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Uninsured Under the ACA: What Went Wrong?

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Abstract

The Affordable Care Act was advertised to increase access to healthcare, however almost 27 million people still do not have health insurance. The reason uninsured rates persist is due to a combination of problems both in cost and in access. Approximately half of the uninsured today cannot afford health insurance primarily due to lack of Medicaid expansion; similarly, many do not qualify for financial assistance or are undocumented. The other half of the uninsured, a majority of whom consist of younger adults and minorities, are resulting from lack of access from not understanding the requirements or preferring to pay the fine. These major elements should be addressed in any attempt to repair the ACA.

In October 2016, facing an imminent threat to his legacy, President Barack Obama told a crowd in Miami that "because of Obamacare, another 20 million Americans now know the financial security of health insurance… it worked" (Reuters Staff, 2016). Although it is true that the uninsured rate in America has never been lower than it is today, voters were dissatisfied enough with the state of healthcare to elect a President who promised to repeal and replace the ACA along with a majority Republican House and Senate to support him in doing so. If there is one thing that both parties seem to agree on, it is that the government's handling of health care needs major work. However, even as Republican and Democratic leaders have widely acknowledged that the ACA suffers from critical faults, both sides cannot agree on what the flaws are while simultaneously meeting new bills with resistance.

A major goal of the ACA was to "close the gap" of the uninsured through a combination of extending Medicaid coverage to low-income individuals in several states and providing Marketplace subsidies for individuals below 400 percent of the federal poverty level (FPL) (Palosky, 2015). In the past, people who did not take part in the public insurance system and who could not afford private coverage were simply left without coverage. Since the ACA's major coverage provisions went into effect in 2014, gains have been particularly large among low-income people in states that expanded Medicaid (Palosky, 2015). However, approximately 28.5 million people in 2015

remained without coverage due to problems in cost and in access.

Despite the ACA's goal to "close the gap", the most commonly stated barrier to coverage continued to be cost. A study by Bloomberg cited that, in 2016, 46 percent of the estimated uninsured tried to get insurance but found it too expensive (Diamond, Tracer, & Whiteaker, 2016). Of the 27 million uninsured in 2016, 21.75 million were making under 400 percent of the FPL and over 15 million (46 percent) of these uninsured were not eligible for financial assistance (Diamond et al., 2016).

One of the reasons for this gap is that Medicaid expansion became optional for states to undertake. The Medicaid expansion is a key portion of the ACA strategy that made it possible for adults 18-65 with incomes up to 133 percent of the federal poverty level to qualify for coverage regardless of their age, family status, or health. This became known as the "coverage gap" where individuals in states not covered by Medicaid expansion also did not qualify for subsidies/tax credits in the private marketplace. The private marketplace only covered individuals with an income between 100 percent to 400 percent of the FPL working under the assumption that all states would already expand Medicaid. Bloomberg estimated that 2.6 million of the uninsured who did not qualify for financial assistance fell into this coverage gap (Diamond et al., 2016).

Among the rest of the uninsured population that did not qualify for financial assistance, 3 million of those did not qualify due to making more than 400 percent of the FPL and 4.5 million of those did not qualify due to being offered health insurance from work (Diamond et al., 2016). It is possible that despite making more than 400 percent of the FPL or being offered health insurance through an employer, the costs could still be too high for some households. Finally, of the over 15 million who do not qualify for financial assistance through the ACA, an estimated 5.4 million are not eligible due to being undocumented immigrants.

Besides cost, the remaining 54 percent of citizens without health insurance are due to barriers to access. The top four reasons related to barriers of access, in order of significance, were "didn't think requirement applied to them", "tried to get coverage but were unable", "would rather pay fine", and "didn't know about requirement". Americans who would rather pay the fine may understand the new regulations and are willing to remain uninsured, but the remaining 3 reasons given for not having insurance all attribute to problems with access to healthcare. When stratified by subgroup analysis, the demographics most likely to not have insurance were young adults 26-34 (23.7 percent versus other ages, less than 20 percent), Hispanics (33 percent, versus African Americans 13.8 percent, versus white, less than 10 percent), and individuals living in southern states, where half of the 27 million uninsured live.

Those who remain uninsured are most likely to be adults of color (as compared to non-Hispanic whites) in low-income families with at least one worker (Palosky,

2015). The main barrier for Hispanic-Americans was language and government distrust, related to deportation of undocumented immigrants. In October, one study found that 50 percent were interested in enrolling in some form of Healthcare in the next year, however 90 percent had not heard of Open Enrollment or Health exchanges (Evans & Demko, 2014).

In 2016, a Kaiser survey found that 7 percent of uninsured correctly identified January as the deadline to enroll. Twenty percent said they had been contacted in the past 6 months about the ACA. Of the uninsured, 65 percent think they are required to get health insurance, while another 27 percent think it does not pertain to them (i.e., citing exemptions that pertain only to some participants) (Palosky, 2015). Overall, there was a confusion about how the health insurance system worked.

One study looked at 3 million responses to the American Community Survey to look at changes in the uninsured from 2011-2015 and did a difference-in-differences regression analysis to look at national trends while holding state effects fixed. The result showed that as coverage gains were seen across all subgroups across the board, gains in the Hispanic and young adult populations were the largest but still left a large gap of uninsured (Wehby & Lyu, 2017).

Financial barriers and access barriers are the major reason several million Americans continue to be uninsured after the institution of Affordable Care Act. Several solutions have been proposed to fix these major hurdles, including higher deductibles, competition across state lines, and Health Savings Accounts, most of which require legislative action. The majority party in Congress believes the best solution would be to repeal the ACA altogether, with future solutions limited to Health Savings Accounts and block-grants for Medicaid. In the same speech in October, Obama conceded that his bill was "just a first step" (Reuters Staff, 2016). While the future of healthcare in America continues to be in flux as multiple ACA repeal pushes have failed, appreciating the shortcomings of the ACA will aid future proposals and negotiations.

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