

Affordable Care

The Affordable Care Act is far from perfect—for one thing, I think health insurance should be entirely separate from employment—but I hate the thought of losing it without a replacement for people who will lose insurance. If Congress ends up repealing it, I hope they earnestly try to preserve the best parts, and put in place something better.

One thing the ACA definitely did was help a lot of founders start their companies--without it, being a founder would make sense for less people. [The Department of Health and Human Services released a lot of new data yesterday showing how the ACA helped support entrepreneurs](#), and in light of that, I thought it would be good to collect and share stories of how the ACA helped some Y Combinator founders get started.

Here they are in the founders' own words:

Dan Carroll, [Clever](#), S12

March 3, 2012: I'm holed up in a hotel room in San Francisco with two of my best friends, wildly excited about the idea that will become Clever. We've packed the day with difficult conversations – Where will the company be founded? Do we have enough savings? Who will be CEO? – but the only topic that I'm truly afraid of is health. I've been living with Crohn's Disease for nearly ten years, and I know that without health care, I'd die, and without health insurance, I'd go broke. But some quick research tells me that, thanks to the ACA, I can join my parents' healthcare plan until I turn 26 the following January. Risk mitigated, I make the commitment to my cofounders – I'm in.

Ethan Perlstein, [Perlara](#), W16

I left academia on Jan 1, 2013 as unemployed former postdoc. I would not have been able to move across the country to start my company, and my wife wouldn't have given up her employer-sponsored health insurance, if not for Obamacare. Also, some of the first employees at Perlara depended on the ACA for insurance.

Randall Bennett, [VidPresso](#), W14

There's a good chance that without the aca my startup wouldn't exist... or I'd be dead. When launching my startup we couldn't get health insurance because one insurer denied us because I once had a sleep study for sleep apnea. Once you get one rejection, all the others reject you.

Then, last year I had a brain tumor. I had moved off to a more normal health plan... but with the last set of rules chances are it'd have been unlikely I could have gotten any insurance, let alone a somewhat reasonable plan.

Ben Maitland-Lewis, [Pretty Instant](#), W15

We aren't yet at a stage where we can offer healthcare to our employees but thanks to the ACA we are all individually insured. This has been instrumental in helping us grow the business while keeping costs low. I hope the next administration doesn't repeal our access to individualized affordable healthcare as it would have a direct effect on the company at this stage.

Ravi Parikh, [Heap](#), W13

The provision in ACA that allows young adults to remain on their parents' health insurance until they're 26 has helped me multiple times. In 2011, I was self-employed as a musician, which would have been much more difficult to pursue if I weren't able to take advantage of my parents' health insurance. Later, my co-founder Martin left his job at Facebook in 2012. He and I worked

on a number of side projects, one of which eventually became Heap. Both him and I remained on our parents' insurance until Heap had enough funding and traction to offer health plans to employees. Again, without being able to remain on our parents' insurance, this would have been much more difficult.

Mike Romano, [Lendsnap](#), S16

The ACA has been a blessing for me and my family, and without it, I could not pursue my entrepreneurial dreams. I began my new career within days of the birth of my son, and the fact he arrived five weeks early only complicated plans further. My wife is a graphic designer and usually only finds contract work without benefits. The ACA allows me to follow my passion of transforming the mortgage industry while ensuring our son gets the crucial care he needs during his early life.

Brian Merritt, [Seed](#), W15

For me, the ACA was life changing. Prior to the ACA I was only able to obtain insurance either through an established group plan, or via Medical/Medicaid "last resort" insurance. This was because I have a pre-existing condition that made me ineligible to buy an individual insurance plan. Due to having a chronic condition that needs to be managed carefully, having a quality insurance plan was not an option, but a requirement. So my only option was to work for a large employer with an established health plan that would provide me with the appropriate benefits to support my situation. After the ACA made it so that pre-existing conditions don't disqualify applicants, I was able to purchase an individual insurance plan outside of my employer, and as a result I was able to start a company and work on it for almost two years before we were able to put our own group plan together.

Mick Johnson, Whereoscope, S10

The ACA was essential when starting my new business - I founded the company, was pre-funding for 9 months, and the only employee, so was unable to get small group coverage. I have a wife, a child, and another child on the way so health insurance was essential. Without the ACA I could never have left a regular job to found this new company, which has now raised funding and employs 7 people.

Kevin Law, [Cambly](#), W14

I had to apply for individual health care twice while starting Cambly before the ACA exchanges launched at the end of 2013. It was incredibly difficult and expensive, because I had to keep paying for expensive COBRA coverage from my previous employer while repeatedly applying, appealing, and getting rejected by insurers for individual plans. I was still on a group plan during the ACA debates and assumed that the only people getting rejected were the chronically ill. I learned through my experience that nearly anyone who had past health care expenses would often be rejected when applying for individual plans (as was my case).

An especially ironic moment occurred when I was on a Blue Cross group plan via COBRA and appealing a rejection for a Blue Cross individual plan. I got a physical, so my doctor could write a letter saying I was in good health for the appeal. I simultaneously received a rejection letter for my individual plan appeal citing past health costs AND a letter from my group plan asking if the physical was related to a workplace incident (presumably so they could sue someone to get reimbursed for the costs).

The exchanges finally went live at the end of 2013, and I quickly got insurance coverage. No extensive health history paperwork. No rejections or appeals. It launched right around when we got into YC, so it was great to focus on building and growing our business rather than trying to obtain

health insurance.

Tristan Tao, [Leada](#), S15

I'm currently 24 years old (going on 25). I am fortunately covered under my parent's health insurance under ACA (until I'm 26). This was critical in reducing my personal burn. I would not go without health insurance; this meant I'd have to either join a larger company to gain coverage, or purchase them out of pocket. Either way it would've significantly hindered the 22 yrs old me to start a company as a Senior in College.

I strongly hope that the successor of Obamacare will include a clause that makes it cheaper for recent graduates to get coverage (or retain the current policy of enabling people younger than 26 to stay on their parents' coverage).

Looking back, the largest hindrance to starting a company would've been debt (which I didn't have any), and personal burn (insurance being a huge part).

Ram Jayaraman, [PlatelQ](#), S15

5 out of 7 members of the initial team at Plate IQ were on ACA. Without ACA in the early days we would have to spend large amounts on employer health insurance and since the team was small we would not have gotten much discounts either. Since the team just needed something basic until we raise decent venture money, they were all able to find very affordable options with good networks like Kaiser.

In thinking of an ACA successor: very few plans are coupled with HSA accounts and HSA withdrawals are penalized. For startups with young teams I would ideally like to continue getting plans with large deductibles and large

co-pays and instead contribute to an HSA account. Avoiding the 20% penalty for the HSA withdrawal would definitely encourage more participation.

Ben Thompson, [Gitprime](#), W16

I have a family of 5. Had it not been for the affordable care act, it would have been incredibly difficult to take the leap to become a co-founder. Because of the ACA, I was able to take a calculated career risk without having to sacrifice health coverage for my family as part of that decision. Two years later, we've built a company that provides benefits for all of our employees and their dependents.

Brendan Lim, Kicksend, S11

In 2009 my wife was in a life threatening car accident. After her recovery, she was unable to get reasonably priced coverage due to her new "pre-existing conditions". During this time, my co-founder and I had quit our jobs and started working on Kicksend (S11) and were living off of our savings. As a result, we were unable to afford reasonable insurance. The ACA removed the "pre-existing conditions" and gave us peace of mind since my wife was finally able to get covered.

Vishal Joshi, [Joy](#), S16

When we started Joy, we had insurance as dependents and did not need to create company healthcare offer for a bit. But soon we had a new employee very eager to join Joy but needed health insurance. We agreed to start the process but it so happens that the entire ordeal to get company healthcare setup takes a couple of months. If not for ACA, Joy would have lost a really good employee who is still with us and actually helped us build our website.

She was able to keep afloat using ACA while we got our company policy

setup.

Jason Chen, [Verge Genomics](#), S15

The Affordable Care Act makes it easy for us to purchase and manage health insurance plans – all of our employees are covered rapidly with no medical underwriting. However, we pay high premiums, incur rising deductibles, and plans are bloated with benefits we cannot use. We have also had to pay for "retroactive coverage" for some employees to avoid penalties from the individual mandate, even though no services were used. Future patient-centered health reform should facilitate access to coverage for small business and individuals while allowing greater customization of benefits.

Zachary Garbow, SocialBrowse, W08

When I began working on my startup full time, my wife and I wanted to start a family. At that time, when trying to purchase private insurance being pregnant was considered a pre-existing condition. My wife also had undertaken some preventative procedures years earlier, which made it difficult to obtain coverage. As a result, we were stressed and anxious about not being able to get coverage, and fearful that we'd not be covered for our pregnancy and I'd have to quit my startup to find a corporate job with health insurance. Luckily, the ACA passed just in time to provide us the peace of mind to both start our family and continue building my startup. We now have 2 kids and a thriving, growing business.

Varun Aroraa, [OpenCurriculum](#), W14

ACA has allowed me to have health insurance. Before I got on Obamacare, I had no insurance and had stopped all physical activity beyond basic exercise for years, being too scared to hurt myself. Living below the adjusted poverty line, I just can't afford normal plans. It is amazing how much mental comfort

and freedom it can bring in life.

Mike Knoop, [Zapier](#), S12

Thanks to the ACA and my parents, the provision to cover dependents through the age of 26 enabled me to take more risk starting Zapier. Specifically, I did not have to worry about healthcare coverage when the company was small and could not afford health benefits. Now, Zapier provides health benefit coverage to our 50+ US employees.

Zachariah Reitano, Shout, S14

I had heart surgery when I was 18. I was virtually uninsurable. I now have health insurance. Why we need the ACA is no more complicated than that.