Assessing Individual Health Insurance Coverage and Utilization Before and After the Patient Protection and Affordable Care Act

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ABSTRACT

The adoption of the Patient Protection and Affordable Care Act (PPACA) in 2010 with the intent to improve the U.S. health care delivery system by expanding health insurance coverage and controlling health care costs has generated intense debate regarding its implementation. Marketplaces known as insurance exchanges have been established to provide coverage for Americans who otherwise could not get affordable health care benefits. These exchanges have been plagued with financial losses and other challenges leading to several large insurance providers discontinuing participation in the program. There are many possible remedies under consideration to make the program work better. This research seeks to support program evaluation as well as potential modifications to the law by providing baseline data to compare access and costs in states with state-based exchanges compared to states with federal exchanges. The authors perform an analysis by state for the years 2012 and 2013 (pre-PPACA implementation) using data from the Current Population Survey (U.S. Census) as well as de-identified claims data from Inovalon, Inc.

KEYWORDS

Health Care, Health Care Financing, Patient Protection and Affordable Care Act, Preventable Hospital Admissions

INTRODUCTION

The Patient Protection and Affordable Care Act (PPACA) requires most individuals to obtain health insurance and provides subsidies and supports to enable them to do so. In light of this legislation, it is of significant policy importance to observe and understand the impact of expansions in health insurance coverage including the challenges created for those insurers who have participated in the program. Legislative modifications will require bipartisan support and credible data to measure differences in the uninsured/insured utilization prior to implementation of the program, as well as measuring the overall difference in individual access and utilization following program implementation. It will be valuable for those seeking to improve the law to assess data that will answer questions such as: (1) How much change in insurance coverage, patient outcomes and utilization patterns has been achieved in different states representing different PPACA implementation strategies as well as different insurer participation? (2) Where have the largest changes occur? (3) When have the changes occurred? To answer these questions, a baseline assessment provides a critical reference point for assessing the

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extent of changes to the health care system, or lack thereof, by establishing the situation before implementation of the PPACA program.

An accepted and utilized indicator to measure health care access and utilization is preventable hospitalization (PH) rates (Bindman et al., 1995; Kalisch et al., 2002; Rizza et al., 2007; Cousineau et al, 2008; Huanguang et al., 2009; Löfqvist et al., 2014; Murty et al., 2016). The uninsured have been shown to lack access to primary care and thus are at higher risk for hospital admissions for certain worsening chronic conditions that might have been avoided had these conditions been managed successfully by primary care providers in outpatient settings, i.e. preventable hospitalizations. Since hospital costs are higher than outpatient or primary care costs, potentially PH are often tracked as indicators of health system efficiency.

The examination of trends in potentially PH from 2012 - 2016, two years (2012-13) pre-reform implementation and three years (2014-2016) post-reform implementation could provide significant insight to policy makers seeking to implement program changes. In this study, we seek to document the 2012-2013-baseline experience focusing on encounter data which provide information on the picture of services provided to enrollees.

Ideally, a longer-term analysis will evaluate both outcomes and process. Outcome evaluation will assess whether implementation of the PPACA actually produces changes in people’s insurance status, access to care, and utilization of the health care delivery system. A process evaluation will seek to describe and/or understand how the program is implemented, and the factors including health system organization and resources that influence implementation either positively or negatively. Such analyses should provide an in-depth understanding of the major issues that facilitate or hinder achievement of the objectives of the program. We begin with a brief background of the PPACA goals, present a review of relevant literature, discuss our data sources and methods, and document specific utilization experience from the pre-reform time period from 2012-2013.

BACKGROUND

The PPACA became a law on March 23, 2010, when it was signed by President Barrack Obama. The primary objective of the law, and its subsequent legislation, is to improve the health care delivery system by expanding coverage and controlling health care costs. Provisions of the law extend Medicaid to all individuals and families earning less than 133% of the poverty level and make available income-related subsidies to uninsured Americans without access to employer-based insurance in order to purchase coverage in newly created exchanges.

A key component of the health care reform initiative is the health care exchanges. Under the law, each state was to establish a health care exchange to facilitate the insurance enrollment process by the end of 2012. States were given the option of creating and administering their own health exchange, called a state-based exchange, or partnering with another state or the federal government, called a state- partnership exchange (Center for Consumer Information and Insurance Oversight, 2014). However, a number of states such as Arkansas and Nevada were unable to develop either type of exchange by the date required, and other states such as Texas were unwilling to develop an exchange. In these cases, the exchanges were developed by the federal government (Kliff, 2013). In 2013, seventeen states and DC notified the Secretary of Health and Human Services that they planned to run a state-based exchange and another seven states indicated they would run a partnership exchange.

LITERATURE REVIEW

We review the literature related to health care delivery and data analytics as it applies to our research.
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