 40% reductions in high burden spending
 - In share with high burden spending: 7% to 19% still high burden, rankings fairly stable

Estimated percent change in share with high burden spending



Source 2010-2011 CPS ASEC

Share with high burden OOP spending, baseline and after estimated ACA impacts



Limitations

- Analysis of spending, not foregone care or risk of high OOP spending burdens
- Increases in spending related to ACA
- Upper bound estimate of ACA impacts
 - Take-up
 - State decisions about Medicaid expansions

Conclusions & Policy Implications

- CPS useful new data source for
 - Monitoring
 - Informing policy solutions
- High burden spending issue for many Americans and varies across states
- Estimate ACA will help many but 40 million remain high burden
- State decisions on Medicaid expansion

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