
The Effects of the Affordable Care Act on American Health Care Industry

Introduction

The Patient Protection and Affordable Care Act, frequently condensed as the Affordable Care Act (ACA), or colloquially referred to as Obamacare, is likely the most controversial piece of legislation since the passing of the U.S.A. Patriot Act. The original purpose of this legislation was to improve access to health care, strengthen social safety nets, make health insurance more affordable, and enhance consumer rights and protections. Many interest groups worked on both side of the aisle to achieve lasting health reform. This document will examine the benefits and harm to the constituency brought forth by the passing of the ACA as well as how the input of special interest groups molded the ACA to what it is today.

Benefits and Harm to the Constituency

Low Income Accessibility

According to Charley Wilson and Philip Singer (2017) writing for the American Public Health Association, the ACA expanded and enhanced health insurance coverage in two major ways. Firstly, many low income individuals who would have not traditionally qualified for medical insurance coverage prior to the ACA finally had a chance due to increasing access to coverage through Medicaid, and because of numerous subsidies to incentivize the purchase of private insurance on the health care exchanges. Secondly, it also enhanced health insurance by upgrading “the quality and scope of coverage by improving benefit design, including implementing the essential health benefits.”

Middle Class Discontent

As the effects of the ACA began to manifest, the scales began to tip to the benefit of low income Americans at the expense of the middle class. The leading cause for disappointment were the lower than expected number of enrollments and the exponential growth of Medicaid. With all the subsidies being focused on the individuals at or near the poverty line, many middle class families had to deal with uncertain costs if they were to enroll in the plans offered by the exchanges. The most affordable of those plans, the bronze plan, allowed for middle class families to keep premiums low, however, the plan only proved to have at best catastrophic coverage. While that can be seen as an improvement to being uninsured, many people saw it more like they were paying for a plan they would never use; moreover, many businesses decided to cut employee hours to part-time status to circumvent the ACA requirement of offering or making payments towards employee health plans.

Input from Interest Groups

Generally

Throughout the congressional debate over the ACA, interest groups spent record amount of money in the attempts to influence members of Congress. By the time both chambers of Congress adopted their respective versions of the ACA in the fourth quarter of 2009, the number of organizations employing health care lobbyist rose by nearly 300 percent. Without a doubt, the passing of the ACA was highly controversial to say the least. Interest groups played a huge part in what the ACA is today.

Private Insurance Industry

One of the most significant constituency was the private insurance industry, which was willing to accept the regulations relating to price controls, and the coverage of preexisting conditions, if the regulations also provided for an individual mandate. The purpose of the individual mandate is to bring young and healthy people into the system to offset the cost of older and sicker people. However, the one thing that was completely unacceptable to insurers was a public option, which in essence would be a government-run alternative to private insurance. Insurers feared that a public option program could potentially offer better premiums, and a higher quality of care. As a result, the private insurance industry launched a campaign against the public option, with its leading argument being that a government administered plan, taking in consideration a favorable tax and regulatory management, would undermine the insurance industry as a whole. The result, as passed in the final law, did indeed place stricter regulations on insurers, but it also forged the individual mandate, leaving the public program in the trash. The insurers certainly saw this as a “win,” as they were more likely than not to do quite well in the next couple decades because of the stable pool of clients, complemented by government subsidies to help those closer to the poverty line.

Employers and Trade Unions

Employers and trade unions also had much to lose if they didn't voice their concerns in the early stages of the ACA drafting. They feared the future of the employer-based health insurance system was up for grabs. Private health benefits as part of a job contract was first negotiated by trade unions in the 1940s to protect workers against unemployment, disability and old age. As a result, when health care reform came to the top of the political agenda in the 2008 presidential election, trade unions were ready to discuss alternatives to the current system because of the rising costs of premiums, and the questionable sustainability of employment based coverage. The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) spearheaded the opposition by taking the position of supporting the public option. Richard Trumka, as the president of the AFL-CIO, said, “[i]t's an absolute must. We won't support the bill if it doesn't have a public option in it” Another prominent trade union, the Service Employees International Union (SEIU) took a more pragmatic approach and agreed to support the ACA, even with an absent public option. Although, both the AFL-CIO and the SEIU worked toward achieving health care reform, at the end of the day, as mentioned above, the public option never saw the light of day.

Conclusion

The ACA was without a doubt a mammoth of a bill shaped by the input of the private insurance industry and trade unions that most Americans today, almost a decade later, do not understand; however, one thing that they do understand, is the impact it has had on their wallet, be it for

better or for worse. Many people at the lowest level of society benefited greatly from the expansion of Medicaid and EHB brought forth by the ACA. On the flip side of the coin, many in the middle class feel that they're the ones picking up the bill for the benefit of those closest to the poverty line. Again, for better or for worse, the ACA has shaped the American health industry for years to come.

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