

LDR614-OA: Contemporary Issues in Health Care Administration

The Pros and Cons of the Affordable Care Act (ACA)

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Introduction

On March 23, 2010, the ACA, also known as the Patient Protection and Affordable Care Act (PPACA) or Obamacare, was signed into law by President Barack Obama. This U.S. law reformed the healthcare industry so that it was no longer able to reject people with preexisting conditions and make healthcare more affordable to those who pay for it. (Rak, 2013).

The ACA aimed to provide affordable health insurance coverage for all Americans. Millions of Americans have benefitted by receiving insurance coverage through the ACA. Many of these people were unemployed or had low-paying jobs. The gains in health insurance coverage would be expected to translate into improved health care access and affordability as insurance coverage is strongly associated with higher levels of access to care and reduced challenges to the affordability of health care. The ACA has been highly controversial, despite the positive outcomes. The purpose of this research is to present some of the pros and cons of the Affordable Care Act (Shartzter, A., 2016).

ACA Pros

One of the most significant pros of the ACA is that it slows the rise of health care costs. The ACA achieves this partly by providing insurance for millions and making preventive care free. The result of free preventative care allows people to receive treatment like a screening mammogram or paps smear before the need of an expensive emergency room service. Furthermore, more Americans have access to health insurance. The insurance is more affordable for many people, which gives them a more extensive range of coverage options. People who have preexisting conditions will no longer be denied. The insurance companies can no longer have a

the dollar limit on receiving the coverage and the costs for prescription drugs are less (Roland, 2015).

The Affordable Care Act requires all insurance plans to cover treatment for mental health, addiction, and chronic diseases. Without these services, many patients inundate emergency rooms. Those costs are passed onto Medicaid and, therefore, the taxpayer. Children can stay on their parents' health insurance plans up to age twenty-six. As of 2012, more than 3 million previously uninsured young people were added. This provision of the ACA increased profit for insurance companies. The insurance companies received more premiums from these healthy individuals (Amadeo, K. n.d.).

The ACA eliminates lifetime and annual coverage limits. This coverage elimination means that insurance companies contain costs to \$1 million per year for beneficiaries who exceeded that limit had to pay 100% of costs. The middle class (earning up to 400% of the poverty level) receive tax credits on their premiums. Furthermore, the ACA expanded Medicaid to 138% of the federal poverty level. The Act provides coverage to adults without children for the first time. Businesses with more than fifty employees were mandated to offer health insurance. Those businesses received tax credits to help with the costs. States are required must set up insurance exchanges or use the federal government's exchange. Either method makes it easier to shop for plans (Amadeo, K. n.d.).

For minorities and undocumented immigrants and, health care plays a huge role in race and ethnicity. Research shows that there is a significant racial and ethnic disparity in the cost of health care coverage. Under the ACA, undocumented immigrants are not allowed to register in Medicaid or to purchase any coverage. However, states can offer coverage that is covered by

them for immigrants who have any sort of documentation or coverage without federal matching funds (Clemans-Cope et, 2012).

The ACA can reduce racial and ethnic coverage and overcome the differences in coverage between any race or ethnicity. Reductions of African Americans and Hispanics who are uninsured have the most significant falls in insurance rates under the ACA associated with other racial and ethnic groups (Clemans-Cope et, 2012).

ACA Cons and Limitations

Three to five million people lost their employment-based health insurance. Many businesses found it more cost-effective to pay the penalty and let their employees purchase insurance plans on the exchanges. Other small companies found that they can get better ideas through the state-run exchanges. Also, people who already have health insurance must pay higher premiums (Amadeo, K. n.d.).

For people with no health insurance, they would have to pay a mandated tax penalty. Their insurance plans canceled thirty million people. The company relied on private health insurance because their policies didn't cover essential benefits like preventive and wellness visits, maternity and newborn care, or mental and behavioral health treatment. For the individuals who lost their cut-rate plans, the costs of replacing them can be expensive. The ACA requires services that many people don't need, like maternity care, pediatric, dental, or vision (Amadeo, K. n.d.).

Enrolling in the ACA can be difficult; employers are making full- time employees part-time so they can avoid having coverage for their employees, and finally, every year, there can be changes made to the ACA. Thus, people do not know what to accept for the upcoming years (Roland, 2015).

In 2013, the ACA raised the income tax rate for individuals with incomes above \$200,000. It also raised taxes for couples filing joint returns on incomes exceeding \$250,000. The rate increased from 1.45% to 2.35% on income above the threshold. Couple filing joint returns also were required to pay an additional 3.8% Medicare tax on investment income. That applies to the lesser of income from dividends, capital gains, rent, and royalties or income above the threshold (Amadeo, K. n.d.).

Many citizens believed that the ACA is expensive, and they are not able to afford it. Even though health care is not free, we do have a better variety of coverage preferences to choose. Many Americans are left without insurance due to the fact of having high insurance costs (Odom & Owen, 2011).

By 2022, insurance companies will be assessed a 40% excise tax on "Cadillac" health plans. Under current definitions, these are plans with annual premiums exceeding \$10,200 for individuals or \$27,500 for families. Many of these plans are for people in high-risk pools, such as older workers or those with dangerous jobs. Most of the tax will be passed onto the companies and employees, raising premiums and deductibles and potentially lowering wages (Amadeo, K. n.d.).

Conclusion

Despite the pros and cons Affordable Care Act (Figure 1 and 2) is important because it provides health coverage to eligible Americans. The ACA helps those individuals who require treatment for chronic illnesses by giving them the care they need without having to worry about the maximum amount on their plan. The ACA benefits those who do not have health insurance

through their employers or those who must buy insurance from the individual market. Before the ACA came into effect, individuals who had significant health problems did not have any more health coverage. Their inability to get health care proved to be difficult for these people.

The ACA is also essential because when President Obama implemented this new law, people had no choice but to register. After all, if people do not register, you would need to pay a tax penalty at the end of the year (Roland,2015). The pros and cons suggest that the ACA can have a positive or negative impact on people's lives. However, many individuals must have health benefits because it covers their doctor and hospital visits.

Figure 1. (Amadeo, K. n.d.)

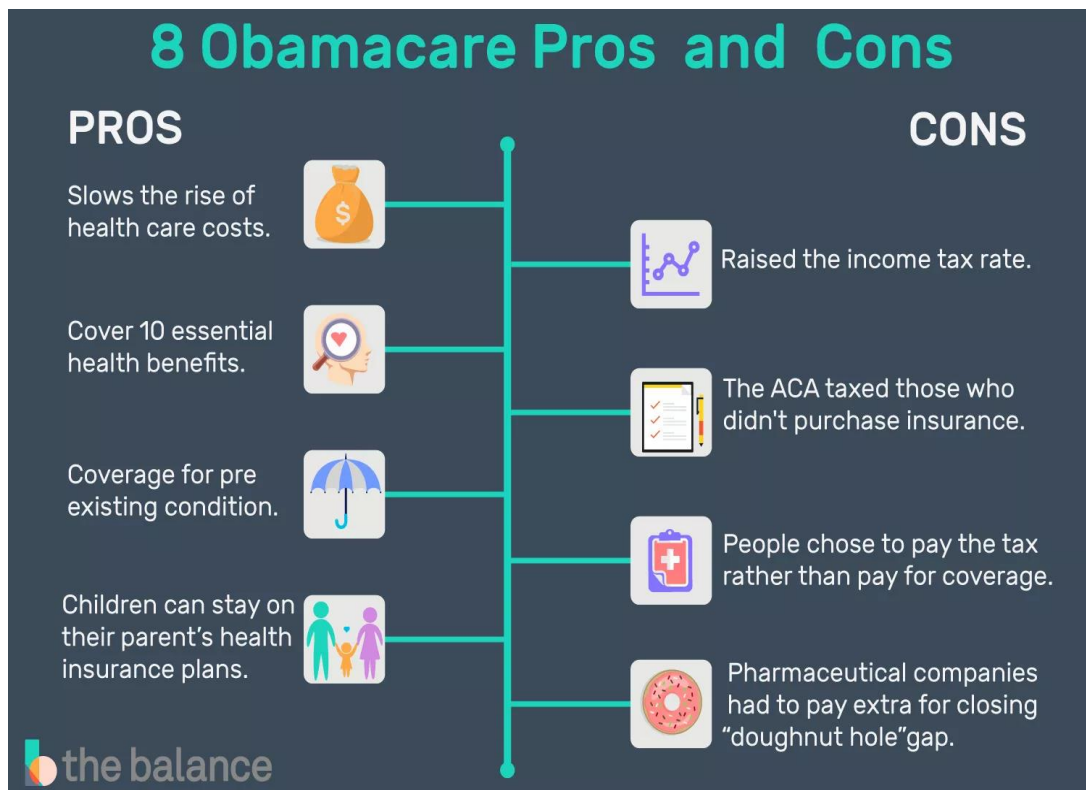
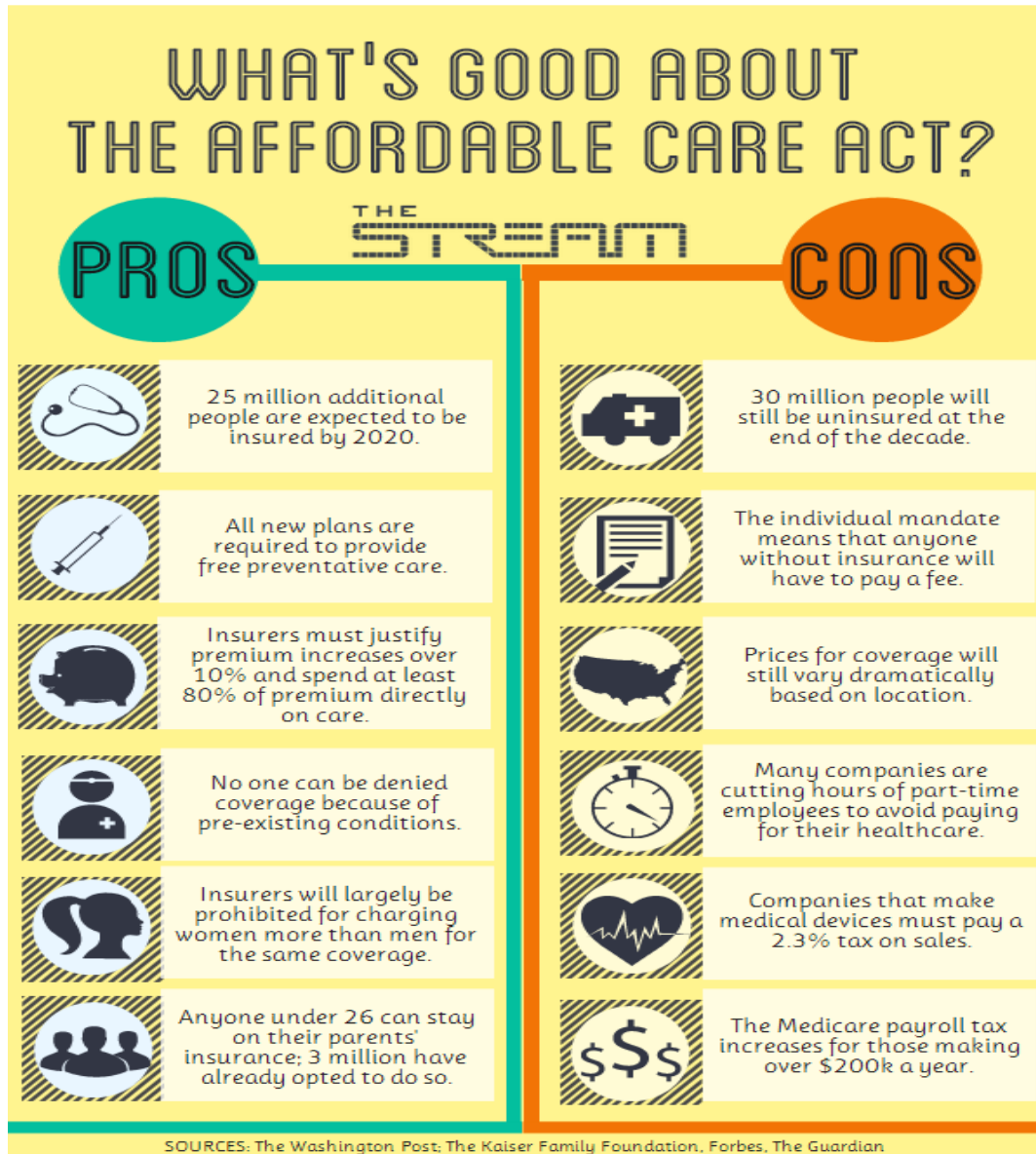


Figure 2. (Infographic, n.d.)



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