

LECTURE:

## **AFFORDABILITY OF THE AFFORDABLE CARE ACT: IMPLICATIONS FOR HOUSEHOLD AND PUBLIC FINANCES**

**CORTNIE SHUPE**

GERMAN INSTITUTE FOR ECONOMIC RESEARCH, BERLIN

13 November 2018 from 02.00-04.00 p.m.

Campus Griebnitzsee, house 6, room S12

August-Bebel-Str. 89, 14482 Potsdam

---

This paper investigates the impact of the Patient Protection and Affordable Care Act ("Obamacare") on the affordability, access to and utilization of health care using data from the Medical Expenditures Panel Survey (MEPS). I construct a comprehensive measure of exposure to the reform by measuring eligibility for its three central policy provisions: Medicaid public insurance expansion, private insurance subsidies and individual mandate penalties. Using a DD identification strategy and simulated eligibility as an instrument for observed eligibility, I exploit the exogenous variation in eligibility rules across regions, income groups and time. I find that the Medicaid expansion significantly reduced household out-of-pocket medical expenditures (OOP) for low-income Medicaid-eligible households and modestly reduced risk exposure of high-cost payments. Exchange subsidies and penalties, however, slightly increased the payment burden for medium-income households. All three provisions increased utilization of health care services. I furthermore show a reduction in informal charity care in favor of more formal public insurance schemes. A cost-benefit-analysis of the short-run incidence of the reform calculates net social costs of the Medicaid expansion as a benchmark for the value of medium-run health improvements necessary to render the reform cost-neutral.