AFFORDABLE CARE ACT

March 2014

THE HEALTH CARE LAW IS CONTAINING COSTS

The health care law has numerous provisions to slow health care cost growth – including requiring new transparency and accountability for insurance companies; key delivery system reforms; fighting waste, fraud, and abuse; better coordinating care; and preventing diseases before they happen – which are now beginning to be implemented.

HEALTH CARE LAW IS SLOWING HEALTH CARE COST GROWTH BY REDUCING WASTE AND FRAUD AND PROMOTING HIGHER QUALITY CARE:

- More than $19 billion in fraudulent Medicare payments has been recovered on behalf of U.S. taxpayers over the last five years – primarily due to new tools to crack down on fraud in Medicare contained in the health care law.

- Hospital readmissions in Medicare have fallen for the first time on record, resulting in 130,000 fewer readmissions between Jan. 2012 and Aug. 2013 alone.

- More than 360 new Accountable Care Organizations, serving 5.3 million Medicare enrollees, have been created. They are producing higher quality care and lower Medicare spending per enrollee.

GROWTH IN OVERALL HEALTH CARE SPENDING & MEDICARE SPENDING HAS DECREASED TO RECORD LOWS:

- Overall U.S. health care spending grew by only 3.9 percent in 2009, 2010, 2011, and 2012 – with 3.9 percent the lowest growth rate for any year during the 53 years of the National Health Expenditure Accounts.

- Between 2010 and 2012, Medicare per enrollee spending rose by only 1.7 percent annually, much more slowly than the period between 2000 and 2009. In addition, Medicaid per enrollee spending actually dropped by 1.9 percent in 2012.

- As a result, Medicare and Medicaid are now projected to spend $1.2 trillion less over the 11-year period 2010 through 2020 than previously projected by CBO.

SOME PREMIUMS HAVE GONE DOWN & GROWTH IN OTHER PREMIUMS AT RECORD LOWS:

- The average premium for Medicare Advantage enrollees in 2013 was nearly 10 percent lower than the average premium in 2010.

- The average premium for Medicare Part D (Rx drug program) in 2013 was 5 percent lower than the average premium in 2010.

- The premium for Medicare Part B did not go up in 2014 – remaining at $104.90, the 2013 level. Furthermore, the premium for Medicare Part B is virtually unchanged from 2009, adjusted for inflation.

- The growth of private plan premiums has also slowed. Annual premiums for employer-sponsored health coverage for an employee increased by only 3 percent in 2012 – the smallest increase since 1996.