Classification of Affordable Care Act (ACA) Transactions in the Federal Sector of the National Income and Product Accounts

Benjamin A. Mandel
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Challenges Measuring the Impact of the ACA

- Program changes and new transactions are captured by the source data.
  - Federal Budget, MTS, agency reports (CMS).
- ACA changes or transactions may not be separately identifiable in the source data.
  - Medicare changes resulting from the ACA will probably not be transparent in the source data.
  - Medicaid expansion resulting from the ACA might be identifiable in the source data.
Challenges Classifying ACA Transactions

- NIPA classification of transactions
  - Guidance from System of National Accounts (SNA).
  - Available source data.
- Complexity of government programs
  - SNA might not have specific guidance.
  - Guidance might not be clear.
  - NIPA transactions can be comingled in the source data.
BEA’s Analysis of ACA Impact on the Federal Sector of the NIPAs

- Classify estimates of ACA spending and revenues into a national accounts framework.
  - Focused on which NIPA transactions are impacted, **not** estimated values.
  - Source data (fiscal years)
    - CBO & Joint Committee on Taxation: 2010 – 2012 reports
      - Estimates a bit outdated, but still useful for analysis.
      - Consistent impacts.
    - OMB outlays and receipts through 2018 (used for allocations)
    - Lacking detailed data, BEA split estimates of the new Medicare surtaxes 50/50 between contributions for social insurance and personal current taxes.

- Direct impacts of law changes
  - Changes to existing programs and new transactions.
  - Not multiplier effects.
Impact of ACA on NIPA Federal Sector

Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.
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Grants – Gross ACA Impacts

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Health Insurance Subsidies

- Social Benefit to Persons
  - Prepaid refundable tax credit most likely paid directly to the insurer, not the individual
- Personal Current Taxes
  - Tax filing: reconciliation of prepaid credit with allowable credit
  - Either a tax reduction (entitled to more of a subsidy) or tax increase (received too much of a subsidy)

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Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.
Federal Subsidies - ACA

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Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.
- Additional Medicare hospital insurance surtax of 0.9% on earned income in excess of $200,000/$250,000 (unindexed)

Note: BEA used a 50/50 split of an estimate of the total new Medicare HI surtaxes to allocate the surtaxes between contributions and personal current taxes to illustrate the impact on the component series.
- 2011: Annual fee on manufacturers and importers of branded drugs
- 2013: 2.3% excise tax on importers and manufacturers of certain medical devices
- 2014: Annual fee on health insurance providers
- 2018: 40% excise tax on high cost health “Cadillac” plans
Current Transfer Receipts - ACA

- **Business Mandate:** Insurance coverage for employees of businesses with more than fifty full-time workers.
- **Individual Mandate:** Most U.S. citizens and legal residents required to have “minimal essential coverage” for themselves and their dependents.
- 2013: new 3.8% surtax on investment income for taxpayers with AGI in excess of $200,000/$250,000 (unindexed).

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ACA Analysis – Future Considerations

- Need to analyze source data such as MTS when transactions begin to appear.
- Still unclear on the details of how some programs will be implemented.
  - Complex programs (reinsurance, risk corridors, and risk adjustment).
- Some programs may be modified or eliminated.
- Impacts on other sectors of the NIPAs?
  - State and Local Governments
  - Personal Consumption Expenditures (Current dollars and Prices)
  - Corporate Profits