

TEXAS VS ILLINOIS

The Patient Protection and Affordable Care Act, also known as the Affordable Care Act (ACA) or Obamacare, remains a controversial piece of legislation enacted by the U.S. Congress in 2010 and signed into law by President Barack Obama. It attempts to change the way health care works in the United States through incentives for providers and insurers to control costs and extend access to health care to all Americans. The two goals are interrelated. By increasing the number of people with health insurance, costs theoretically decline because they are spread among all Americans, not just those who have health insurance to start. The mandate that individuals purchase health care insurance is one of the most controversial provisions of the act. College-age students were among the largest groups lacking health insurance and were among those most affected by the mandate.

One of the goals of the ACA is to encourage Americans to obtain health care from private insurance providers like Blue Cross Blue Shield if their employer does not offer health insurance. States were encouraged to set up health care exchanges—online websites on which the uninsured could purchase insurance from private companies. In addition, individuals would be able to select from several companies and many levels of coverage, choosing from various options, and buying only the types of coverage beyond the minimum that the individual wants. To help pay for health insurance, the U.S. government provided subsidies to individuals and families based upon income. If a state refused to set up an exchange, individuals can buy coverage through the federal health care exchange. Those who refused to purchase insurance from a state and federal exchange might be covered by Medicare or Medicaid. To help states with possible expansion of these programs, the U.S. government offered them a limited, three-year subsidy.

Texas and Illinois offer interesting contrasts under this federal health care mandate. Illinois quickly worked to set up a state exchange, investing resources to establish the website and working with health insurance companies to develop plans that meet at least the federal and state minimum for coverage, with options for additional coverage. In contrast, Texas instead assumed that the ACA was unconstitutional, joined a lawsuit filed by the state of Florida challenging the ACA in court, and refused to establish a state exchange. When the U.S. Supreme Court ruled in 2012 that the ACA was constitutional, Texas was left without a state exchange. Residents had to rely on the federal government's exchange, and the state remained enmeshed in an ongoing fight against Medicare and Medicaid expansion. Since the enactment of the ACA in 2010, Illinois has seen about 190,000 new Medicare/Medicaid patients, a 10 percent increase. In Texas, an additional 520,000 people have signed up for these programs, a 17 percent increase.¹ By failing to set up a state-level exchange, Texas has arguably caused its own problems with Medicare/Medicaid expansion.

Is the ACA achieving its goal of helping to control the cost of health care? The following table shows the spending per person in Texas and Illinois on Medicare/Medicaid for 2010, the year the ACA was signed into law, and 2014, the most recent year available at the time of this writing. The results are mixed. Texas contains and reduces costs better in some categories while Illinois does better in others. Some areas of spending increased over time in both states, but the rates of increase on items such as ambulance cost vary widely, with significantly lower costs in 2014 for Texas and a slight increase in Illinois.

Per Capita Costs of Medicare/Medicaid Spending, 2010 and 2014

Item	Texas			Illinois		
	2010	2014	Percent Change	2010	2014	Percent Change
Total Care	\$10,737	\$10,549	-1.8%	\$9,411	\$9,269	-1.5%
Inpatient	\$2,781	\$2,661	-4.3%	\$2,978	\$2,691	-9.6%
Post-Acute Care	\$2,930	\$2,719	-7.2%	\$2,005	\$1,906	-4.9%
Hospice	\$383	\$436	+13.8%	\$232	\$254	+9.5%
Testing and Imaging	\$3,377	\$3,436	+1.7%	\$3,162	\$3,346	+5.8%
Prescription Drugs	\$315	\$378	+20.0%	\$310	\$352	+13.5%
Ambulance	\$175	\$150	-14.3%	\$130	\$132	+1.5%

Source: U.S. Center for Medicare Studies, "Geographic Variation in Standardized Medicare Spending," www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/Dashboard/GeoVar.state.html (accessed July 28, 2016).

THINKING Critically

- ★ Did Texas's approach to the ACA help or hurt the cost of health care in the state?
- ★ What factors other than the ACA might explain some of the changes in health care costs in Texas?
- ★ Why do you think Illinois does better than Texas in some categories over time?

¹ The Henry J. Kaiser Family Foundation, "Total Number of Medicare Beneficiaries," 2016, <http://kff.org/medicare/state-indicator/total-medicare-beneficiaries> (accessed August 11, 2016).