

The Issue of Affordability After the Affordable Care Act

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Executive Summary

In response to the significant prevalence of uninsured individuals in the United States as of the 21st century, the Affordable Care Act was enacted to improve the population's health by providing means to better afford and access equitable healthcare. This policy has maintained high levels of controversy, where while most Americans agree with most aspects of the policy, many still oppose it as a whole.

The ACA overall expanded access to health insurance through subsidies and other measures to control some pricing alongside the expansion of Medicaid, which did reduce general costs and health disparities present. However, there still remains issues of proper implementation of some of these programs and true health coverage under private insurance plans due to exclusivity and/or limitations in coverage for individual needs (at a fair price), and general cost of healthcare after insurance still remains highly inflated compared to other nations.

The justification, adoption, feasibility, and eventual implementation of the ACA were analyzed to determine the effectiveness and success of achieving its outlined goals of improved number of people insured alongside greater access and affordability. While the general trend of the policy has been positive, there has been a government failure in accountability for proper implementation measures on a state level alongside issues of limited measures of efficacy.

Overall, the policy is the most effective and feasible in regards to the American political space, however it is recommended further public health and economic policy is implemented to reduce demand for healthcare and help subsequently reduce the core issue of high costs of care.

Background

Insurance-Free Healthcare

At the beginning of the 20th century, the United States' healthcare system lacked any true governmental regulation (Adams, 2020), alongside a lack of health insurance. The lack of this form of insurance resulted from low medical expenditures that did not require extensive coverage as well as insurance companies recognizing extensive information asymmetry that prevented accurate and reliable policies that would effectively benefit themselves and the consumer (Thomasson, 2019). Regardless, Progressive ideology of the time under Theodore Roosevelt advocated for universal health insurance legislation (CMMS, 2003), although the lack of incentive and general distrust of socialist ideals by the general public ended any real efforts of this system for the immediate future.

Incentives for Health Insurance

By the 1920s, the capabilities and cost of generalized healthcare had risen drastically, becoming a concern to many Americans. By this time, healthcare spending had reached 4% of the American GDP due to increased pricing, with approximately half of low-income groups not receiving any medical care at all (BUMC, 2013). Over the 1920s and 1930s, rising costs and issues of affordability prompted physicians and commercial insurers to begin developing health insurance plans oriented around younger and healthier individuals. World War II further strengthened these generalized plans when employers were able to offer benefits such as health insurance in a time where the government placed strict wage controls to prevent higher salary

temptation (Moseley, 2008). Over time, as pricing and available medical technologies have risen dramatically over the 20th and 21st century, there has been continued interest and reliance on health insurance to best be treated under the modern American healthcare system.

Issues of Health Insurance Accessibility

Despite programs like Medicaid existing in the United States, the 21st century still presented millions of Americans with a lack of health insurance and subsequently limited healthcare access due to issues of affordability. In response to this, the Affordable Care Act was passed in 2010 in an effort to expand healthcare coverage and better control healthcare costs through the development of subsidies, Medicaid eligibility expansions, and other economic reforms/provisions. The emergence of this policy simultaneously experienced more opportunities for health insurance, but it also raised new challenges for health coverage, as many Americans and politicians opposed implementation of “individual mandate” and general distrust of the federal government (Dalen et. al, 2015).

Evaluative Criteria and Policy Goals

The Affordable Care Act has three primary goals outlined by the Department of Health and Human Services: (1) making health insurance both more affordable and accessible; (2) expanding Medicaid to cover a greater number of people facing issues of low-income; and (3) supporting healthcare delivery to reduce the general cost of the system (HHS 2022).

Achieving Health Equity

Across all of its goals, the ACA’s primary focus within all of them was to promote greater health equity both in coverage and access by establishing more strict regulation and financial support to ensure improved access to health insurance. Some examples of this include providing grant-funded healthcare services for reduced or no fees to patients from underserved populations,

banning lifetime benefits, and prohibiting denial of coverage on the basis of an individual having pre-existing conditions (Roundtable on the Promotion of Health Equity..., 2015). However, to promote this equity, the policy also established individual mandate, which exacted a tax on people who did not have insurance coverage that met the minimum essential standards (Congressional Research Service, 2020). The issue with this form of incentivizing coverage was a large amount of outcry against the implementation of the ACA since it effectively was considered to force the people into purchasing a commodity.

Promoting Health Efficiency

The policy's goals also intend to improve affordability and efficiency of the healthcare system, which it has primarily achieved through investment and development into technologies and services. To help improve the process and confidence in healthcare, much of these efforts are placed into information resources such as increasing transparency of hospital billing and collection practices and improving education and awareness of financial assistance opportunities (Public Health Rep., 2011). While this has worked to an extent, external issues of shifting numbers of available healthcare workers has created greater strain on the true efficacy of this policy in promoting greater efficiency under these existing efforts.

Appropriateness of the Policy Correction

When considering how universal healthcare is often framed negatively by many politicians and media outlets due to its socialist nature, the Affordable Care Act's method to attempt a fully insured nation is arguably the next best solution to issues of healthcare access. While the primary goals are concerned about accessibility and affordability of health insurance itself, it indirectly is meant to tackle the issues of health and proper means of maintaining proper health that are otherwise difficult to acquire in a private, decentralized healthcare system. By

lacking universal coverage, there is greater reliance on the individual to worry about covering the cost of care, which over time has been pushed into reliance on insurance to be able to afford more reasonable pricing (although on a comparative perspective, still lacks fair pricing compared to other nations like Canada). Thus, in the focus of health based on affordable access, the ACA was the appropriate response.

On the other hand, considering the foundational arguments behind the development of the ACA and other similar policies were to promote a healthier America, it could have been more beneficial to instead promote policy that tackles public health issues more directly that could reduce the demand for healthcare while still promoting health. Some examples include improved education and programs (such as SNAP), greater substance control (i.e. tobacco, alcohol, etc.), environmental regulations, and improved workplace health and safety standards among any others. While there will always be a demand for healthcare, improving people's general health addresses the core goal of the ACA while still effectively reducing the quantity of times someone needs additional medical coverage and/or resources.

Adoption Issues

The development and adoption of the Affordable Care Act was ultimately driven by President Obama and Democratic Congressmen, however Republican lawmakers and other key industry leaders influenced both the policy and the effectiveness of its implementation process.

Congressional Input - Lack of Bipartisan Support

Following the 2008 elections, many members of the House and Senate were actively working on insurance and other healthcare reforms to address issues of coverage and affordability, especially in light of the 2008 economic crisis. However, at the time of the ACA's proposal, there was a Democratic majority in both houses of Congress in which most did support

the policy, which can be seen in the voting such as the Senate seeing a 60-39 vote in which the divide fell down party lines (111th Congress - 1st Session, 2009). Furthermore, this lack of bipartisan support was reflected in immediate reform/repeal attempts proposed by Republican lawmakers (ABC News, 2010), that continue to be proposed today. Subsequently, this has led to issues of state-level actors properly enacting parts of the legislation in the implementation of the policy, reducing the effective implementation by relevant local political actors.

Industry Interests

Many private companies in industries such as pharmaceuticals, insurance, and other medical fields were highly supportive of the ACA (and other similar proposals), with “about 1,750 businesses and organizations [spending] at least \$1.2 billion” (Eaton et. al, 2010) on lobbying for healthcare reform. A lot of this resounding support came due to the incentive of increased profits of a rise in insured individuals on specific plans that would increase profit-margins that would come along with increased demand for services and goods. Thus, while there may have been political turmoil and issues with adopting this policy, the general private sector associated with the changes brought about by the ACA was actively involved and supportive in adopting and implementing the policy.

Feasibility Issues

There have been many critical concerns that have challenged the feasibility of the ACA insurance coverage and expansion such as resource availability, challenges of decentralized administration, and legal/constitutional questions of legitimacy for key aspects of the policy.

Resource Availability

One key issue with expansion of health insurance coverage—under Medicaid or otherwise private—is adequate funding and resource allocation. By increasing the number of eligible

individuals to receive coverage under the Medicaid program, there emerged greater expected costs for primarily the federal government, as the act stipulates “that the federal government will cover the full cost of Medicaid expansion for each state” (Annals of the American Thoracic Society, 2014). Similarly, in efforts to promote more affordable insurance, subsidization and other programs developed requires further government spending on healthcare, which poses a challenge to implementation and necessity by inevitably shifting resources/spending away from other programs.

Legitimacy Concerns

Building off concerns of resource availability, many state governments have consistently challenged the ACA through constitutional measures out of disagreement with the policy and its associated cost burden placed on them. Key concerns are centered around individual mandate the constitutionality of forcing consumption of health insurance, although none of these cases taken to the Supreme Court have had any success. However, there remains a continuity of concerns of constitutionality with major cases continuing into 2021, as seen in *California v. Texas* regarding the issue of individual mandate, proving high discontent with the feasibility of this policy.

Implementation Issues

From a government standpoint, the HHS identified major issues with implementing the ACA included problems with the scale and complexity of the changes in a reduced timeframe, especially with how novel many of its associated programs were (HHS, 2012). One of the biggest challenges with this short timeline was the waterfall effect onto insurance companies and millions of individuals who had been on existing insurance plans.

“In the fall of 2013, [insurers announced] that they were canceling several million individual policies in response to the ACA’s new benefit and rating requirements” (Oberlander,

2016). While much of this was ultimately resolved, it did provide issues with implementation and support due to many having to switch their plans in a state of information asymmetry, as they did not have full transparency on change in pricing relative to coverage (Oberlander, 2016).

Evaluation Issues

It is extremely difficult to comprehensively evaluate the effectiveness and success of the Affordable Care Act in regards to adequate insurance coverage and healthcare access, as there are thousands of indicators of the issue alongside problems of data availability and inconsistencies. However, it is possible to generally assess how it appears to have affected the goals of affordability and accessibility; it was found that the racial insurance coverage gap was decreased, as well as the healthcare system saving hundreds of millions of dollars in costs (Neiman et. al, 2021), which is indicative of the policy succeeding in the long-run. On a surface level based on research and data like this, the policy succeeded in its primary goal of reducing the uninsured rate, improving equity and access, and reducing cost.

The reduced uninsured rate does support the policy goal itself, however it lacks proper measures of its implied goal of maintaining adequate healthcare access and coverage. While individuals may have met adequate minimum health coverage as per standards of the ACA, this did not implicate that an individual was now receiving improved care for basic needs. Certain providers do not cover costs or certain procedures at specific locations, even if they are still crucial for a patient's needs. For example, many providers such as Kaiser limit health insurance coverage to their facilities alone, which could pose a problem in the event that someone is unable to get to one of these locations. If out of network—such as traveling in another state—Kaiser states that “[they] may not cover services we don’t approve first” (Kaiser, 2023), which would require fully out-of-pocket payment methods, and this is the case for numerous providers.

Conclusion

The Affordable Care Act has significantly improved the general issues of uninsured Americans and inflated healthcare costs by expanding access and reducing substantial costs presented by the system. However, there are still many issues with adequate access and coverage that require greater state-level engagement and alternate improvements to help reduce the severe need for health insurance. It's recommended that the federal government places greater pressure and/or incentives for states to properly implement measures of the ACA such as expansion of Medicaid as well as development of further places of healthcare (such as clinics) that take wider varieties of insurance plans to account for limitations provided by some plans. Furthermore, as the true intention of the ACA was to increase the health of Americans, there should be further efforts made for public health initiatives to promote healthier living alongside improved health and safety regulations.

Ultimately, the United States still faces issues of unaffordable healthcare for many Americans even with coverage, so there needs to be greater efforts made to reduce demand (i.e. public health initiatives) and/or place greater economic control over healthcare pricing so it does not continue to inflate and ultimately become less accessible and thus defeating the purpose of the Affordable Care Act.

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