



# How Did the ACA Affect Health Insurance Coverage in Kentucky?

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# National ACA Implementation

- The main provisions of the ACA were implemented in 2014
  - Individual mandate
  - Health Insurance Marketplace
  - Medicaid expansions
  - Subsidies
  - Guaranteed Issue & Community Rating
- Many studies have investigated the *national effects* of the ACA on coverage and health status, including Courtemanche, Marton & Yelowitz (*Health Economics*, 2016), Courtemanche, Marton, Ukert, Yelowitz & Zapata (*Journal of Policy Analysis and Management*, 2017; *Southern Economic Journal*, conditionally accepted).



# Kentucky viewed as a success

- One of few southern states to adopt Medicaid expansion
- **Experienced the largest insurance coverage gain in 2014**, due to low income levels, low insurance levels (in part due to failed insurance reforms from the past) and policy choices.
- News accounts
  - *“Kentucky has had one of the most successful ACA implementation experiences among states.”*
  - *“Among states that have implemented the Affordable Care Act’s Medicaid expansion, Kentucky has been singular in its success.”*
  - *“The nation’s most unlikely Obamacare success story.”*

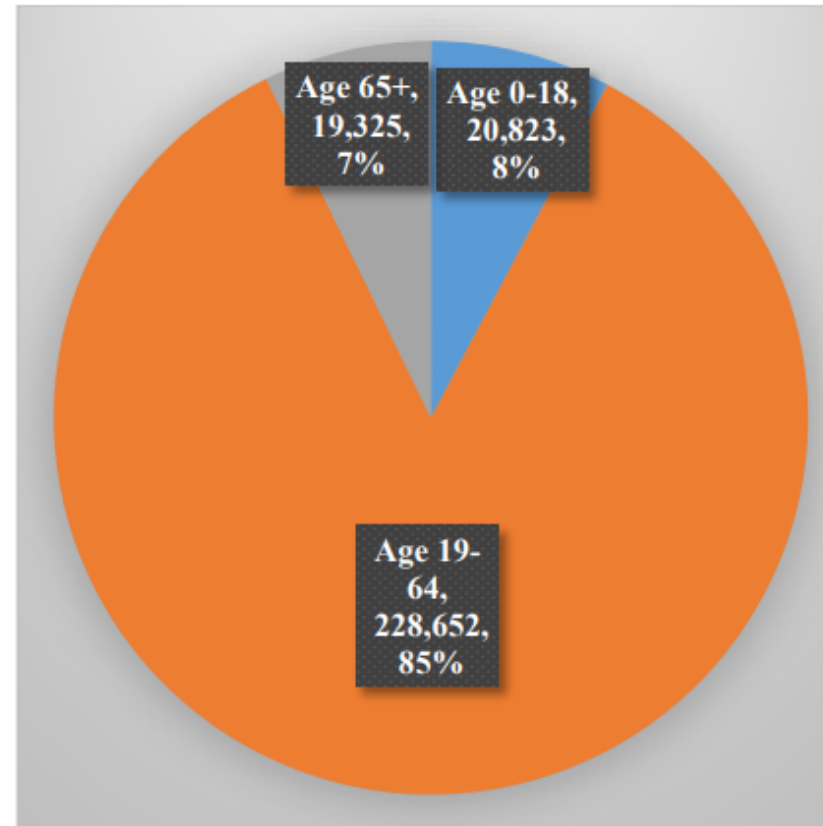
# Goals and key findings for this study

- Document gains in insurance coverage in KY in 2014
  - Use publicly available data from the 2013 & 2014 ACS
  - Vast majority of gains in insurance coverage were for adults aged 19-64
  - Main pathway for gaining coverage was through “new adult” Medicaid expansions
- Was the ACA carried out in the way it was intended in KY?
  - ACA Rules: Medicaid coverage if incomes < 138% FPL and subsidized marketplace coverage for incomes  $\geq$  138% FPL
  - **In practice, the ACA provisions appear to not be carried out the way it was intended.**
  - **73,000 individuals gained Medicaid coverage who appear ineligible.**

# Who gained coverage in Kentucky between 2013 and 2014?

- Rely on nearly 90,000 survey responses from the ACS in Kentucky for those two years.
- Virtually all elderly have Medicare coverage; gains simply represent the aging population.
- The safety net for children aged 0-18 was fairly generous prior to the ACA although the individual mandate compelled some families to take-up coverage for their children.
- **Nearly 229,000 non-elderly adults gained coverage.**

**Figure 2: Insurance Gains in Kentucky by Age Group, 2013–2014**

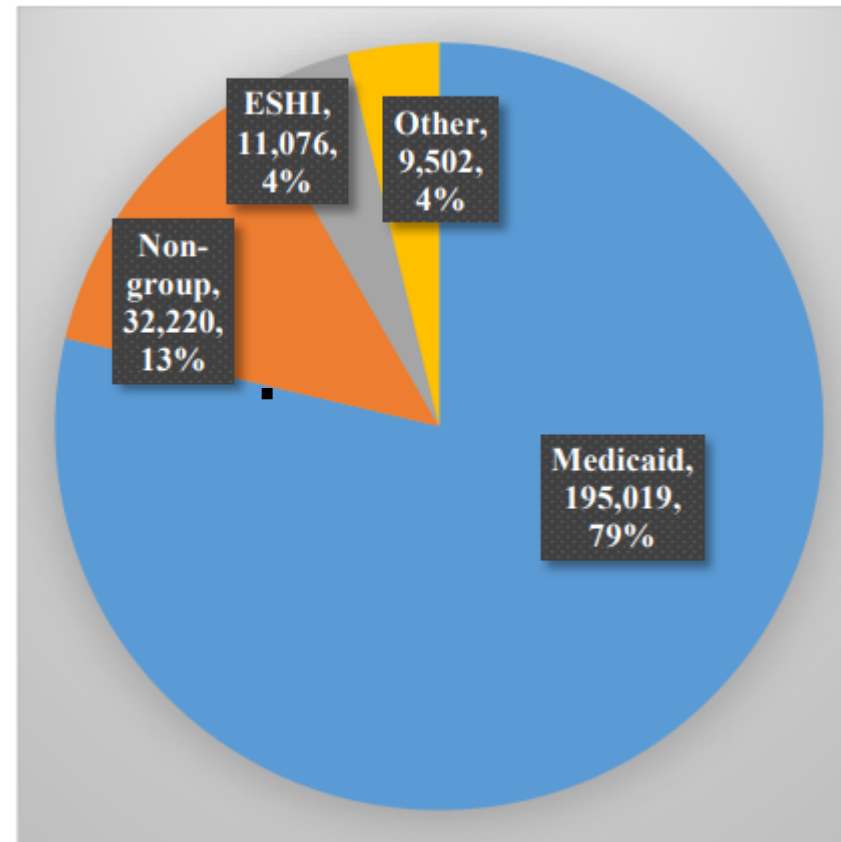


*Source:* Author's tabulation of 2013 and 2014 ACS data for Kentucky (see table 1).

# How did adults gain health insurance coverage?

- 195,000 (79%) from the Medicaid program, which offered coverage to those with incomes under 138% of the FPL
- 32,000 (13%) from non-group coverage (e.g., KyNect)
- Modest growth in other sources, in part due to improving economy.
- Some individuals had multiple sources of coverage, so total exceeds 229,000.

**Figure 3: Source of Insurance Gains for Kentucky Adults Aged 19–64, 2013–2014**

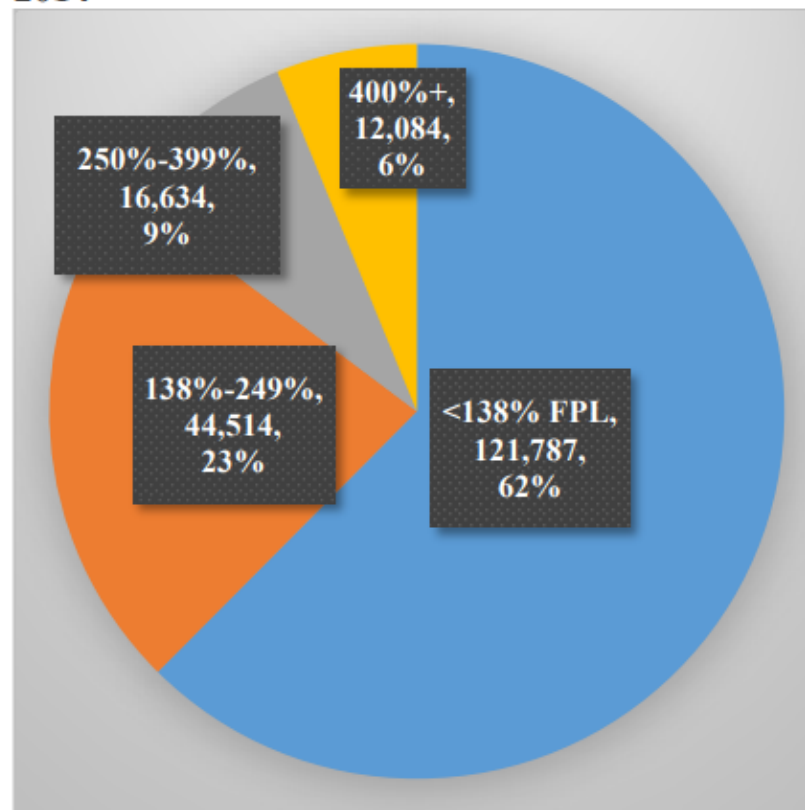


*Source:* Author's tabulation of 2013 and 2014 ACS data for Kentucky, adults aged 19–64 only (see table 1).

## Who enrolled in Medicaid?

- 122,000 adults who enrolled reported family incomes under 138% of the FPL
- 73,000 reported family incomes above 138% of the FPL (above the eligibility limit)
- 28,000 with incomes above 250% of the FPL (\$59,625 for family of four)

**Figure 4: Growth by Income Category for Medicaid Adults Aged 19–64 in Kentucky, 2013–2014**



*Source:* Author's tabulation of 2013 and 2014 ACS data for Kentucky Medicaid adults aged 19–64.  
*Note:* Adults without a poverty line measure are included in the <138 percent of FPL category.



# Ineligible adults enrolled in Medicaid

- Kentucky's Medicaid enrollment exceeded expectations
  - Deloitte (2015, commissioned by the Commonwealth)
  - **“Both the total annual enrollment and pace of enrollment materially exceeded the 2013 Whitepaper projections,** suggesting that assumptions about the number of individuals that would enroll (the take up rate) were low and that there was pent up demand for health care coverage among Kentucky's expansion population.”
  - Deloitte had estimated 148,000 individuals for Medicaid expansion group, and notes the **actual enrollment exceeded Census-based estimates of potential eligible enrollees.**
    - **Eligible enrollment: 122k**
    - **Ineligible enrollment: 73k**



# Sensitivity of findings

- Explore alternative reasons why apparently ineligible adults would report Medicaid coverage in 2014, including:
  - Other public assistance or SSI participation
  - Accounting for movers
  - Adjusting for family structure
  - Excluding pregnant women
  - Accounting for nonnuclear families
- With such adjustments to ACS data, the number of ineligible Medicaid participants falls from 73,000 to 36,000 (including nearly 14,000 with incomes above 250% of the FPL)

# Why might this have happened?

- Examine both data quality and institutional features
  - Reporting of health insurance and income in the ACS, definitions of income, family structure, and safety net eligibility
- **Key issue: ACA subsidies and eligibility operate on the “honor system”.**
  - **Individual forecasts 2014 income in late 2013 for PTC and Marketplace vs. Medicaid eligibility.**
  - **Reporting a conservative (low) forecast would qualify some individuals for Medicaid.**
  - **Medicaid premiums and cost sharing were significantly more generous than private plans (although access was worse)**
- Moving forward
  - Analysis of administrative data is needed.
  - Policy tools to address underreporting of future income, including more vigilant real-time enforcement throughout the year or repayment of subsidies at the end of the year.