Will the Patient Protection and Affordable Care Act of 2010 Improve Health Outcomes for Individuals and Families?

Timely Analysis of Immediate Health Policy Issues
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A variety of components of the Patient Protection and Affordable Care Act (PPACA) have the potential not only to increase coverage and control costs but also to ultimately improve health outcomes for millions of Americans.[1] The primary mechanism by which the reforms will improve health will be through the expansion of affordable coverage. According to the Congressional Budget Office, the reforms in the health care bill are expected to extend coverage to over 30 million individuals who would otherwise be uninsured by 2019.[2] Such individuals are likely to experience the bulk of health improvements resulting from reform. Additional health benefits may occur, however, through improvements to existing coverage, a renewed focus on prevention and wellness, and payment reforms designed to reward quality and safety.

Although all could benefit from a renewed focus on prevention, wellness and quality, the big winners in improved health from reform will be the 30 million people who would otherwise be uninsured.

Health Improvements through Coverage Expansions

The mechanism through which coverage expansion is expected to improve health is by increasing access to effective medical services.[3] Preventive services can help to avoid illness and encourage early diagnosis of many problems. Access to timely and effective treatment in the event of acute or chronic illness can further reduce morbidity and mortality. While more care does not always produce better outcomes, affordable access to medical services can improve health, and insurance is a critical component in obtaining such access to preventive care and effective treatments.

Substantial evidence exists that insurance improves both access to care and outcomes for children.[4] Children without insurance coverage are less likely to have a usual source of medical care and more likely to report unmet medical needs. The situation is particularly dire for children with special health care needs, among whom the uninsured are six to eight times more likely to have an unmet medical need than their insured counterparts.[5] Insured children also obtain more preventive care than uninsured children, including doctor and dentist visits, and experience a significant reduction in unmet needs for prescription drugs.[6] Children with health insurance receive more timely diagnosis of diabetes and have fewer serious diabetes complications.[7] Insured children also have lower rates of preventable hospitalizations. Studies show that a 10 percent increase in coverage under Medicaid reduces the rate of preventable admissions by 3 percent and that enrolling in the Children's Health Insurance Program (CHIP) leads to an 8 percentage point reduction in asthma hospitalizations.[8] Coverage increases resulting from the new health reform laws therefore have a strong likelihood of improving the health of newly insured children, particularly those with chronic conditions and special needs.

Insurance coverage has also been found to improve access to important medical services for adults. For example, gaining Medicare coverage at age 65 has a significant effect on preventive care utilization. Those groups most likely to be uninsured prior to age 65 exhibit increases of 5 to 10 percentage points in rates of flu vaccines, cholesterol testing, mammography and diagnosed hypertension.[9] Moreover, gaining Medicare coverage plays a very significant role in improving general health status, reducing mortality, and narrowing the health disparities that exist between high- and low-income or white and non-white adults. Individuals who gain Medicare after being uninsured show larger improvements on a summary measure of physical and mental health than those individuals who were consistently insured prior to age 65.[10] This result is particularly pronounced for individuals with cardiovascular (CV) disease. After age 70, the health

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disparity between previously insured and uninsured adults with CV disease dropped by 50 percent.[11]

Improvements in access to care and health outcomes are not limited to those gaining Medicare coverage. Non-elderly uninsured individuals are less likely to see a clinician following an unintentional injury or a new chronic condition.[12] Those who do visit a provider are less likely to obtain recommended follow-up care, and those with an injury are less likely to fully recover before stopping treatment.[13] A wide variety of additional evidence exists to support the more general observations that the uninsured receive less preventive care, are often diagnosed later and receive more limited treatment than insured individuals.[14]

Ultimately, insurance affects not only access to care, use of services and a variety of general health measures, but also the probability of death from various causes. Uninsured cancer patients are more likely to be diagnosed at later stages for those cancers with viable preventive measures and, controlling for stage of diagnosis, have higher mortality rates.[15] Acutely ill patients exhibit an abrupt drop in mortality at age 65, which implies that Medicare reduces mortality for a set of specific conditions by 20 percent.[16] Further evidence also indicates that uninsured adults who are in serious car accidents receive 20 percent less care and have higher mortality rates than their insured counterparts.[17] Uninsured individuals with a broader range of unintentional injuries also have fewer outpatient and office-based visits, use fewer prescription drugs, and report worse outcomes than those with insurance.[18] In an extensive review of the literature on the consequences of uninsurance, Hadley finds estimates of the effect of gaining insurance coverage on mortality rates that range from reductions of 4 to 25 percent depending on the time period, study population and other analysis details.[19] More recent estimates by McWilliams and colleagues, as well as by Baker and colleagues, suggest that mortality risk for near-elderly uninsured adults is 35 to 43 percent greater than for the insured.[20]

All of the above evidence, taken together, indicates the importance of insurance in accessing necessary medical services and ultimately improving health outcomes. Thus, the coverage expansions associated with the upcoming health reforms are likely to reap significant health benefits for the newly insured population.

Health Improvements through Coverage Enhancements

In addition to the expansion of coverage to uninsured individuals, the law includes many components intended to enhance the protections provided by existing coverage. Eliminating preexisting condition exclusions, for instance, will essentially expand coverage to individuals for their previously uninsured conditions, and thus we can expect to see improved outcomes as described above. Furthermore, under reform, qualifying health plans will need to include an essential benefits package and limits on cost-sharing among other improvements. Such changes may improve access to care for those individuals who are currently insured but whose coverage provides little in the way of covered benefits or financial protections. Finally, evidence suggests that expansions in coverage may have spillover benefits to insured individuals.[21] If providers respond to the low demand or other financial pressures of a large uninsured population by cutting services or altering practice patterns, insured individuals may experience these effects as well. Coverage expansions may therefore allow providers to invest in certain technologies or other quality improvements that will benefit all patients.

Health Improvements through a New Focus on Prevention and Wellness

In addition to the effects on health of both expanding and enhancing coverage, the new law contains several elements which are intended to encourage a shift in the focus of our health care system from one of treating illness to one of preventing disease and promoting wellness. These changes have the potential to affect all Americans and not only those gaining coverage through reform. Medicare will eliminate cost-sharing for covered preventive services that are rated A or B by the U.S. Preventive Services Task Force, and states will receive an increased Federal Medical Assistance Percentage for these services if they cover them without cost-sharing in their Medicaid program. Qualified private health plans will also be required to cover these preventive services, as well as recommended immunizations and additional services for women and children, without cost-sharing. Premium discounts to employees will also be permitted for those individuals who meet certain health-related goals. While the health benefits and potential cost savings from these measures will likely accrue over a longer time frame, such elements have the potential to create a new paradigm for our health care system.

Health Improvements through New Incentives for Safety, Quality and Care Coordination

The new law also includes a variety of components that are designed to alter the incentives to providers to encourage safer, better quality, more coordinated care. Most of these elements will be evaluated in the Medicare and/or Medicaid programs with the goal of providing evidence of quality improvement and cost containment that could lead to broader adoption by Medicare, Medicaid and other payers. Some examples include a bundled payment approach for acute inpatient hospital services, eliminating payments for medical errors and reducing payments for preventable readmissions and hospital-acquired conditions. Other initiatives to support comparative effectiveness research, malpractice reform, and the establishment of medical homes and accountable care organizations are also included and could contribute to improved health outcomes.

Health Improvements Depend on Successfully Addressing Access Barriers

One notable concern regarding the potential for coverage expansions to improve health outcomes is the ability of the health care system to effectively serve over 30 million newly insured individuals. As noted, coverage improves health by providing access to affordable and timely medical care. If those gaining coverage (or those who already have coverage) have difficulty accessing health services due to supply constraints, the health improvements from reform will be limited.

Access problems already exist in the current system for a variety of reasons.[22] Medicaid beneficiaries often have trouble locating a provider because Medicaid rates are substantially lower than those of private payers and Medicare. Furthermore, individuals in certain geographic areas, especially rural locations, face more widespread provider shortages. Finally, a general shortage of primary care providers has become increasingly apparent as more physicians enter lucrative specialties. These existing access problems could be exacerbated under reform as Medicaid is a major component of the coverage expansion and a rapid increase in insured individuals will put additional pressure on shortage areas and the already struggling primary care network.

The new law contains several provisions intended to alleviate some of these concerns including a temporary increase in Medicaid payment rates for primary care services to 100 percent of Medicare rates, expansions of the Community Health Center system, the creation of the Medicaid and CHIP Payment and Access Commission, the increased use of non-physician providers to expand primary care, and incentives for physicians to locate in underserved areas and choose primary care. It remains to be seen, however, whether these elements will be successful in avoiding access problems under health reform.

Summary

By expanding insurance coverage to over 30 million individuals, PPACA will likely improve health outcomes for this newly insured population. Other components of the reform may extend positive health effects beyond the newly insured. The ability of the health care system to effectively serve a vastly expanded insured population will also be critical to the success of the reforms in improving health for individuals and families.

Notes

[1] Unless otherwise cited, all information contained in this brief is based on the author's analysis of the Patient Protection and Affordable Care Act (PL 111-148).

[2] Congressional Budget Office. 2010. Letter to the Honorable Nancy Pelosi providing estimates of the spending and revenue effects of the reconciliation proposal. Washington, DC: Congressional Budget Office. March 20. http://www.cbo.gov/ftpdocs/113xx/doc11379/AmendReconProp.pdf.

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