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How and when will we know whether health care reform worked?

By Christopher Beam

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Fourteen months have passed since President Obama signed the $787 billion stimulus package, and economists still can't agree to what extent it helped the economy recover. Same with the Wall Street bailout, signed by President Bush 17 months ago. Even the New Deal, passed more than 70 years ago, is still beingdebated.

Health care reform won't be any different. Yes, there are some direct ways to measure how well reform is achieving its goals five, 10, 20 years from now. But anyone who expects a satisfying answer may be disappointed.

What measurements *can* we look at? First, it's worth enumerating what, exactly, the goals of health care reform were, as articulated by Obama and the Democrats. One was to protect families from financial instability and possible bankruptcy due to medical bills. Obama also argued that reform would make Americans healthier and save lives. Finally, reform was supposed to help rein in the country's spiraling health care costs and keep the nation from sinking deeper into debt—although you could argue that this was really more of a selling point than an original goal of reform.

The first goal—simply increasing enrollment—will be almost impossible *not* to achieve, and we'll know it when we see it. Enrollment numbers in private insurance and Medicaid should go up, since subsidies will make plans more affordable and Americans who don't sign up for insurance will have to pay a fine. Meanwhile, more Americans will probably report that they have a source of care other than an emergency room. If these numbers don't rise, there is a problem. (By this measurement, health care reform in Massachusetts has been a rousing success, with 97 percent of residents insured.)

Gauging whether reform is bringing down costs is not so straightforward. The

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amount families spend on medical care, premiums, and the quality of their care are all measured by the Medical Expenditure Panel Survey. If health care reform is to be judged a success, those numbers should, on average, go down. T hat said, more individuals and families will be enrolled, so they may go to the doctor more often. Plus, premiums may go up for some groups, like the young and healthy, even while they go down for the sick. So while the data is there, it may not be crystal-clear.

Even harder to measure is the number of Americans who go bankrupt because of medical bills. The most commonly cited study, conducted by researchers from Harvard University and Ohio University, estimates that medical problems contributed to at least 46 percent of all bankruptcies in 2001 and to 62 percent of bankruptcies in 2007—a nearly 50 percent increase over six years. But conservatives have criticized its methodology and sample size. Liberal health care economist Uwe Reinhardt of Princeton University says the data on medical bankruptcies is vague. The solution, he says, is to conduct a major survey *now* measuring the stress of medical bills on American families and compare that data to new numbers after 2014, when the individual mandate kicks in. If the number of bankruptcies goes down, Obama can claim a victory.

And good luck measuring health care reform's effect on the economy. The Congressional Budget Office projects that reform will reduce the deficit by $143 billion over the first 10 years and $1.3 trillion in the second decade. But the CBO emphasizes its uncertainty. Moreover, we may know 20 years from now how much we spend on health care. But it will be difficult to say for sure whether we would have spent more or less had reform never passed.

The problem with these numbers, as with any real-world economic measurement, is that there's no control. Medical bankruptcies may eventually go down, but they might have gone down anyway, thanks to a rebounding economy. Americans might get healthier, but education and anti-obesity efforts might have made them healthier anyway. Despite the Obama administration's

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penchant for citing "jobs created or saved," no such measurement exists.

The control problem is even more egregious when it comes to gauging whether health care reform will have made Americans healthier. As Megan McArdle argues over at the *Atlantic*, if liberals claim that health care reform will save tens of thousands of lives every year, then we should see the mortality rate decline by that much. Fair enough. But the notion that health care economists can look at the mortality rate 10 years from now and ascribe a certain number of lives saved to health care reform—as opposed to advancements in science, economic improvement, or the weather—is dubious. Even at this late date, economists are still trying to figure out whether Medicare saves lives. Plus, there will always be economists, such as the Cato Institute's Michael Cannon, who argue that we could save more lives per dollar with smaller, targeted programs—like treating hypertension in low-income neighborhoods—than by requiring everyone to buy insurance.

Health care reform may be a decisive political victory for Democrats. It could even become as popular as Medicare, which soared in the polls once implemented, despite the fear-mongering that surrounded it. But that's different from saying it will be a quantifiable policy success. "We won't lack data," says Karen Davenport of the Center for American Progress. "But we might have some disagreements."

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*Christopher Beam is a **Slate** political reporter. Follow him on Twitter.*