

The Potential Impact of the Affordable Care Act on California

The UCB/UCLA micro-simulation model for
consumer health spending and affordability

Ken Jacobs, Dave Graham-Squire, Laurel Lucia (UCB)
Jerry Kominski, Dylan Roby, Daphna Gans, Christina Kinane, Jack Needleman (UCLA)

May 11, 2011

California Health Benefit Exchange Board Meeting

Core Data Sources

- Medical Expenditure Panel Survey (MEPS) household component used for information on individuals and their families:
 - Premium and out-of-pocket health spending
 - Employment status/characteristics
 - Demographic characteristics, disease/health status
- Apply weights from CHIS 2009 to calibrate MEPS household data

Additional Data Sources

- California Health Interview Survey
 - Reweighting MEPS and predicting undocumented status
- Employment Development Department
 - Wage distribution and firm size (from 2007)
- Employer Health Benefits Survey
 - Complete data on 820 firms in California
 - Firm size, offering, benefits, employee wages
 - Provide details for “synthetic” firms
 - Upcoming: Actuarial values for each of the 820 firms

Preliminary Estimates of Insurance Coverage (in millions) for 2014, 2016, & 2019

Type of Coverage	Without ACA (2014)	With ACA (2014)	With ACA (2016)	With ACA (2019)
Employer-sponsored	19.1	19.2	19.0	18.9
Medicaid	5.7	6.6	7.0	7.5
Healthy Families	0.8	0.6	0.7	0.8
Other Public	1.3	1.2*	1.2*	1.2*
Individual/Exchange (with subsidies <400%)	N/A	1.6	2.0	2.4
Individual without subsidies	2.2	1.6	1.8	2.0
Uninsured	5.6	3.9	3.3	3.0

* Healthy Kids enrollees (70,000) assumed to become uninsured due to undocumented status (50,000) or to move into the Exchange due to income of 250% FPL and above (20,000).

Note: Assumes employer costs must change by at least 10% for employer to change decision to offer insurance and “enhanced” take-up scenario (70% new, 40% existing by 2019).

Examination of Changes due to Policy in Types of Coverage (in millions), 2019

Type of coverage	Without ACA 2019	Adding due to ACA	Leaving due to ACA	Net policy change	After ACA 2019
Employer-sponsored	19.8	0.8	-1.7	-0.9	18.9*
Medicaid	5.9	1.6		1.6	7.5
Healthy Families	0.8	0.3	-0.3	0.0	0.8
Other Public	1.3		-0.1	-0.1	1.2
Individual/Exchange (with subsidies <400%)	N/A	2.4	n/a	2.4	2.4
Individual without subsidies	2.3	0.8	-1.1	-0.3	2.0
Uninsured	5.8	0.3	-3.1	-2.8	3.0

* 6.2 million (32.7%) are in firms eligible for SHOP Exchange.

Note: High Take-up Scenario over five years (70% new, 40% existing).

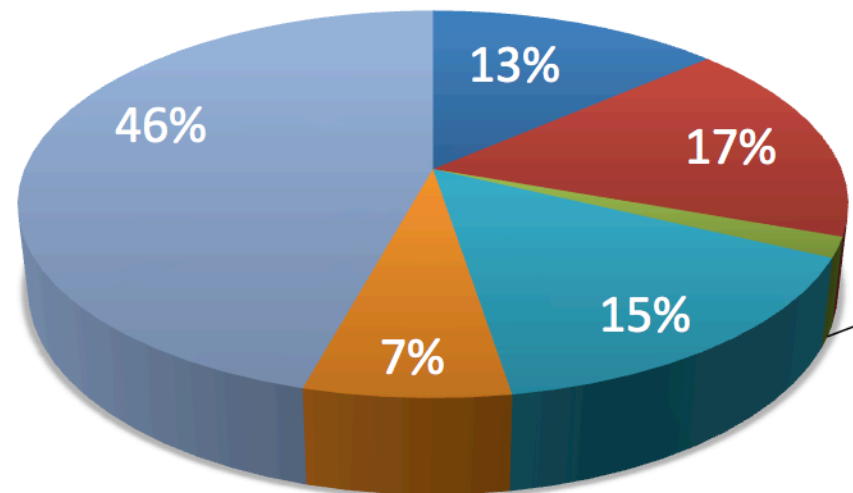
Example of Sensitivity to New Assumptions: Changes in Types of Coverage Using Lower Take-Up, 2019

Type of coverage	Without ACA 2019	Adding due to ACA	Leaving due to ACA	Net policy change	After ACA 2019
Employer-sponsored	19.8	0.8	-1.7	-0.9	18.9*
Medicaid	5.9	1.3		1.3	7.2
Healthy Families	0.8	0.2	-0.3	-0.1	0.7
Other Public	1.3		-0.1	-0.1	1.2
Individual/Exchange (with subsidies <400%)	N/A	2.2	n/a	2.2	2.2
Individual without subsidies	2.3	0.6	-1.1	-0.5	1.8
Uninsured	5.8	0.7	-2.8	-2.1	3.7

* 6.2 million (32.7%) are in firms eligible for SHOP Exchange.

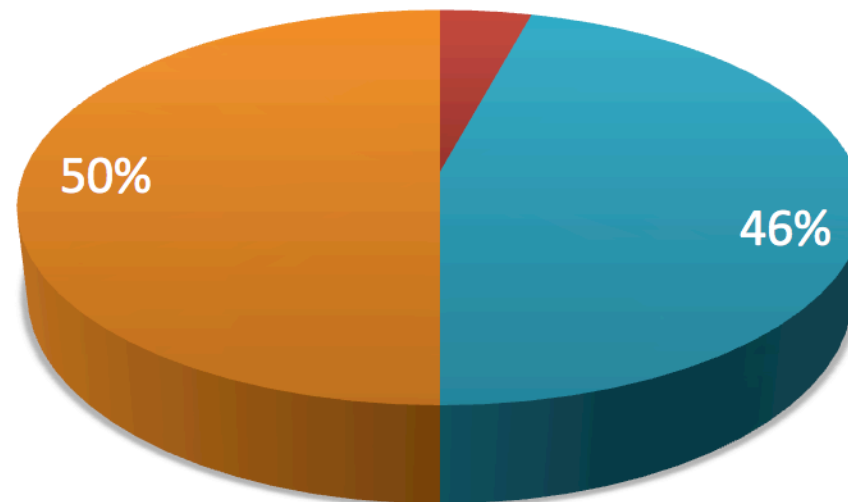
Note: Low Take-up Scenario over five years (57% new, 10% existing).

What Happens to the Currently Uninsured by 2019?



Note: Assumes High Take-up Scenario over five years (70% new, 40% existing)

What Happens to Those Currently in the Individual Market by 2019?



Note: High Take-up Scenario over five years (70% new, 40% existing).

Comparison of Estimates (in millions)

Change in Enrollment under ACA

	Exchange	Exchange With Subsidies	Employer-Based	Public	Medicaid	Uninsured
Families USA (2014)	N/A	3.473*	N/A	N/A	N/A	N/A
Long & Gruber (2016)	4.010	Included in Exchange	-0.870	1.710	Included in Public	-3.430
RAND (2016)	6.000	N/A	N/A	N/A	3.600	N/A
Lewin Group (2019)	N/A	N/A	N/A	2.327	Included in Public	N/A
Urban Institute/KFF(2019)	N/A	N/A	N/A	N/A	2.01 – 2.99	N/A
UCB/UCLA (2019)	4.376	2.391	-0.866	-0.07	1.617	-2.798

* Estimate reflects number eligible, not number enrolled.

Sources:

Families USA, "Lower Taxes, Lower Premiums, The New Health Insurance Tax Credit in California," September 2010.

Peter Long and Jonathan Gruber, "Projecting The Impact Of The Affordable Care Act On California," *Health Affairs*, 30, no.1 (2011):63-70.

RAND, "How Will Health Care Reform Affect Cost and Coverage? Examples from Five States," 2011.

The Lewin Group, "The Impact of the Medicaid Expansions and Other Provisions of Health Reform on State Medicaid Spending," December 9, 2010.

Kaiser Family Foundation (analysis by Urban Institute), "Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL," May 2010.

UC Berkeley Labor Center and UCLA Center for Health Policy Research, Microsimulation Model.

The UCB/UCLA micro-simulation model is designed with California in mind:

- California focus requires unique data on employers, undocumented immigrants, and population demographics
- Customizable for both national and state reform efforts
- Access to CHIS allows for person-level analysis to be incorporated into the model instead of aggregate model adjustments