A History of Health Reform and the ACA

University of Alabama

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Last Class

- We talked about two of the biggest health insurance experiments in American history: the RAND HIE and the Oregon HIE.
- The RAND HIE was conducted during the 1970s, and it gave varying levels of health insurance coverage to previously uninsured low income individuals.
- The Oregon HIE occurred more recently and gave Medicaid coverage to a randomly selected group of lottery winners.
- Each study found that more complete insurance coverage led to higher levels of health care utilization, however effects on health outcomes were not as clear.

A History of Health Care Reform

- After the passage of the Patient Protection and Affordable Care Act (PPACA), aka "Obamacare", health care reform has become one of the most debated topics in America today.
- Though carrying huge implications, the ACA and the ideas behind health care reform are not new concepts.
- Practically every presidential administration after WWII has proposed some version of reform.
- As you might expect, bipartisan politics has often hampered and complicated attempts at reform.

A History of Health Care Reform

- Franklin Delano Roosevelt had plans to reform health care after the conclusion of WWII, however he died while in office before he could follow through with such plans.
- The first attempt at health care reform in the post-war era was during the administration of President Harry S. Truman (1945-1953).
- Truman proposed a universal health care system, paid for by the National Health Insurance Board.
- Opponents to the proposal included the American Medical Association (AMA), who called it "socialized medicine," and the bill died in congress.
- Truman made further efforts at reform, however the outbreak of the Korean War ended such efforts.

A History of Health Care Reform

- The Eisenhower administration (1953-1961) supported only limited health care proposals, however this administration did create the "Military Medicaid" program, which provided health services to military dependents.
- With its concern being primarily on the Cold War, this administration focused little attention to the reform of health care.
- Next came the Kennedy administration (1961-1963). President Kennedy supported the King-Anderson bill, a bill aimed at providing coverage to those ages 65 and older as part of the Social Security program. This lied the foundation for what would later become Medicare.
- The King-Anderson bill was later defeated in congress, once again being opposed by the powerful AMA.

A History of Health Care Reform

- President Kennedy did not live to see the proposal's chances through the next congress, and Lyndon B. Johnson took over as president after Kennedy's assassination.
- Under the Johnson administration (1963-1969), a lot of health reform got passed due to democratic supermajorities in both the house of representatives and the senate.
- Despite continued resistance from the AMA and conservative republicans, legislation establishing the Medicare and Medicaid programs steam-rolled through congress.
- the Social Security Amendments of 1965 were signed into law by President Johnson on July 30, 1965.
- These amendments as they were originally created provided health care coverage to those ages 65 and older, and to the poor, blind, and disabled.

A History of Health Care Reform

- In the Nixon administration (1969-1974), efforts at complete health care overhaul were made.
- Nixon proposed the National Health Insurance Standard Act, which called for government-prescribed minimal levels of insurance coverage, mandated to be provided through employers. The NHISA would also provided government subsidies for premiums for certain employees.
- While the NHISA did not pass, Nixon was successful in creating the Health Maintenance Organization Act of 1973, which created the foundation for managed care.
- A competing proposal to the NHISA was drafted by Senator Ted Kennedy of Massachusetts. Kennedy introduced the Health Security Act, calling for a single federal payer, providing comprehensive health coverage for all Americans. This act never advanced far in congress, however it was the start of a career-long effort by Senator Kennedy at reform.

A History of Health Care Reform

- The Ford administration (1974-1977) was concerned with healing the nation after the Watergate scandal, as well as showing concern for rapid rise of medical inflation. The National Health Planning and Resources Development Act of 1974 was created to control escalating health care costs. It was aimed at reducing unnecessary duplication of health care facilities and services by mandating certificate of need programs in the states.
- Under the administration of President Carter (1977-1981), a system of universal health care was proposed, and it even had some support within a lot of the medical provider community.
- Carter's plan never succeeded due to opposition in the senate. Ironically, the opposition came from Senator Ted Kennedy, who was set to run against Carter in the democratic presidential primary in 1980.

A History of Health Care Reform

- Under the Reagan administration (1981-1989), Reagan declared that more government is not the solution to our problems, but instead government is the problem. Reagan was against government borrowing and deficit spending.
- During Reagan's term, several laws were enacted aimed to control the growth in health spending, and improving inefficiency. Reagan changed Medicare reimbursement methodologies, in most cases reducing reimbursement amounts to hospitals and physicians.
- Reagan did successfully advance expansion of Medicare through the Medicare Catastrophic Coverage Act of 1988 (MCCA). The law allowed Medicare to cover prescription drugs, put a ceiling on out-of-pocket co-pays, and expanded payments for long term care.
- This program was funded by higher premiums for Medicare recipients.

A History of Health Care Reform

- In the George H.W. Bush Administration (1989-1993), many members of the elderly community were seriously disappointed with having to pay higher premiums to fund the MCCA. In 1989, just 17 months after it was enacted, a bipartisan effort in congress repealed most of the MCCA.
- During his term, President Bush focused on reducing health care spending by eliminating fraud and abuse in the Medicare and Medicaid programs.
- One notable change by Bush was the prohibition on physical "self-referrals" for clinical laboratory services.

A History of Health Care Reform

- Under the Clinton administration (1993-2001), major efforts at health care reform were made. A task force headed by First Lady Hillary Clinton created the American Health Security Act of 1993 (AHSA), aka "Hillarycare." Under the Clinton plan, health insurance coverage would be provided through private insurers competing in a highly regulated state-level market. All plans required a minimum level of benefits, and employers were required to provide insurance coverage to their employees.
- The AHSA was opposed by much of the health care industry as well as by many democrats. By 1994, the plan was declared dead within the Senate.

A History of Health Care Reform

- Interestingly, Republicans produced a plan in opposition to that of President Clinton, the Health Equity and Access Reform Today Act of 1993 (HEART).
- Under this Republican created plan
  - Employers are required to provide health insurance coverage for employees.
  - Insurance providers are prohibited from denying coverage based on pre-existing conditions.
  - Low-income individuals that do not qualify for Medicaid will receive vouchers to help pay for health insurance.
  - All U.S. citizens are required to obtain coverage from some type of health care plan.

A History of Health Care Reform

- Though the bill never came to a vote and many republicans were against it, HEART had many similarities to the ACA.
- Other important health care changes that occurred during the Clinton administration include the Health Insurance Portability and Accountability Act (HIPAA), which was intended to provide better protection of patients' personal and private health related information.
- Finally, under the Clinton administration, the State Children's Health Insurance Program (SCHIP) was created. SCHIP is a program intended to cover health needs for uninsured children from modest income families that do not qualify for Medicaid.

A History of Health Care Reform

- The administration of George W. Bush (2001-2009) bore the burden of the tragedy of 9/11. President Bush's main focus was to fight terrorism both abroad and at home, and hence it is understandable that health care reform was not at the top of his agenda.
- Despite focus being away from health care, Bush did pass one of the largest expansions of Medicare in the program's history. The Medicare Drug Improvement and Modernization Act of 2003 (MMA) attempted to make prescription drugs for the elderly more affordable through the creation of Medicare Part D. Essentially, the costs of prescription drugs are subsidized for people covered by Medicare.
- The MMA narrowly passed in each house of congress, with votes almost perfectly split across party lines, and with republicans in control of majorities.

A History of Health Care Reform

- During the Bush administration (2006), an interesting and important piece of health care reform was passed within the state of Massachusetts.
- Nicknamed "Romneycare" after Massachusetts Governor Mitt Romney, the law
  - mandated that all residents of the state acquire some minimum standard level of health insurance, i.e. an individual mandate.
  - provided free health care benefits to residents earning less than 150% FPL.
  - mandated that employers of more than 10 full-time employees provide health insurance.
- "Obamacare" was modeled after "Romneycare."

A History of Health Care Reform

- Finally, the Obama administration (2009-present) brought about the largest regulatory overhaul of the health care system since the introduction of Medicare and Medicaid in 1965.
- President Obama campaigned on the promise of sweeping changes to the health care system in an effort to reduce health spending and increase coverage to more Americans. After being elected, President Obama sent a major reform bill to Congress within six months.
- After heavy political divisiveness, the Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010.

Affordable Care Act

Now we will discuss some of the important provisions of the ACA

- Industry Standards
  - Young people can stay on parents insurance until the age of 26.
  - Insurance companies cannot drop sick people.
  - Insurance companies cannot deny coverage based on preexisting conditions.
  - There are lifetime guarantees of coverage.
- These industry standards cost the insurance companies a lot of money.
- Keep in mind that this money will have to be made up somewhere.

Affordable Care Act

- In order to pay for these additional benefits/regulations of insurance companies, the ACA includes a few provisions to help funding.
  - The individual mandate requires that everyone purchase insurance, even young healthy people that may not need it.
  - People that never had insurance before now have it, which adds to the risk-pool for the insurance company.
  - Those that cannot afford insurance but make too much to qualify for Medicaid will receive government subsidies to help pay the cost (note that someone will have to fund these subsidies).
  - Those that do not satisfy the individual mandate by purchasing insurance are subject to a penalty (i.e. a tax).

Affordable Care Act

- Health care exchanges
  - The ACA created a number of online health care exchanges.
  - The idea behind this was to promote competition. If all of these different health care plans are available online, then this facilitates more efficiency and improves the availability of insurance.
- Subsidies
  - Some people cannot afford insurance, so those of us who can will chip in and subsidize the cost for these people.
  - The idea is that this is a more efficient investment. It is better for us to invest the money up front and potentially make the individual healthier as opposed to paying for this later through uncompensated care. If as a society we will provide emergency care regardless of insurance status, then this amount is guaranteed to get paid at some point.

Affordable Care Act

- Medicaid Expansion
  - The ACA expands Medicaid coverage to 133% of the FPL.
  - States have the choice of whether or not to expand.
  - The federal government subsidizes the cost of some of this expansion by matching the contribution of states'.
  - A concern is that at some point in the future the federal government will leave this burden solely to the state.
- Medicare payments
  - The ACA converts Medicare away from a fee-for-service type system and into a managed care type system. Instead of receiving fee-for-service, doctors now receive "output payments."
  - This type of system holds health care providers more accountable for the quality and quantity of health care provided.
  - The goal of this is to reduce costs, fraud, and wasteful spending.

Affordable Care Act

- The employer mandate
  - Employers with more than 50 full-time employees must offer employer-provided health insurance.
  - Employers that do not do so are subject to a fine.
  - Employer's policy must meet the minimum standard of value as defined by the federal government.
  - The fine is about $2,000 per employee.
  - If a business employs less than 50 workers, they are not subject to the fine.

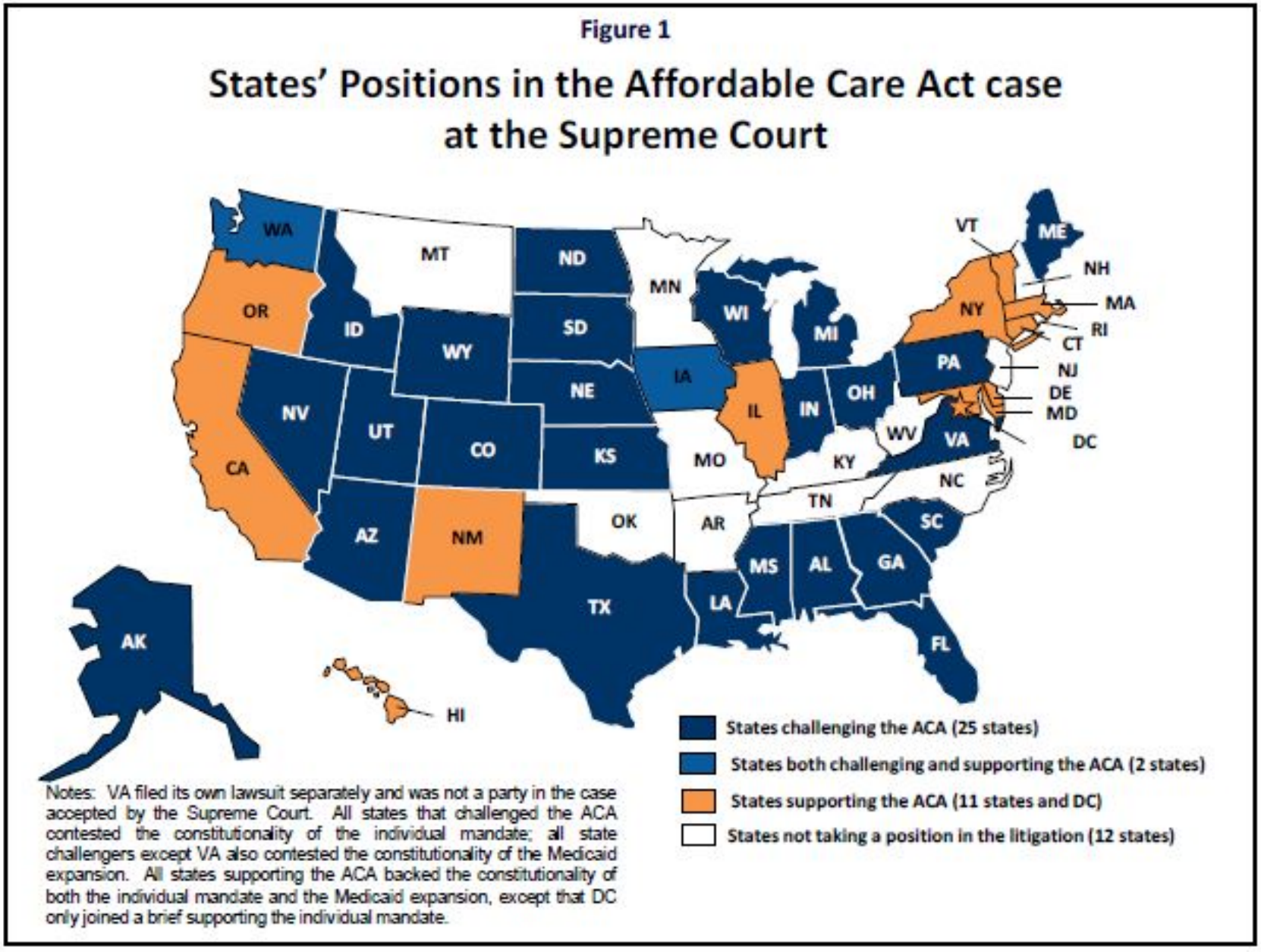
Controversial Provisions

- Two of the ACA provisions are highly controversial: an individual mandate requiring all citizens to purchase insurance, and a requirement that all states expand Medicaid.
- On March 23, 2010, the day that President Obama signed the ACA into law, the state of Florida filed a lawsuit in a federal district court challenging the constitutionality of the individual mandate and the Medicaid expansion.
- Florida was joined by 25 other states, and other groups including the National Federation of Independent Businesses (NFIB) and some individual plaintiffs from Florida that did not currently have health insurance.
- All cases were considered by the Supreme Court.

Controversial Provisions

- 13 states files *amicus* ("friend of the court") briefs in the Supreme Court supporting the individual mandate and the Medicaid expansion.
- The District of Columbia also supported the individual mandate.
- Two states, Iowa and Washington, were on both sides of the case as their governors and attorneys general took opposite positions.

Controversial Provisions



The Individual Mandate

- The minimum essential coverage provision of the ACA, known as the individual mandate, requires people to maintain a minimum level of health insurance coverage for themselves and their tax dependents beginning in 2014.
- The mandate can be satisfied by obtaining coverage through employer-sponsored insurance, an individual insurance plan including those to be offered at the new health insurance exchanges, or a government provided plan through Medicare, Medicaid, etc.
- Those exempt from the mandate include undocumented immigrants, religious objectors, and people who are incarcerated.

The Individual Mandate

- To increase access to health insurance, the ACA provides for the creation of health insurance exchanges that offer qualified health plans, as well as premium tax credits to people with incomes between 100% and 400% of the FPL.
- Different tax credits are available to different income levels / family sizes.
- If a person does not satisfy the individual mandate, she will owe a financial penalty, known as the shared responsibility payment. In 2016, this penalty is the greater of $695 or 2.5% of income. In every year after 2016, the penalty will be adjusted to mirror the cost-of-living.
- Certain people are exempt from the penalty, including people for whom annual insurance premiums would exceed 8% of their household adjusted gross income, members of American Indian tribes, and people who lacked insurance for less than three months during a given year.

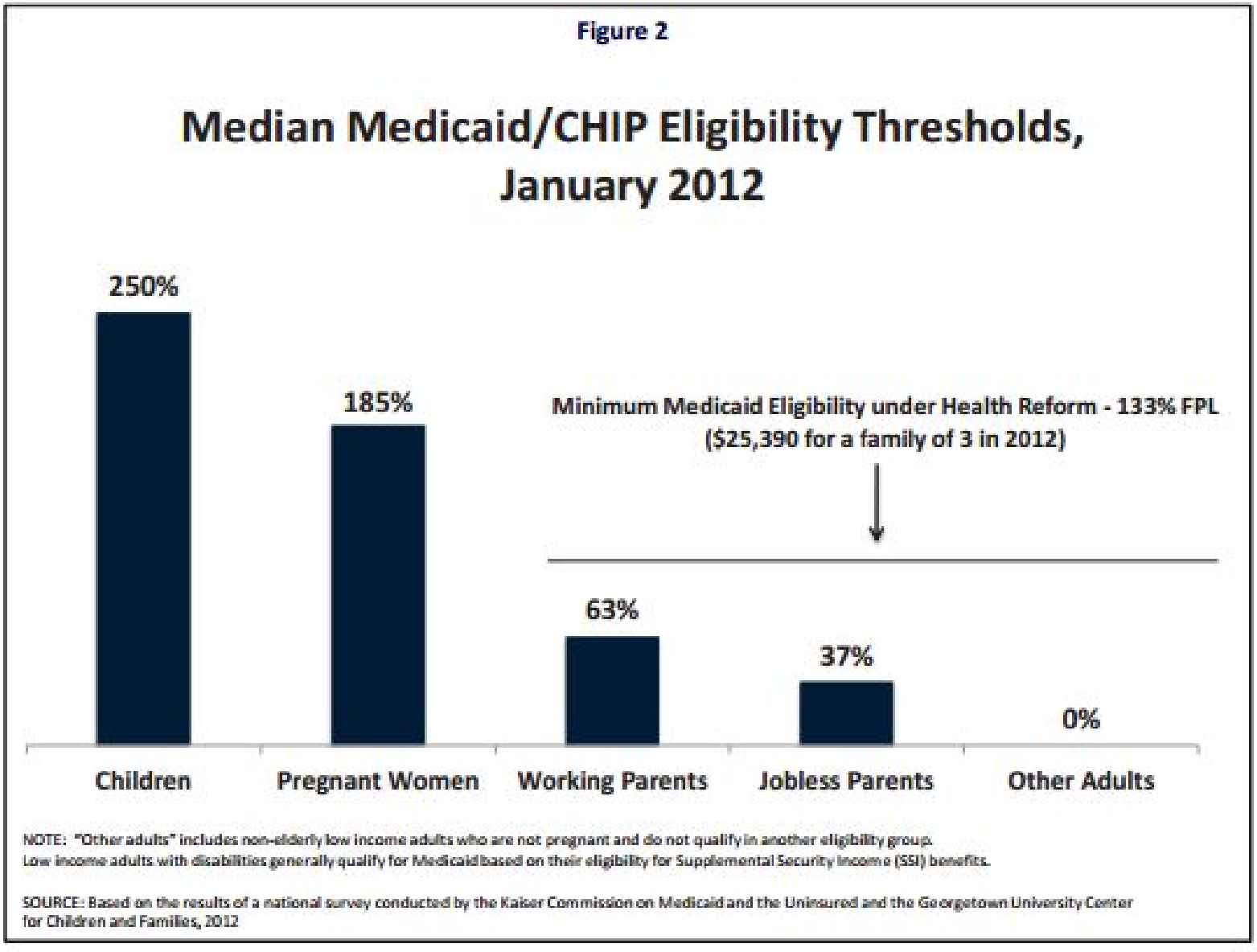
Medicaid Expansion

- The ACA also extends affordable coverage to more individuals through Medicaid expansion.
- The Medicaid program offers coverage to low income individuals and is funded jointly by the federal and state governments.
- The program is traditionally voluntary for all states, however all states currently participate in the program.
- Prior to the ACA, the federal government mandated Medicaid coverage to the following groups
  - Pregnant women and children under the age of 6 with family incomes at or below 133% FPL.
  - Children between the ages of 6 and 18 with family incomes at or below 100% FPL.
  - Elderly or disabled people who qualify for Supplemental Security Income benefits based on low income and resources.

Medicaid Expansion

- The ACA expands Medicaid coverage by requiring that all participating states cover nearly all people under the age of 65 with household incomes at or below 133% FPL (about $15,500/year for an individual) beginning in January 2014.
- Though many states have obtained waiver authority to expand coverage beyond pre-ACA income thresholds, many currently do not cover adults without dependent children at all and cover parents only at much lower income levels than the ACA's Medicaid expansion minimum.

Medicaid Expansion



Medicaid Expansion

- To fund Medicaid expansion, the ACA provides that the federal government will cover 100% of the states' costs of the coverage expansion in 2014 through 2016, gradually decreasing to 90% in 2020 and thereafter.
- The ACA also provides that the benefit package for the newly eligible Medicaid population must include the ten categories of "essential health benefits" specified elsewhere in the ACA.
- The Congressional Budget Office estimated that the ACA's Medicaid expansion would cover an estimated 17 million uninsured, low income Americans.

The Supreme Court's Decision

- The Supreme Court agreed to decide the constitutionality of two of the ACA's major provisions: the individual mandate and Medicaid expansion.
- The Court also agreed to consider two other issues related to the individual mandate:
  - if the individual mandate is determined unconstitutional, whether the rest of the ACA can remain in effect, or whether the entire law must be invalidated with the individual mandate.
  - whether this is the appropriate time for the courts to rule on the ACA's constitutionality based on whether the Anti-Injuction Act prevents courts from deciding lawsuits about the ACA until taxpayers actually incur the financial penalty for failure to comply with the individual mandate.

The Supreme Court's Decision

Figure 3

Vote Breakdown of the Court's Decision

Outcome	For	Against
Court has jurisdiction to decide case now	9	0
Mandate is a constitutional exercise of Congress' power to tax	5	4
Medicaid expansion violates Congress' spending clause power as unconstitutionally coercive of states because all existing Medicaid funds at risk and states not given adequate notice to voluntarily consent	7	2
Remedy is to limit HHS Secretary's power to withhold existing federal Medicaid funds for state non-compliance with Medicaid expansion	5	4

SOURCE: *Nat'l Fed'n of Indep. Bus. v. Sebelius*, 567 U.S. ___ (2012).

The Supreme Court's Decision

- A majority of the Court, including Chief Justice Roberts joined by Justices Breyer, Kagan, Ginsburg, Sotomayor held that the individual mandate is a constitutional exercise of Congress' power to levy taxes. The majority relied on three other factors to support the constitutionality of the mandate as a tax:
  - "for most Americans the amount due will be far less than the price of insurance, and, by statute it can never be more."
  - The ACA prohibits the IRS from collecting the shared responsibility payment through punitive means such as criminal prosecution.

  the mandate "leaves an individual with a lawful choice to do or not do a certain act, so long as he is willing to pay a tax levied on that choice."

The Supreme Court's Decision

- So the Court majority decided that the mandate was within Congress' taxing power, despite the other four Justices, Justices Scalia, Kennedy, Thomas, and Alito disagreeing.
- The dissent found that the shared responsibility payment is imposed for violating a law. Hence, they found that failing to purchase insurance under the individual mandate constitutes a penalty and cannot be upheld under the taxing power.

The Supreme Court's Decision

- With respect to Medicaid expansion, the Court ruled that the expansion is Unconstitutionally Coercive of states because states lacked adequate notice to voluntarily consent. Also, under the ACA, the federal government initially would have the authority to withhold all existing Medicaid funds.
- Hence, the Court ruled that it is unacceptable for the federal government to have the ability to withhold already existing Medicaid funds to a state.
- The Court remedied the constitutional violation by circumscribing the federal government's enforcement authority, i.e. individual states are not forced to expand Medicaid.

Early Economic Studies of the ACA

How did the ACA dependent coverage mandate affect labor market incentives for young adults?

- Antwi et al. (2013)
- Lenhart and Shrestha (2016)

How did the ACA's prohibition of denying coverage based on pre-existing conditions affect job mobility?

- Chatterji et al. (2016)

Antwi et al. (2013)

- Recall that the ACA has a provision that allows young adults to remain on parental health insurance policies until the age of 26.
- This change took affect beginning in September, 2010, and after this date insurance companies were required to allow young adults to remain on parental plans.
- This paper studies the affect of the ACA dependent coverage provision on health insurance outcomes as well as the ramifications of these outcomes on the labor market.
- If it is the case that some people hold jobs primarily for health insurance benefits, then you might expect that such a provision could act as encouragement to drop out of the labor force, switch jobs, or switch from full-time to part-time work.

Antwi et al. (2013)

- Uses data from the Survey of Income and Program Participation (SIPP) 2008 panel.
- SIPP sample follows about 50,000 families for four years.
- SIPP data is collected monthly, and people are followed longitudinally.
- Uses a difference-in-differences strategy to access the impacts of the ACA young adult mandate.
- They separate individuals into a treatment group (those ages 19-25), and a control group (those ages 16-18 and those ages 27-29). They omit those that are age 26 who are not clearly in either the treatment or the control group.

Antwi et al. (2013)

Their DD model takes the form:

$$Y = \alpha + \eta(Treat_{age} * Implement_t) + \beta X + \tau + \xi + \varepsilon,$$

where Y is insurance or labor market outcomes, Treat represents a dummy for whether a young adult meets the age restriction for the treatment group, Implement is a dummy for the post-policy change time period, X is a vector of individual controls including age, gender, race, marital status, student status, household income, and the state unemployment rate. τ is a time fixed effect and ξ is a state fixed effect

Antwi et al. (2013)

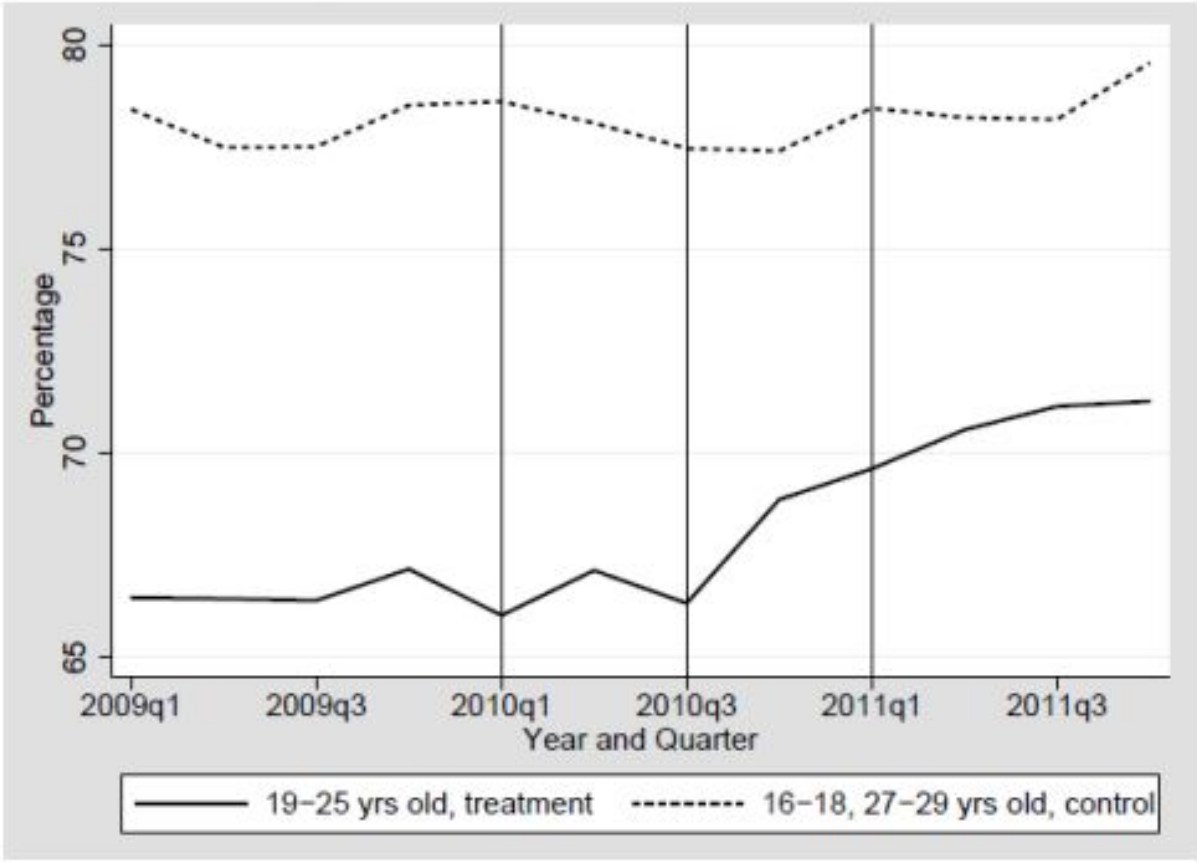


FIGURE 1. PERCENTAGE OF YOUNG PEOPLE WITH ANY INSURANCE COVERAGE BY TREATMENT AND CONTROL GROUPS

Note: Sample weighted estimates from 2008 SIPP panel, using data from August 2008 to November 2011. The first vertical line indicates the first quarter of 2010 when the ACA was passed, the second vertical line indicates the third quarter of 2010 when the dependent coverage mandate was implemented, and the third vertical line indicates the first quarter of 2011 when most new insurance plan years start after the implementation of the mandate. The estimate for a quarter averages insurance reported as of the three interview months contained in that quarter. We use only the data from October and November 2011 to plot the fourth quarter of 2011since the data for December 2011 is not available in SIPP currently.

Antwi et al. (2013)

TABLE 2. EFFECT OF ACA ON COVERAGE OF YOUNG ADULTS 19-25 YEARS: MAIN DD RESULTS

	Any source	Employer dependent coverage (through parents)	Individually purchased insurance in own name	Employer own coverage	Government provided
ACA enactment effect (March-Sep, 2010)	-0.0018	0.0239***	0.0025	-0.0173***	-0.0106*
	(0.0064)	(0.0055)	(0.0031)	(0.0053)	(0.0054)
ACA implementation effect (October 2010-)	0.0318***	0.0702***	-0.0080***	-0.0312***	-0.0025
	(0.0074)	(0.0069)	(0.0023)	(0.0060)	(0.0058)
Dependent variable means					
Treatment, before ACA enactment	0.665	0.234	0.035	0.204	0.123
Control, before	0.781	0.280	0.023	0.208	0.182
Treatment, after ACA implementation	0.702	0.307	0.026	0.171	0.133
Control, after	0.783	0.263	0.023	0.210	0.200

They estimate that with 30 million young adults living in the U.S. about 1 million gained insurance coverage after enactment of the ACA's dependent coverage provision.

Antwi et al. (2013)

- So they show that the dependent coverage provision increased the number of young adults with insurance, but what did this do to labor market activity for these individuals?
- To answer this question, they perform analysis with labor market outcomes as the dependent variable. Dependent variables include whether the person is employed, whether they work full-time, number of hours worked per week, and their rate of job turnover.

Antwi et al. (2013)

TABLE 7. EFFECT OF ACA ON LABOR MARKET OUTCOME OF YOUNG ADULTS 19-25 YEARS: DD RESULTS

	Probability of being employed	Probability of working full time	Hours	Log of hours	Probability of changing employers or job status	Probability of changing employers	Probability of having hours that vary
ACA enactment effect (Mar-Sep, 2010)	-0.0015 (0.0062)	-0.0154** (0.0058)	-0.474** (0.233)	-0.0268 (0.0208)	-0.0042 (0.0042)	-0.0017 (0.0046)	0.0141*** (0.0047)
ACA implementation effect (Oct-, 2010)	-0.0058 (0.0062)	-0.0221*** (0.0066)	-0.807*** (0.258)	-0.0475** (0.0213)	0.0063 (0.0046)	0.0044 (0.0037)	0.0122** (0.0059)
Dependent variable means							
Treatment, before ACA enactment	0.651	0.383	23.3	2.27	0.167	0.103	0.099
Control, before	0.524	0.306	17.8	1.73	0.112	0.063	0.080
Treatment, after ACA implementation	0.602	0.340	20.4	2.04	0.149	0.099	0.099
Control, after	0.481	0.293	16.0	1.56	0.088	0.053	0.066

Antwi et al. (2013)

- Overall, they find that the ACA dependent coverage provision significantly increased the number of insureds of ages 19-25 (young adults).
- Specifically, they find that 938,000 new young adults received coverage after implementation of the ACA, and this number is within the estimated high range given by the federal government before enactment of the policy.
- They also find suggestive evidence that this increase in insurance coverage may have led to decreases in hours worked and the probability of working full-time among young adults, however they find no affects for the probability of being employed. This would indicate that affects on the labor market are concentrated along the intensive margin (number of hours worked), as opposed to the extensive margin (whether or not a person works).

Lenhart and Shrestha (2016)

- A second article studies the effect of the ACA's dependent coverage provision on labor market outcomes and time use.
- They use the same difference-in-differences methodology, and they use the same age discontinuity to define a treatment group and a control group.
- Using individuals ages 23-25 as the treatment group, and those ages 27-29 as the control group, they find that individuals within the treatment group significantly reduce the number of hours that they go to the labor market.
- Moreover, using time use data, they find that individuals substitute away from labor and into leisure after implementation of the ACA. Specifically, they find that individuals watch TV more, and perhaps in part due to increased insurance coverage, individuals engage in health improving activities less (i.e. moral hazard).

Chatterji et al. (2016)

- In the U.S., parents of children with chronic illness often face challenges in obtaining continuous, adequate, and affordable private health insurance coverage for their children.
- People that place a relatively high value on health insurance may not leave employers when they find a more productive job elsewhere because of concerns about losing or disrupting health insurance (this is job-lock).
- One provision of the ACA was intended to protect parents of children with preexisting conditions
- Under this provision, insurers cannot deny parents of these children coverage, and there is potential that this may have "freed up" parents from this job-lock phenomenon.

Chatterji et al. (2016)

- Uses data from SIPP and a difference-in-differences approach to examine the effect of the ACA preexisting conditions exclusion for children under age 19 on job mobility among parents.
- The treatment group is comprised of employed, privately insured parents of children under age 19 who are disabled and/or have chronic health conditions.
- The control group is comprised of employed, privately insured parents of healthy children under age 19.

Chatterji et al. (2016)

The DD-style model takes the form

$$Separated = \alpha + \eta(Disabled_{child} * Post_{ACA}) + \beta X + StateFE + TimeFE + \varepsilon,$$

where separated is a measure of employment separation, $Disabled_{child}$ is a dummy for whether the parent has a child suffering from a disability, $Post_{ACA}$ is a dummy variable for a time period after enactment of the ACA, X is a vector of parent-specific covariates, StateFE and TimeFE are state and time fixed effects. This model looks almost identical to that of Antwi et al. (2013).

Chatterji et al. (2016)

Table 2
Effect of ACA's prohibition of preexisting conditions exclusions – married fathers.

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Voluntarily left employer (quit or retired)						
Disabled Child*Post	0.007		0.007		0.007	
	(2.150)		(2.190)		(1.830)	
Disabled Child*Post1		0.001		0.0003		0.00003
		(0.170)		(0.060)		(0.010)
Disabled Child*Post2		0.002		0.003		0.001
		(0.420)		(0.500)		(0.250)
Disabled Child*Post3		0.010		0.010		0.010
		(2.180)		(2.140)		(1.940)
Panel B: Involuntarily left employer (placebo test)						
Disabled Child*Post	−0.003		−0.003		−0.004	
	(−0.550)		(−0.660)		(−0.820)	
Disabled Child*Post1		−0.002		−0.003		−0.001
		(−0.380)		(−0.420)		(−0.210)
Disabled Child*Post2		−0.005		−0.006		−0.006
		(−1.120)		(−1.180)		(−1.210)
Disabled Child*Post3		−0.002		−0.002		−0.003
		(−0.240)		(−0.340)		(−0.500)
Full set of covariates			X	X	X	X
State-specific linear time trends					X	X
N observations				44,931		

Notes: Estimated coefficients and *t*-statistics from LPM models with robust standard errors adjusted for clustering on state. Models estimated with sampling weights. Disabled child is a dummy variable = 1 if the parent has ≥1 disabled child under 18 in household, zero otherwise. Data span May 2004 to July 2013. Post is after preexisting conditions exclusions prohibition went into effect, approximately October 2010 to July 2013. Post1 is between passage of ACA and effective date of prohibition, approximately April 2010 to September 2010. Post2 is October 2010 to September 2011, period during which insurance plans were being renewed and increasingly more plans would be mandated to prohibit preexisting conditions exclusions. Post3 is October 2011 to September 2013, period during which all applicable private plans affected. Models also include indicator for disabled child and indicators for each post period. Full set of covariates: race/ethnicity, age, education, family size, union status, government worker indicator, indicators for occupation, indicators for industry, log hourly wage, missing wage indicator, unemployment rate in state in month of interview, year × month fixed effects, and state fixed effects.

Chatterji et al. (2016)

- Overall, their findings indicate that the ACA's prohibition of preexisting conditions exclusions for privately insured children increased voluntary employer separations among married fathers with disabled children, but there are no effects of the policy change on married and unmarried mothers with disabled children.
- Specifically, the policy change increased voluntary employer separations among married fathers by about 35% at the sample mean.
- These findings imply that job-lock does exist, at least among married fathers, and that the ACA's prohibition of preexisting conditions exclusions for children may have lessened the insurance-related constraints these parents face in leaving employers.

Summary

- The ACA was the most substantial piece of health care reform since the creation of Medicare and Medicaid in 1965.
- Though named after President Obama, many of the ideas behind the ACA come from republican leaders.
- Though appearing quite complicated (and about 1,000 pages in length), the ACA is founded on a set of extremely simple ideas.
- The ACA is far from perfect, but does a perfect insurance system actually exist?
- Due to data limitations, economic studies of the ACA are limited, but earliest studies indicate that the ACA has expanded coverage and perhaps relieved some of the job-lock constrictions caused by insurance. Also, among the young adult population, the ACA may have created some work disincentives, particularly along the intensive margin.

Next Class

Managed Care (Ch. 12 FGS)