Modeling the Impacts of the ACA on Health Insurance Coverage: A New Tool for States

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State Health Reform Assistance Network

Charting the Road to Coverage

shadac

State Health Access Data Assistance Center

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Background

- Microsimulation modeling is an expensive, time-consuming undertaking for states
  - Most states need to contract out
  - Little to no ability to update for new data or test alternative assumptions
  - From a customer (state) perspective, the models are essentially “black boxes” (to varying degrees)

Goals

- Build a useful model of state ACA impacts on coverage that:
  - Allows users to input/change assumptions
  - Allows for detailed analysis by characteristics relevant to health insurance coverage
  - Compared to microsimulation models:
    - Is more timely and can be updated easily
    - Is less costly
    - Is more transparent

Basic model structure

- Spreadsheet based
- Model predicts impacts of the ACA's coverage provisions separately by:
  - Age
  - Income
  - Employer size
  - Coverage type
- 435 total combinations: 75 for children and 360 for adults

Basic Model Structure

435 total combinations: 75 for children and 360 for adults

Age Groups

0 to 18
19 to 25
26 to 44
45 to 54
55 to 64

Insurance types*

ESI (includes military)
Nongroup
Medicaid/CHIP
Medicare
Uninsured

*primary source of coverage

Employer Size*

<=50
>50
No employer

*(use largest employer in HIU)

Income Categories*

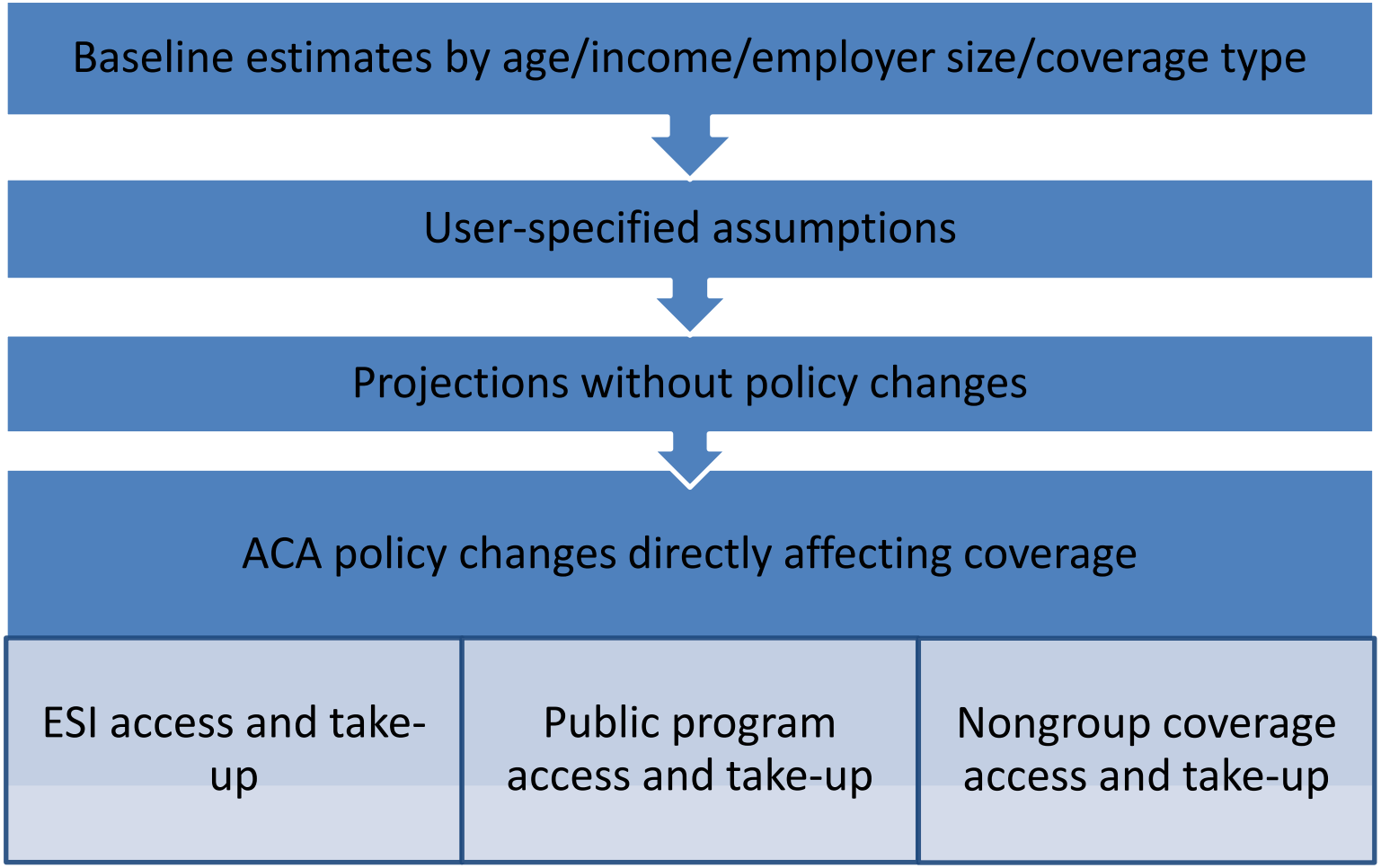
Children	Adults
0 -150%	0 - 35%
151 - 200%	36 - 138%
201 - 250%	139 - 200%
251 - 400%	201 - 250%
401% or more	251 - 400%
	>400%

*HIU income

Data Sources

- State-specific data:
  - 2010 American Community Survey: age, income, insurance type, and employment status
  - 2009 and 2010 MEPS Insurance Component: employer offer rates, worker eligibility, take-up
- Regional data:
  - 2009 MEPS Household Component: employer size, access to ESI, ESI take-up, health status

High-level flow of model



Model outputs

- Health insurance coverage distribution
  - By age, income, employer size
- Enrollment in:
  - Nongroup health insurance exchange
  - Basic Health Plan (if applicable)
- For Medicaid, estimates of:
  - Newly eligible
  - Previously eligible

Baseline estimates

- Statistical matching between ACS and MEPS-HC using age, income, insurance type, region, race, marital status, education, sex, and industry
- Generate baseline estimates for each age/income/insurance type/employer size cell in the model
- For each cell: number of people, % with access to ESI, and % in fair or poor health

User-modifiable assumptions

- About 35 different assumptions that can be adjusted by users:
  - Timeframe and population/employment trends
  - Access to employer coverage (19-25 dependents, small employer tax credit, employer offer rates)
  - ESI take-up
  - Public program participation
  - Nongroup coverage purchase decisions
  - Exchange and BHP participation

Default assumptions

- Default assumptions must be chosen carefully and well documented
- Informed by:
  - Baseline values (e.g., participation rates in Medicaid under existing law)
  - Results of microsimulation models, to the degree these are publicly available

Example of assumptions

3. ESI Access				
Changes in ESI Access and Coverage:	Baseline	Assumed change		Policy
A. Dependent coverage for 19-25 year olds				
% change in access to ESI for 19 to 25 year olds due to dependent coverage expansion				
% of 19-25 year olds with access to ESI	50.7	5.0	percentage points	55.7
B. Small employer tax credit				
small employers newly offering coverage due to tax credit (percentage point change)				
% of employers under 10 offering coverage, 2010	31.9	1.4	percentage points	33.3
% of employers 10-24 offering coverage, 2010	62.8	1.4	percentage points	64.2
C. ESI access - change in employer offer rate				
Firms with 50 or fewer employees	39.6			
1. Increased offer rate in response to higher employee demand for coverage to comply w/mandate		0.9	percentage points	
2. Reduced offer rate due to employers dropping coverage because employees can obtain subsidized coverage in exchange instead		-2.0	percentage points	
3. Change in offer rate due to increase/decrease in premiums related to ACA provisions:				
Percent change in premiums		-0.5	percent	
Employer responsiveness to % change in premiums		-0.6	% change in offer per 1% change in prem	
Percentage point change in offer rate due to premium changes		0.1	percentage points	
Net change in offer rate, firms with 50 or fewer employees		-1.0	net change in offer, small employers	38.6
Firms with more than 50 employees	94.4			
1. Increased offer rate in response to higher employee demand for coverage to comply w/mandate		2.2	percentage points	
2. Reduced offer rate due to employers dropping coverage because employees can obtain subsidized coverage in exchange instead		-4.7	percentage points	
3. Change in offer rate due to increase/decrease in premiums related to ACA provisions:				
Percent change in premiums		-1.5	percent	
Employer responsiveness to % change in premiums		-0.6	% change in offer per 1% change in prem	
Percentage point change in offer rate due to premium changes		0.8	percentage points	
4. Change in offer rate due to employer penalties for not offering coverage		0.6	percentage points	
Net change in offer rate, firms with more than 50 employees		-1.1	net change in offer, large employers	93.3

Policy changes and order in which they are applied

- Dependent coverage expansion – ESI
- Small employer tax credits – ESI
- Other changes in access to ESI (employer behavior)
- Changes in ESI take-up (individual behavior)
- Medicaid expansion
- Changes in nongroup coverage
  - Availability of subsidies
  - Individual mandate
  - Premium impacts

Output tables

- Distribution of insurance coverage, by age group
- Distribution of insurance coverage, by income
  - Total nonelderly population, children, and adults
- Distribution of insurance coverage, by employer size
- Shifts in health coverage distribution
  - By age and employer size
- Medicaid/CHIP enrollment: previously eligible and newly eligible

Discussion

- Compared to microsimulation modeling, our spreadsheet modeling tool is:
  - More state-specific (source data and assumptions)
  - Timely (ability to produce analysis quickly)
  - Flexible (many user-specified assumptions)
  - Transparent
  - Inexpensive
- "Default" assumptions must be well documented and explained, to promote responsible use of the model

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