

WASHINGTON STATE HEALTH SERVICES RESEARCH PROJECT

Three Years' ACA Impact on Washington State's Health Coverage

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Introduction

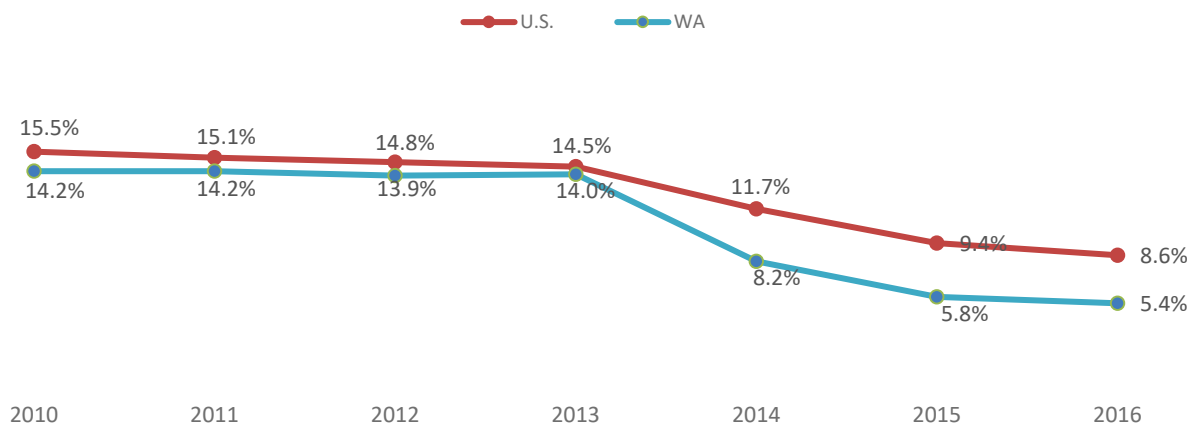
The percentage of people uninsured in Washington state continued to decrease since the implementation of key provisions of the Patient Protection and Affordable Care Act (ACA) in 2014. With a rate of 14.0 percent in 2013 prior to the ACA, the percentage of uninsured dropped to 8.2 percent in 2014.¹ It then shrank to 5.8 percent in 2015 and stood at 5.4 percent in 2016, a record low and representing an overall percentage decrease of more than 60 percent between 2013 and 2016. With few exceptions, this decrease in uninsured rates was seen in all demographic groups assessed.

The 2017 uninsured rate in Washington is expected to stay at approximately the same level as 2016's level. However, recurrent efforts to repeal the ACA have generated uncertainty about health coverage in Washington and the nation beyond 2017.

Uninsured rates in 2010–16, Washington and United States

Estimates from 2010-13 show that prior to the start of ACA coverage provisions in 2014, Washington's uninsured rate hovered at about 14 percent (Chart 1). For the next three years, the uninsured rate dropped to 8.2 percent in 2014, 5.8 percent in 2015 and 5.4 percent in 2016. The uninsured rate in each of the three years resulted in a record low in Washington.

Chart 1. Washington and U.S. Uninsured Rates: Total Population, 2010-16

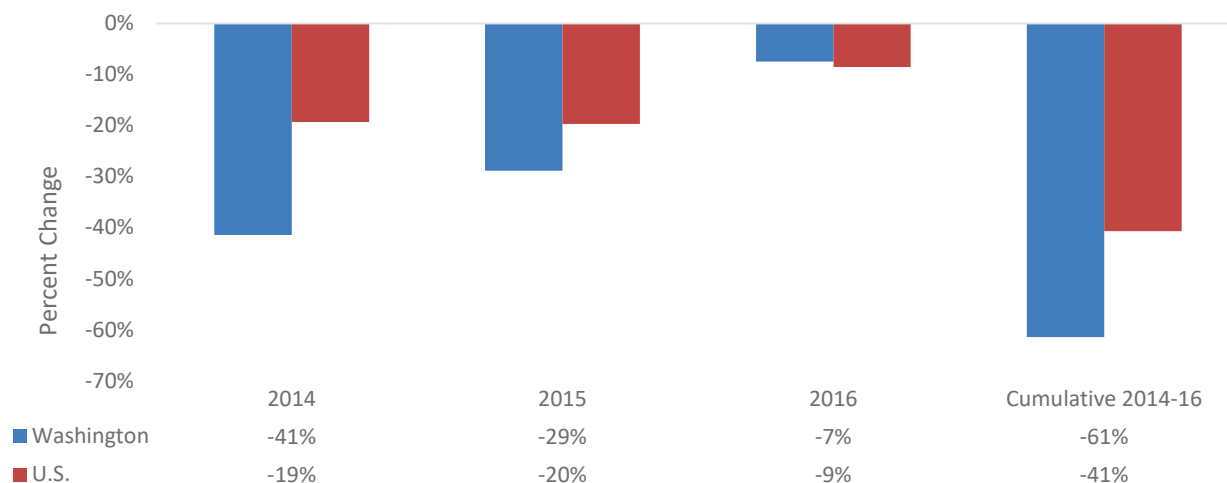


¹ Estimates in this brief, unless noted otherwise, are derived from the American Community Survey (ACS). The ACS is a population survey of U.S. households conducted by the U.S. Census Bureau. Estimates for the United States are obtained from the Census Bureau's American FactFinder website (<https://factfinder.census.gov>). Estimates for Washington prior to 2014 are from staff analysis of the ACS 1-year PUMS files and estimates for Washington for 2014–16 are from staff analysis of the ACS 1-year PUMS files that are adjusted by OFM for the state's Medicaid population count. For information on the adjustment, see http://www.ofm.wa.gov/healthcare/healthcoverage/pdf/undercount_medicaid.pdf.

The Medicaid expansion, together with the launch of the Washington Health Benefit Exchange and the implementation of other ACA provisions, reduced Washington's uninsured rate by 41 percent in the first year alone (Chart 2). In 2015, the uninsured rate dropped 29 percent from the previous year. In 2016, the change in Washington's uninsured was moderate, but still declined by about 7 percent over the previous year's rate. The cumulative decline of Washington's uninsured rate in the three years since 2013 was 61 percent.

The decline of Washington's uninsured rate as a result of implementing the ACA mirrored the national trend, with a notable difference in the pace. Prior to the implementation of the ACA in 2014, the U.S. uninsured rate was slightly above Washington state's rate of 14 percent. The U.S. uninsured rate experienced large declines in 2014 and 2015, followed by a small decline in 2016, the same pattern experienced in Washington. The cumulative decline of the U.S. uninsured rate from 2013 to 2016 was 41 percent.

Chart 2. Uninsured Change Over Previous Year, Washington State and U.S., 2014-16



What sets Washington's trend apart from the national trend, though, is the pace of the decline in the uninsured rate. While Washington's annual uninsured rate declined by 41 percent in 2014, the U.S. uninsured rate declined by about 19 percent. The slower U.S. pace in 2014 reflected the fact that only about half of the states implemented the Medicaid expansion provision in the first year of the ACA.² In 2016, however, the U.S. uninsured rate declined at a slightly faster pace than that of Washington, 9 percent and 7 percent, respectively. The faster decline in the U.S. uninsured rate in 2016 may be associated with the participation of five more states in the Medicaid expansion after 2014.³

Uninsured rates in 2016 further declined across most population groups in Washington

The unprecedented decline of uninsured rates in Washington from 2013 to 2016 was also evident in the state's population sub-groups. For the first two years (2014 and 2015) of the ACA, all demographic groups shown in Chart 3 below had declines in uninsured rates; some of the declines were quite sizable. For instance, all population groups with uninsured rates of 30 percent or greater in 2013 experienced a decrease in their

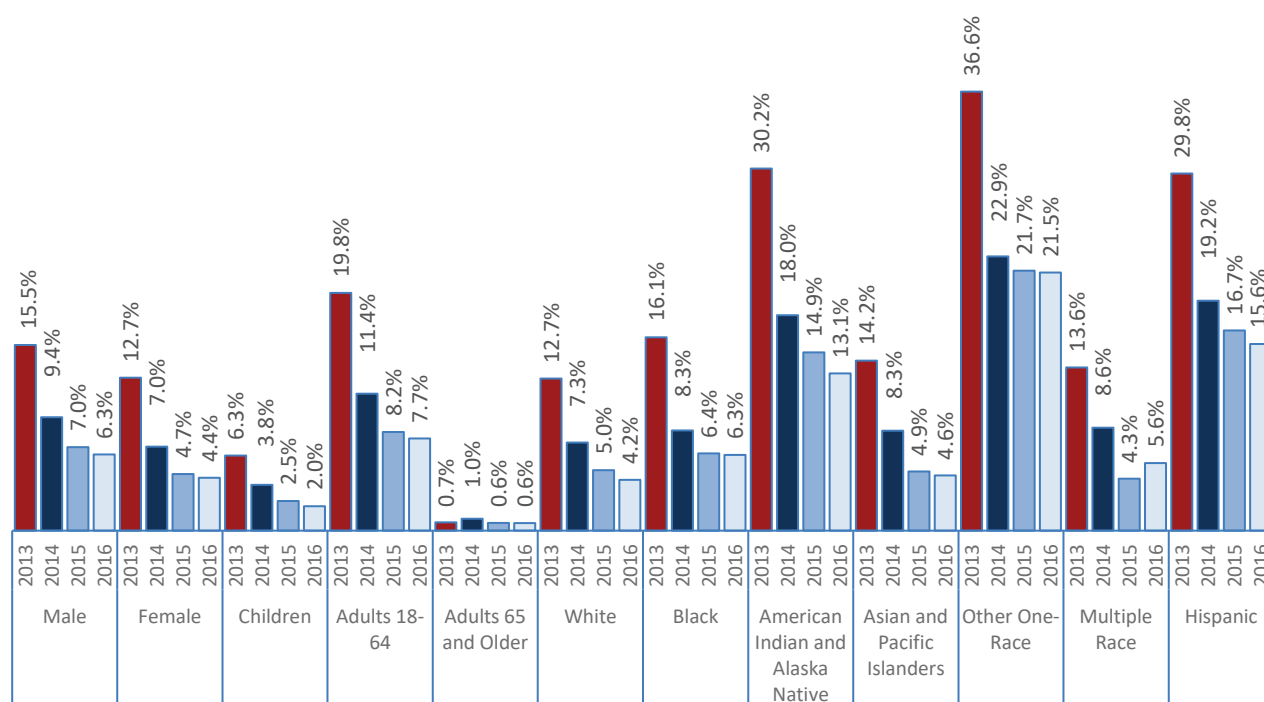
² States that implemented Medicaid expansion or obtained Section 1115 waivers in 2014: Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Oregon, Rhode Island, Vermont, Washington, West Virginia, and the District of Columbia (Source: <https://www.kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D>.)

³ States that implemented Medicaid expansion or obtained Section 1115 waivers between 2015 and 2016: Alaska, Indiana, Louisiana, Montana and Pennsylvania. (Source: *ibid*)

uninsured rates by more than 10 percentage points in 2014: the Hispanic group’s rate dropped from 29.8 percent to 19.2 percent; the American Indian and Alaska Native group from 30.2 percent to 18 percent; and the “other one-race” group from 36.6 percent to 22.9 percent. From 2014 to 2015, three groups had a reduction exceeding 3 percentage points in their uninsured rates: the multiple-race group (from 13.6 to 8.6 percent), adults age 18-64 (from 11.4 to 8.2 percent) and the American Indian and Alaska Native group (from 18 to 14.9 percent).

In 2016, most of the demographic groups’ uninsured rates continued to decline, although the declines were much smaller in scale, ranging from 0.2 percentage point (the other one-race group) to 1.8 percentage points (the American Indian and Alaska Native group). The multiple-race group was the only group that had an increase in the uninsured rate. It increased by 1.3 percentage points, from 4.3 percent to 5.6 percent.

Chart 3. Percentage Uninsured by Demographic Characteristics: 2013-16

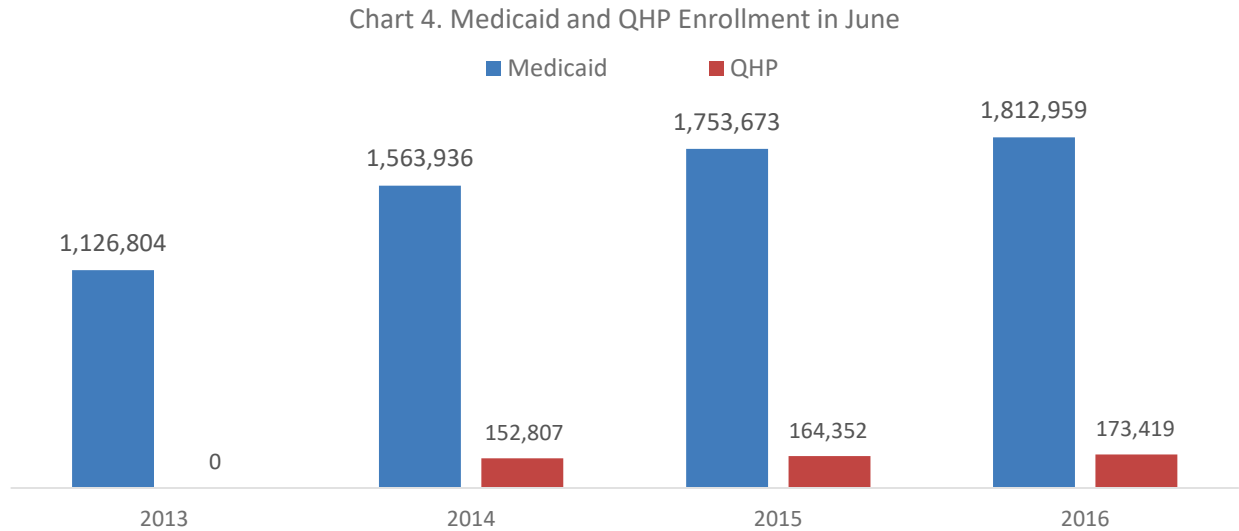


Early signs indicate that Washington’s uninsured rate in 2017 may remain at about the same level as in 2016. The current political atmosphere, however, has generated uncertainty about future health coverage in Washington and nationwide.

The main force propelling Washington’s decline of the uninsured rate since the start of the ACA in 2014 was the expansion of Medicaid and the offer of qualified health plans (QHPs) by the Washington Health Benefit Exchange (through the Washington Healthplanfinder), especially the former.⁴ The shares by other health coverage payers (e.g., private and Medicare) remained about the same or experienced slight declines. There is no available information at this time to suggest that the other coverage payers experienced remarkable changes in 2017. At the same time, program data show that Medicaid and QHPs continued to grow, though modestly, in 2017. Medicaid enrollment increased from 1,813,000 in June 2016 to 1,831,800 in June 2017

⁴ Yen, Wei and Mounts, Thea. “Medicaid Growth Under the ACS: A Game-Changer in Reducing Washington’s Uninsured in 2014.” Washington State Office of Financial Management, Research Brief No. 076, April 2016.

while QHP enrollment grew from 173,400 to 189,000 during the same period (Chart 4).⁵ When combined, Medicaid and QHPs experienced growth of 1.7 percent in 2017, about half the combined growth rate of 3.6 percent in 2016. These data appear to suggest that the uninsured rate in Washington in 2017 would likely change little from its 2016 level.



In 2017, the U.S. Congress made several attempts to repeal the ACA. As Washington has made greater gains in health coverage under the ACA compared with the nation as a whole, the repeal of the ACA would mean disproportional adverse effect on Washington's coverage gain.⁶ While efforts to repeal the ACA in its entirety may be put on hold for now, efforts to repeal several components of the ACA have succeeded. These efforts include the executive order to immediately end the ACA's cost-sharing reduction payments to insurers;⁷ the executive order to allow insurers to sell cheaper policies with more limited benefits and protections to the members;⁸ and, through the recently signed new tax law, the removal of the penalty under the ACA's individual mandate that fines individuals for not obtaining health coverage.⁹ These changes, particularly the change about the ACA individual mandate, are expected to cause health premiums and the uninsured rate to rise, according to the Congressional Budget Office analysis.¹⁰ The partial repeals and continued efforts at complete repeal of the ACA have generated uncertainty about the health coverage status in Washington and the nation in 2018 and beyond.

⁵ The source for the Medicaid enrollment is staff analysis of the OFM's Medicaid Eligibility File. For the source of QHP enrollment figures, see:

http://www.wahbexchange.org/wp-content/uploads/2015/12/HBE_PD_140828_August_Performance_Dashboard.pdf

http://www.wahbexchange.org/wp-content/uploads/2015/12/HBE_PD_150722_July_Performance_Dashboard.pdf

http://www.wahbexchange.org/wp-content/uploads/2015/12/HBE_PD_160721_July_Executive_Dashboard.pdf

https://www.wahbexchange.org/wp-content/uploads/2017/09/HBE_EB_170815_Executive-Dashboard.pdf

⁶ See https://ofm.wa.gov/sites/default/files/public/legacy/healthcare/pdf/ACA_impact.pdf.

⁷ See <http://www.healthaffairs.org/doi/10.1377/hblog20171022.459832/full/>.

⁸ See <https://www.whitehouse.gov/the-press-office/2017/10/12/presidential-executive-order-promoting-healthcare-choice-and-competition>.

⁹ See <http://docs.house.gov/billsthisweek/20171218/CRPT-115HRPT-466.pdf>.

¹⁰ See <https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53300-individualmandate.pdf>.