



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

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Washington, DC

December 13, 2013

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

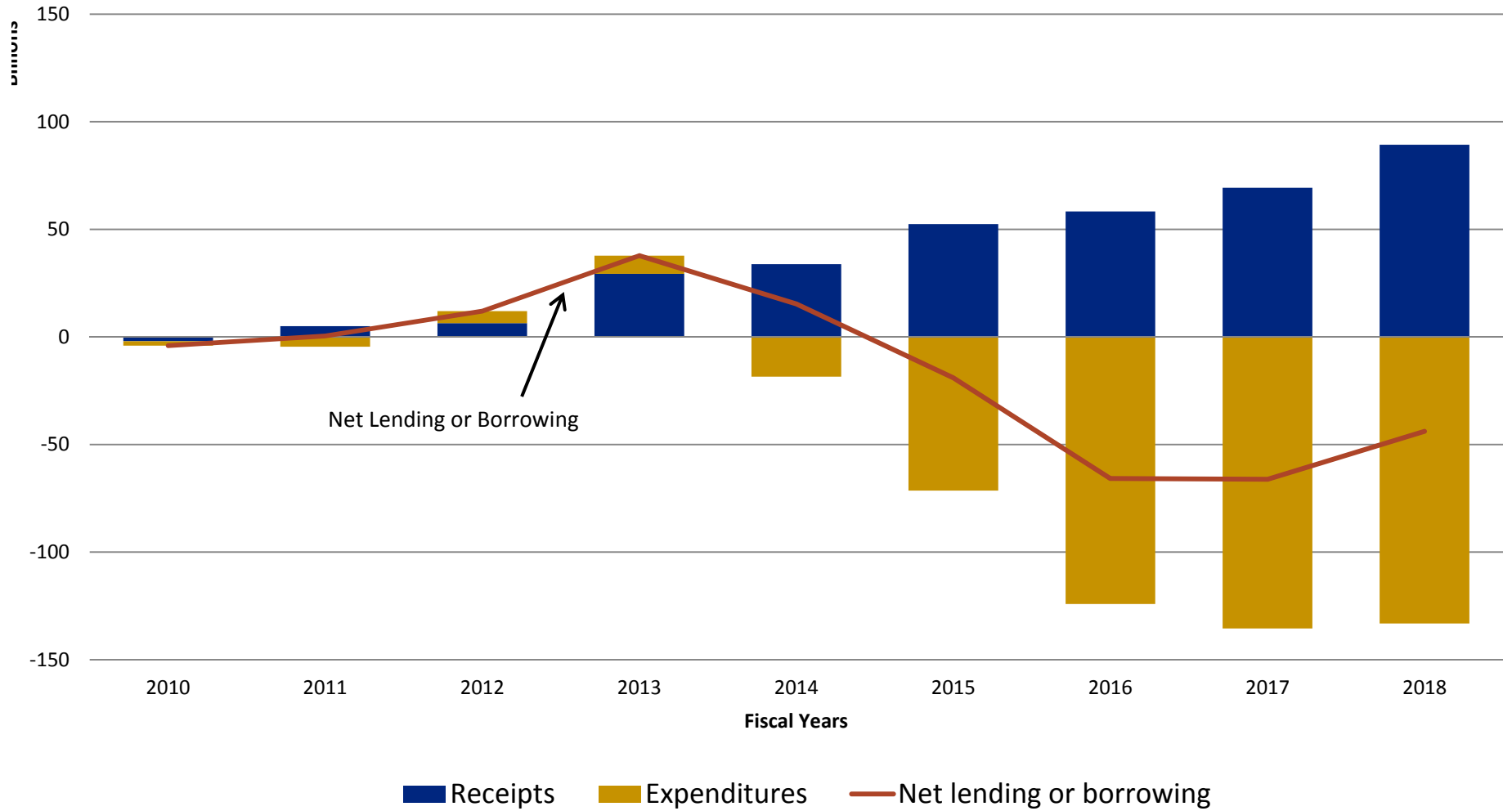
- NIPA classification of transactions
 - Guidance from System of National Accounts (SNA).
 - Available source data.
- Complexity of government programs
 - SNA might not have specific guidance.
 - Guidance might not be clear.
 - NIPA transactions can be comingled in the source data.

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 - Estimates a bit outdated, but still useful for analysis.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



Federal Total Expenditures - ACA

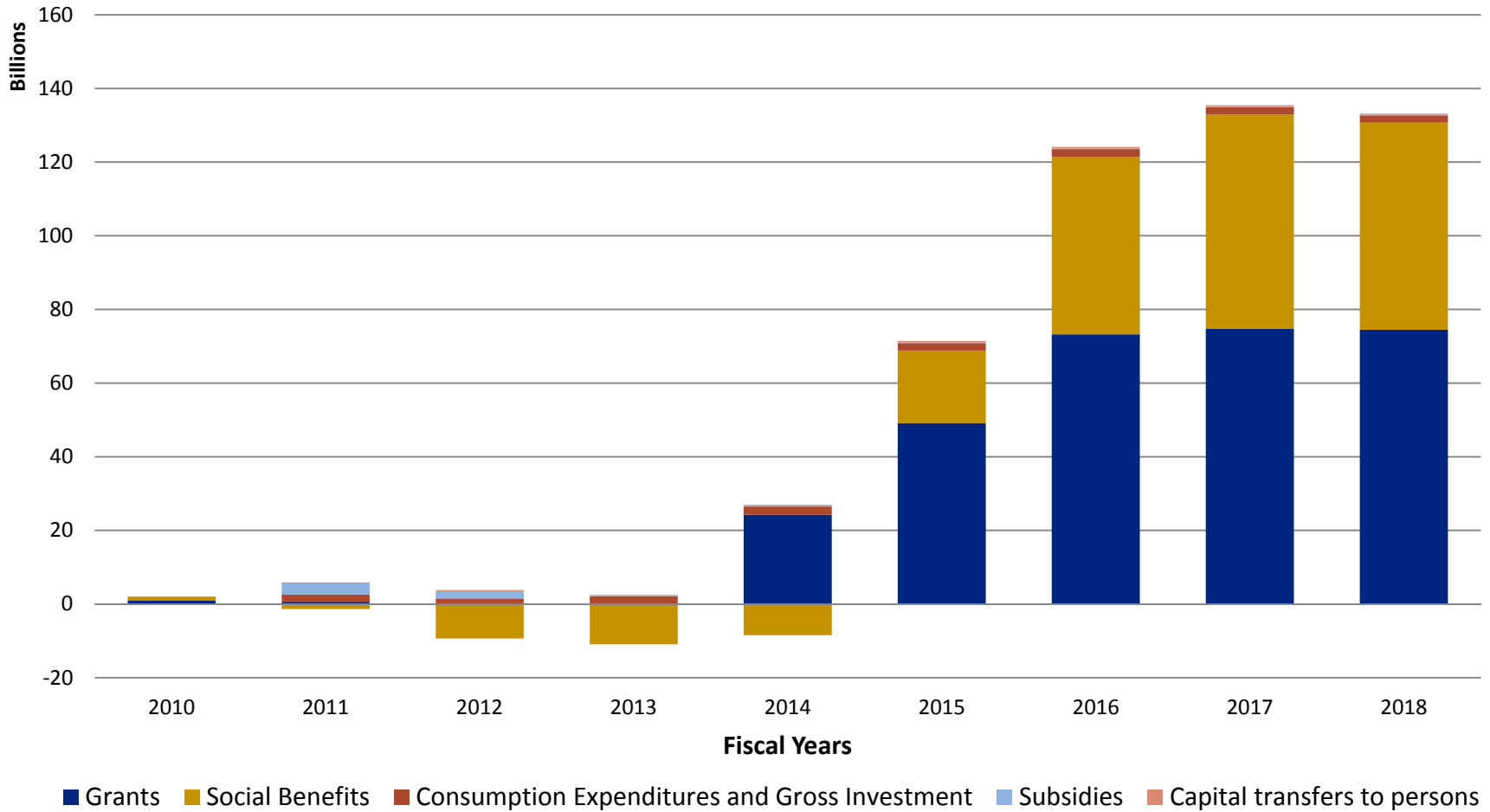
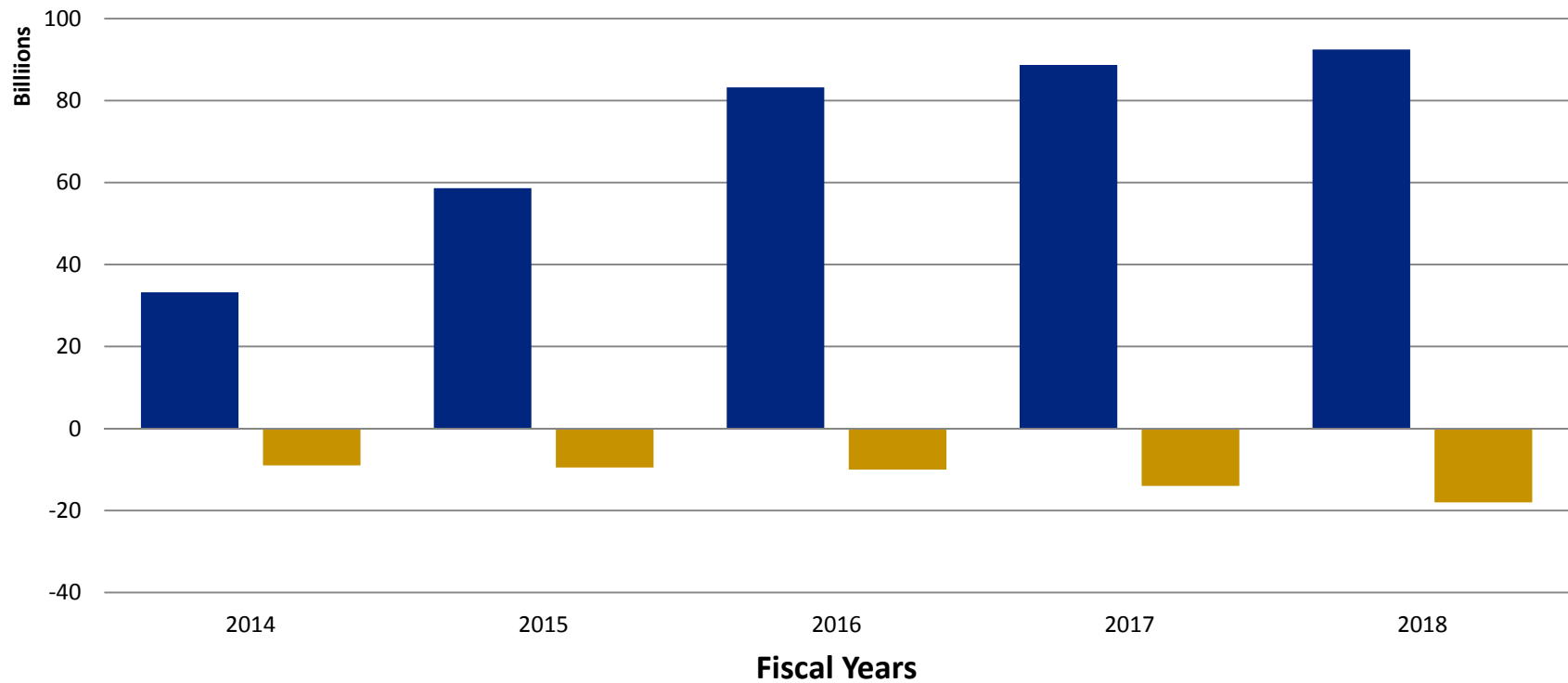


Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.

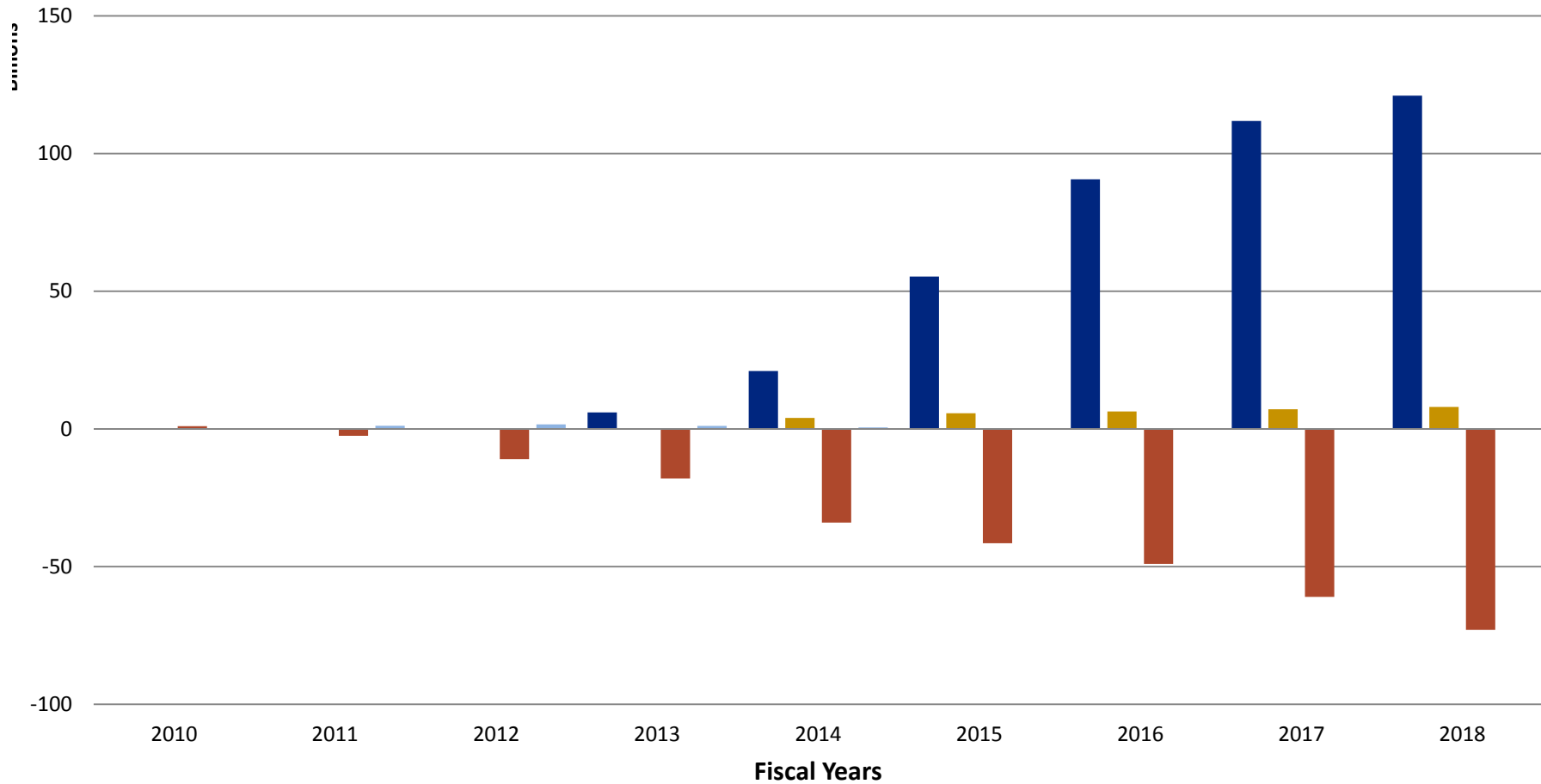
Grants – Gross ACA Impacts



■ Increases ■ Decreases

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

Federal Social Benefits – Gross ACA Impacts

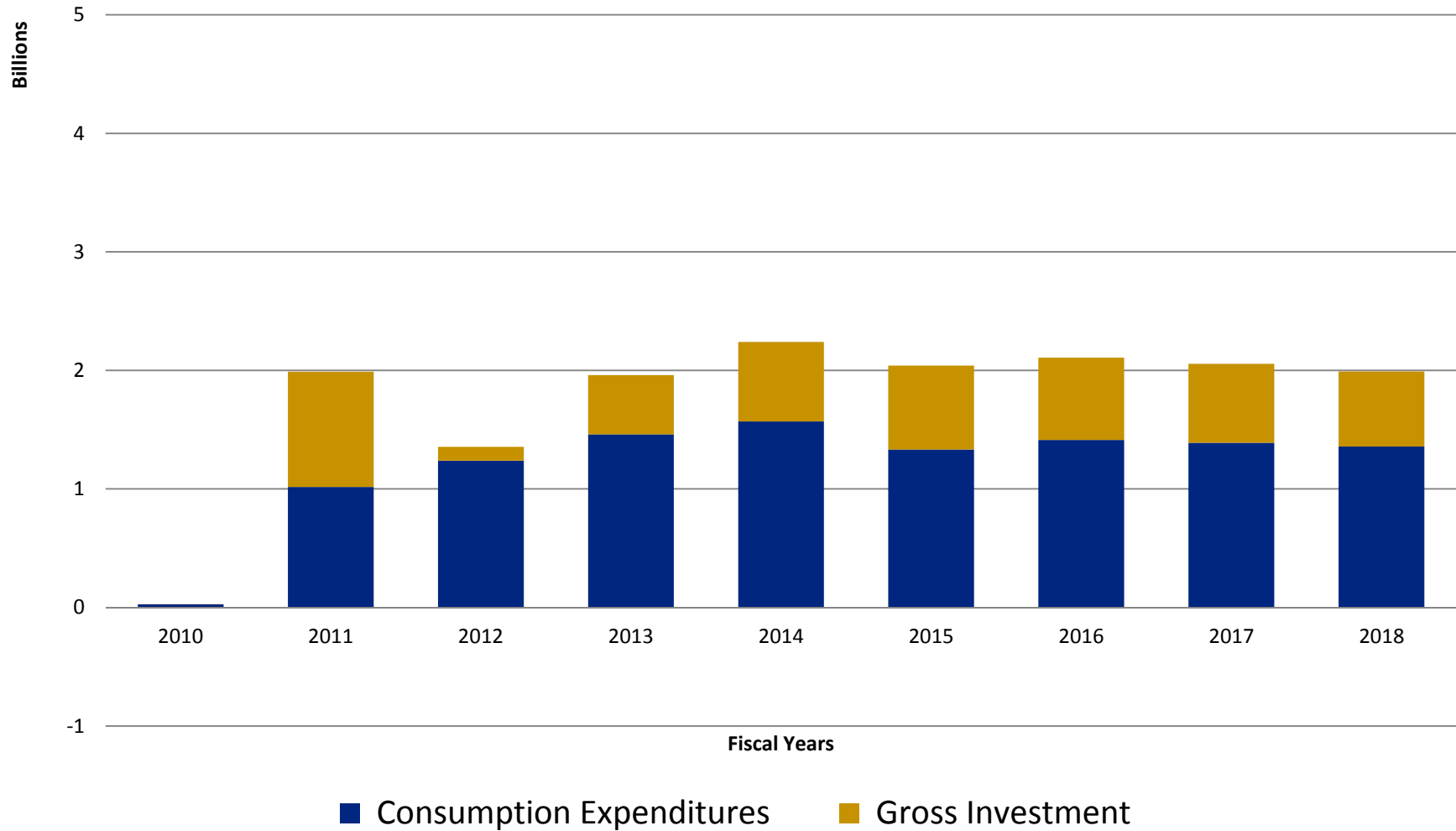


■ Health Insurance Subsidies (Tax Credit) ■ Co-payment assistance ■ Reductions to Medicare ■ Other social benefits

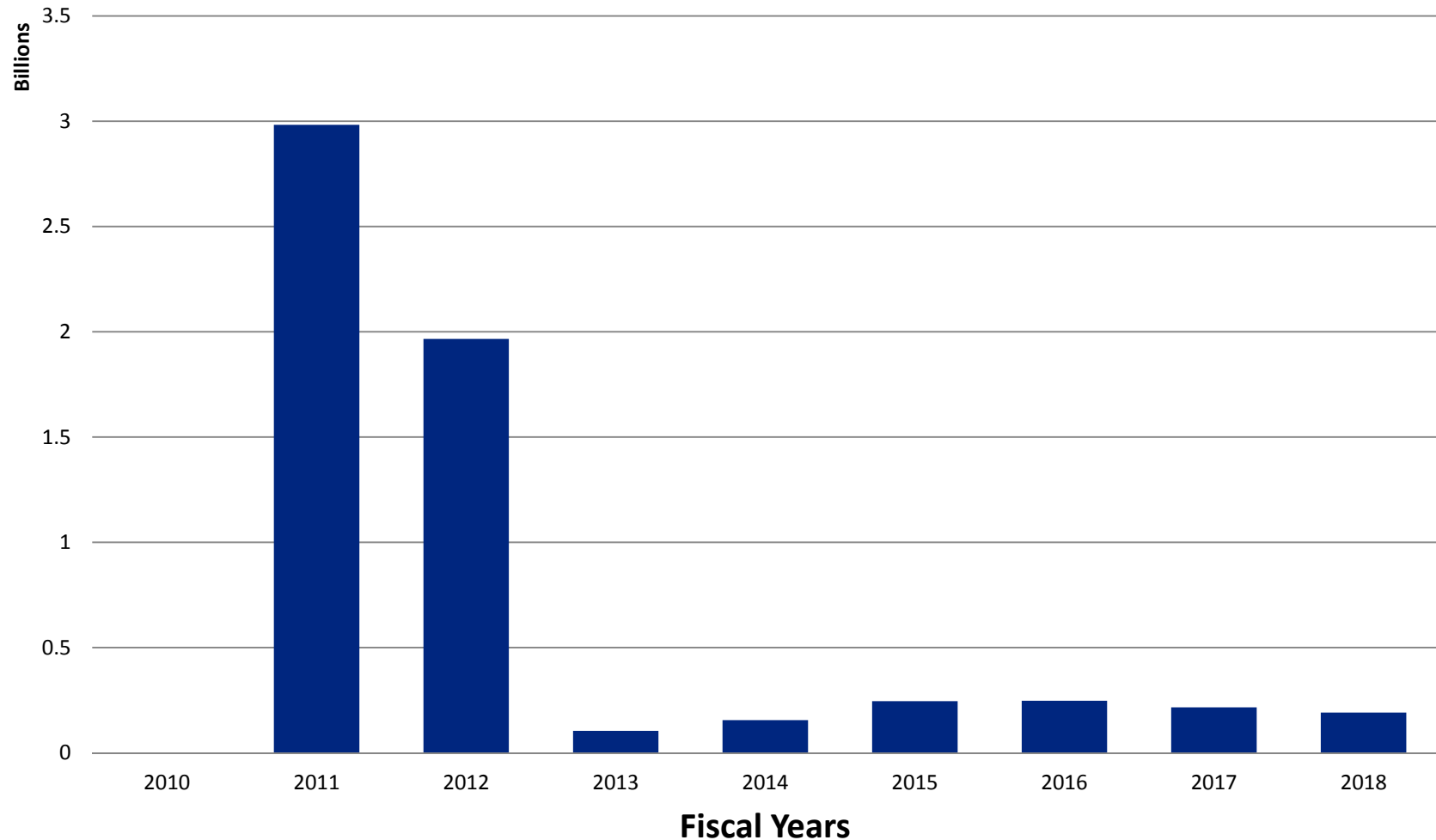
Health Insurance Subsidies

- 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)

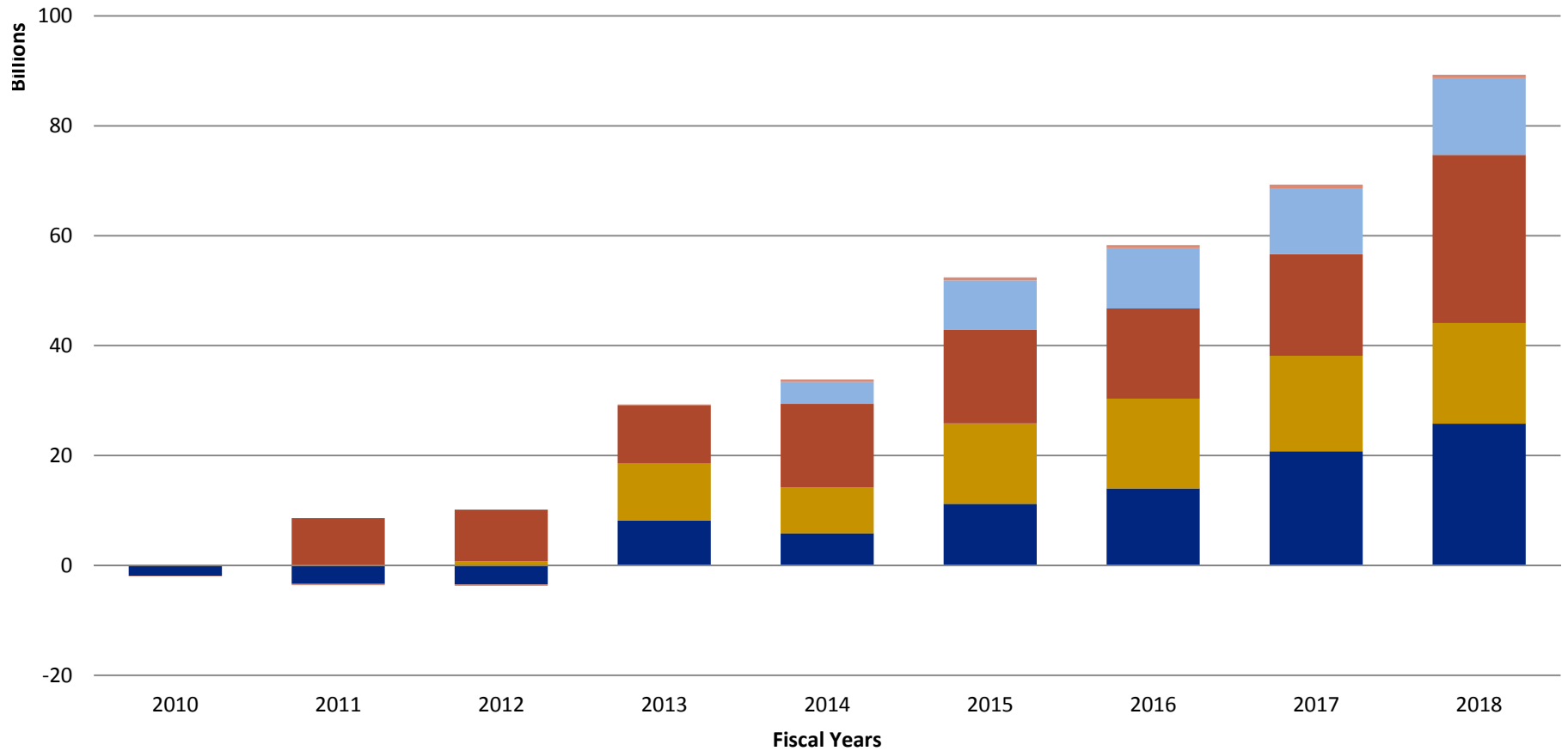
Federal CE & GI (GDP) - ACA



Federal Subsidies - ACA



Federal Total Receipts - ACA



- Personal taxes
- Excise taxes
- Corporate Taxes
- Contributions for government social insurance
- Current Transfers Receipts

Federal Receipts of Contributions for Social Insurance - ACA

Contributions for Government Social Insurance

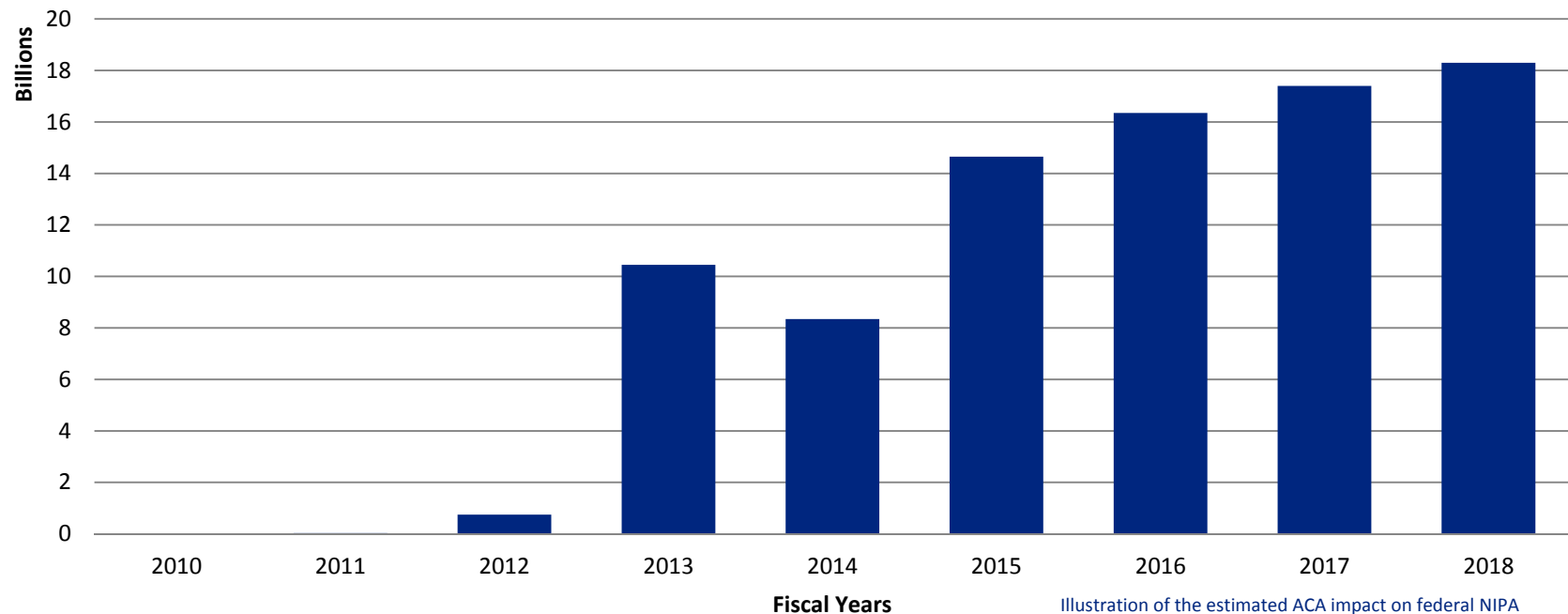


Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.

- 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.

Federal Excise Taxes - ACA

Excise Taxes

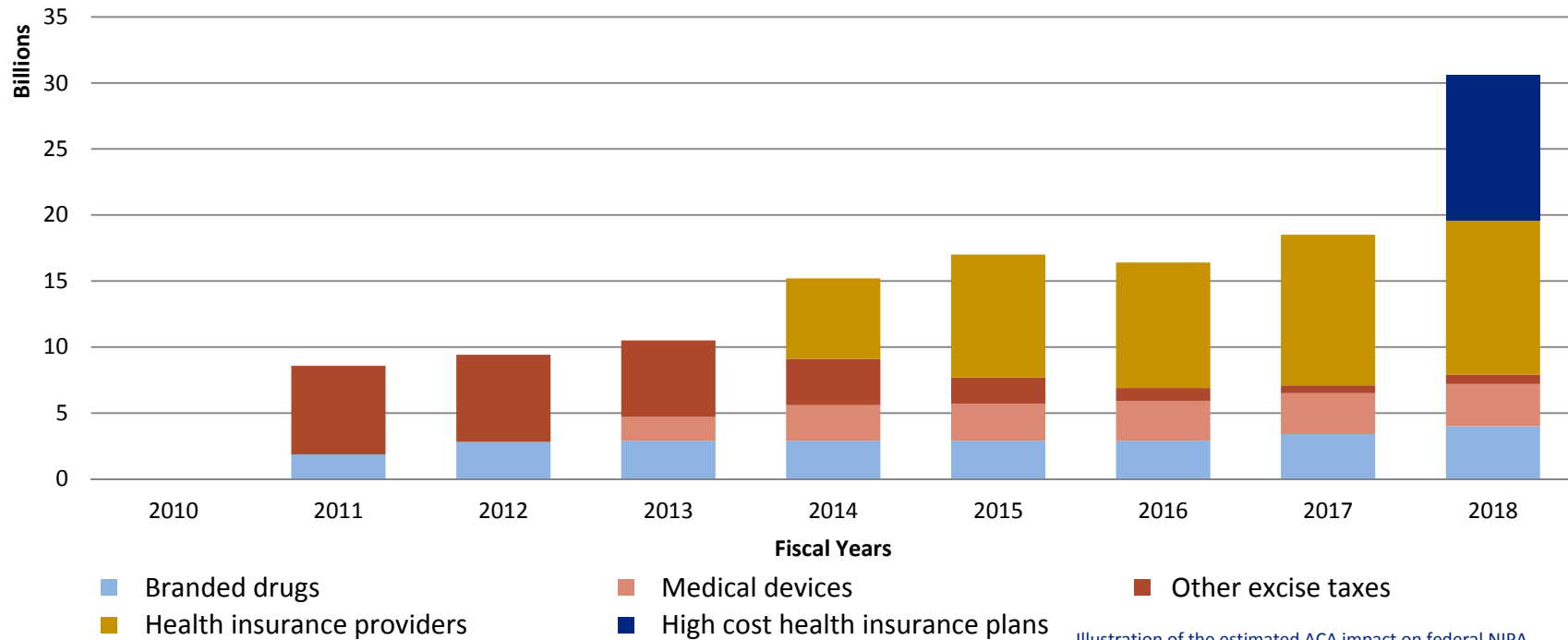


Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.

- 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

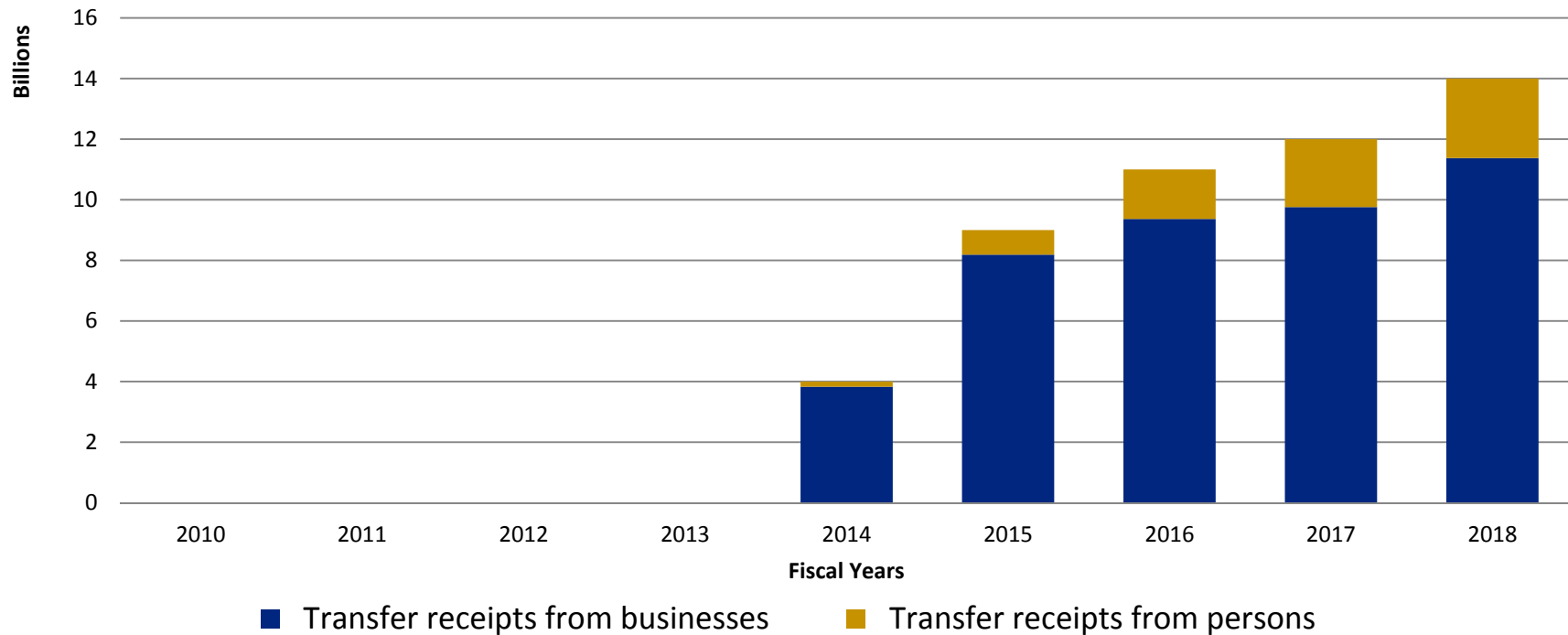


Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.

- 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.

Federal Personal Current Taxes - ACA

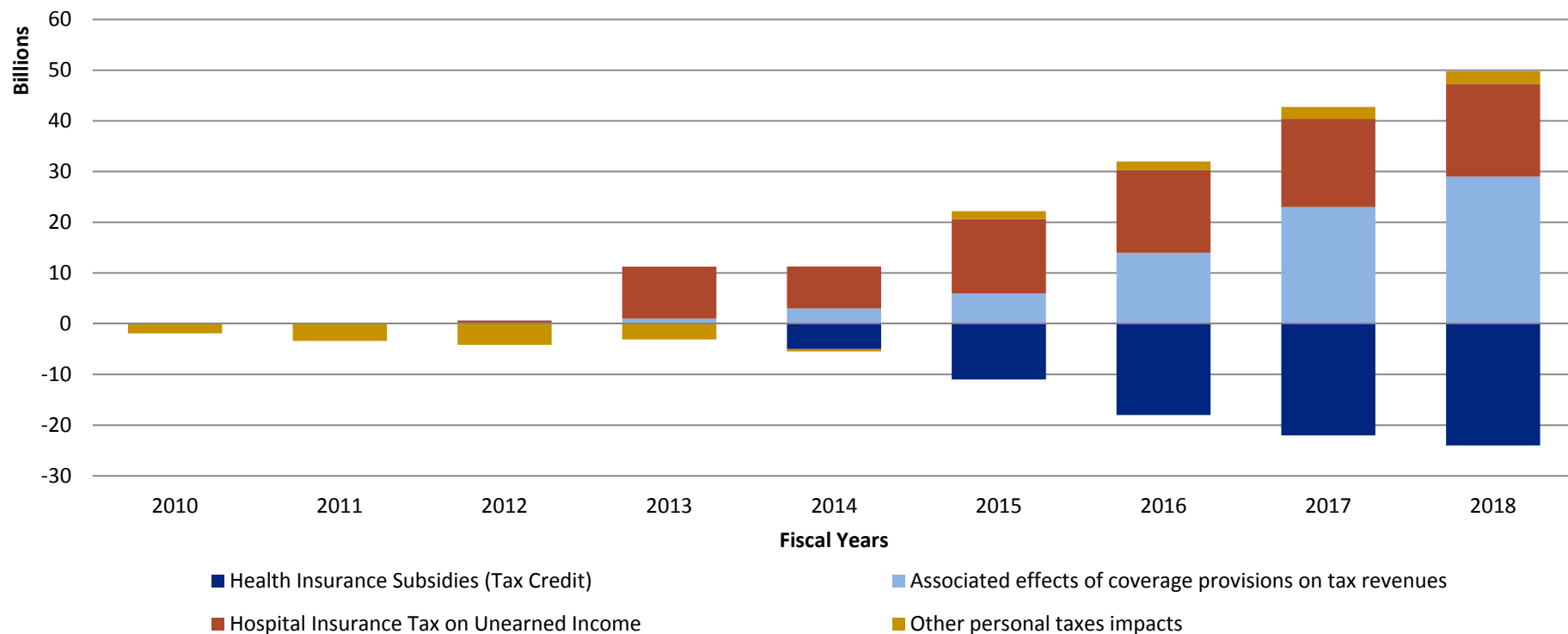


Illustration of the estimated ACA impact on federal NIPA transactions based on CBO, JCT, and OMB data.

- 2013: new 3.8% surtax on investment income for taxpayers with AGI 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.

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