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Suggested Version of The Patient Protection and Affordable Care Act

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Suggested Version of The Patient Protection and Affordable Care Act

Introduction

The Patient Protection and Affordable Care Act, abbreviated as PPACA or ACA, was enacted by former President Barack H. Obama on March 23, 2010. The purpose of creating this welfare is to make more people have better insurance. After six years of implementation, in 2016 the people covered by this plan were estimated from 20 to 24 million, representing the most influential healthcare policy after Medicare and Medicaid laws passed in 1965. Asserting that the policy will harm the economy, President Donald J. Trump eliminated the individual mandate of purchasing insurance, allowed states to remove insurance to unemployed people, and reduced governmental subsidy of purchasing insurance, which significantly decreased the number of people insured. Critics of Obama's version of the ACA have claimed that such policies will harm the economy, increase debt, and severe unemployment (Manchikanti et al., 2016). However, after analyzing data, economic theories, and current economic situations, it was concluded that this policy will provide $1 trillion of spillover revenue to the economy, pay off all the previous debts, and increase employment (Furman, 2015). Therefore, Obama's 2010 original ACA should be re-implemented. Also, to maximize the positive impact on the economy, Obama's original version of the ACA should provide more financial assistance. The proposed policy for the 2021 healthcare plan contains the following: To mandate the government, employers, and individuals to provide or purchase insurance, as well as to cancel the Bronze class in the ACA and increase the coinsurance rate of all other classes for 10% each. This policy issue is important as it will improve the living conditions of millions of people; and will positively influence the economy. In the following contents, Obama's 2010 original ACA policy will be abbreviated as "original ACA", and Trump's 2017 ACA will be abbreviated as "2017 ACA".

Issue Statement

The general people and the government are having highly controversial opinions about which healthcare policy, the original ACA or the 2017 ACA, should be implemented in 2021 for a purpose of benefiting the national economy. It is also controversial about what additional changes the policy should have.

Methods

The first opposition regarding the original ACA is that the policy will harm the national economy. The Professor of Economics from the University of Chicago, Casey Mulligan, pointed out in 2016 that, "based solely on recent economic growth, the ACA has subtracted $250 billion from GDP. At that pace, the cumulative loss by the end of the decade will exceed $1.2 trillion". (Riley et al., 2016). He also mentioned that the average GDP Per Capita growth over the years is 1.9%, and the rate will rise even higher as expansion proceeds. With this situation, the growth for the years 2014 to 2015 is estimated to be 2%. However, as the original ACA continues to exhaust a tremendous amount of money while receiving no return, the national economy only rose 1.4%, 0.6% less from the projection. The data from the Federal Reserve also shows that the original ACA affected the GDP by declining $85 billion in 2014 and $170 billion in 2015. All the data provided seems to demonstrate that the original ACA was giving pressure on the federal and state budget which negatively affects the economy.

After careful analysis of the information published from the website "The White House, President Barack Obama", it is certain that Dr. Mulligan has provided insufficient evidence which leads to the incorrect assertion. First of all, it is no doubt that the original ACA itself has increased government spending since more money was paid to the hospital as insurance coverage. However, what about the spillover revenues? Since the original ACA was

implemented, families have been spending less on healthcare and were able to consume the saved money on other products and services, such as clothing, housing, and electronic devices. Such consumption was boosting the flow of money in the market, which benefits the economy. Families were also leaning toward purchasing “healthier goods” such as wines, bicycles, and higher quality foods, which improves the body condition and dissuaded the government to “waste” extra dollars on healthcare. With peoples’ fewer payments on healthcare, the percentage of the homeless population will also decrease, since the high medical cost was proven to be the primary reason for losing the property. In this case, the federal spending on poverty welfare will decrease, which gives the opportunity for them to invest in other areas. Also, the original ACA will better prevent young people from leaving school and working for unaffordable treatment spending; students will receive higher education and pay more loan taxes to the government in the future. From the evidence above, it is certain that the spillover effect of the ACA will increase market consumption, decrease government spending, and increase federal revenue. The Congressional Budget Office (CBO) also suggested that over the next 20 years, the original ACA will not only cover all of its $250 billion debt in 2016 and its $1.2 trillion debt over the recent decade but will also generate an extra $1 trillion as spillover revenue (Furman, 2015). Therefore, due to the fact that the original ACA is positively contributing to the economy, it should be reimplemented in 2021.

Another evidence showing how the original ACA benefits the long-term economy along with the current decline in growth is that the quality of medical service has been increased. The previous Introduction stated that around 22 million people were insured by the original ACA. Having insurance and receiving copayments, those people are paying less for the same service, and the demand for medical care was rising. In the “Model of Equilibrium Quantity and Price”

shown in Figure 1, the three curves demonstrate the demand for healthcare in different prices and quantities. It is obvious to observe that as demand rises, the qualities of service, noted as S1, S2, and S3, also increases. In this case, the hospitals would be able to attract higher-qualified doctors using the new-purchased, specialized facilities, and good lab work or assistance. The better service concluded that only in the years from 2012 to 2013, there were 150,000 patients who avoided hospital readmissions simply because the treatments have higher quality. Calculating its total number throughout the 9 years of the original ACA, the number of people who avoided readmissions may exceed 1 million. Furthermore, from 2010 to 2013, three years after the ACA implementation, 50,000 patients avoided death. Calculating its total number throughout the 9 years of the original ACA, around 150,000 people stayed in the workforce and continued to contribute to the GDP (Crowley et al., 2019). Those patients were supposed to pause or terminate their jobs, but all re-entered the workforce. Such help to the economy might last for decades but was ignored by critics when calculating GDP "loss" by the original ACA.

The second major opposition of the original ACA is that it will prevent companies from growing, and therefore Trump's 2017 ACA as a "booster of businesses" should be continued to implement. Manhattan Institute published that "Small businesses are discouraged from becoming large businesses. By hiring one more full-time employee, a business at the threshold between small and large would, in addition to that employee's salary and benefits, add $5,500 to its monthly penalty expenses. This extra expense, in many cases, will exceed the salary itself" (Riley et al., 2016). The critiques were demonstrating that the penalty for not paying the original ACA insurance will give a financial burden to companies, which not only will prevent them from expanding but will also lead to the layoff of workers.

After careful data analysis, it was discovered that the institution had provided insufficient evidence which leads to the incorrect assertion. It was testified from the White House that a few years after the original ACA started, it has directly and indirectly created 12 million jobs over the 5 years of constant employment growth, one of the longest periods of job growth in history. Furthermore, in the first year of the original ACA implementation, 3.2 million jobs were created, marking the fastest growth since 1998. Lastly, from the years 2013 to 2014, the unemployment rate was declined by 1.2%, demonstrating the largest change since 1984. Figure 2 also shows how contributive is the original ACA to businesses and employment. After the great recession occurred in 2007 to 2009, the ACA was enacted in 2010 which helped to push the negatively growing employment to positive (Eno, 2016). The record of 800,000 monthly loss of employment in 2009 is a huge contrast to 400,000 monthly gain in 2012, which not only shows how the original ACA supports the employment but also demonstrates that the businesses are becoming larger as workers increased. Therefore, the opposers' statement that the original ACA will negatively impact those areas was wrong.

If the United States still implements the 2017 ACA policy, the employment rate will significantly decrease and will harm the businesses to growth. As of December 16, 2020, the nation has 17 million Covid-19 infectors and 308 thousands of deaths. A large portion of them is having lower incomes as they must need to work during risky situations to survive. If implementing the 2017 ACA which eliminates the penalty for not providing or obtaining insurance, people would prefer not to have it as a purpose of saving money. However, while working off-line and having constant contact with others, more people will be infected and those who canceled the insurance won't be able to pay the 0% coinsurance treatment cost. This will either cause patients to further delay working and take a longer time to heal, to continue working

and make others infected, or to terminate working if passed away. No matter what the consequence will be, the businesses will be negatively affected, in ways that the companies will be forced to close, to have extra search cost for suitable newcomers, and paying compensations for delayed work. All the penalties will lead to unnecessary payments from the businesses, which prevents them from growing. Contrasting with the 2017 ACA, the original ACA policy does not only have a record of employment growth but also helps the businesses to become larger. At the same time, fewer people will face high medical costs, which helps people to go back to work safely and maintain the size of the company during a pandemic recession. As a whole, it is obvious to see that the original ACA policy will be a better fit in the coming year.

Since the original ACA policy is benefiting the economy, families, and businesses, this welfare should be further improved and expanded. The original ACA includes four classes, using “precious metal” ratings to represent the different extent of financial help. The first is Bronze: Covering 60% and above of medical spending. Then it comes with Silver: 70% and above, Gold: 80% and above, as well as Platinum: 90% and above. To alter the recessing economy and achieve long-term growth, the Bronze class needs to be eliminated, as 60% of coverage does not give enough positive impact. Lastly, the government should support financially and move people up for 1 class. The Silvers will be moved to Golds and obtain at least 80% of coinsurance, the Golds should be moved to Platinum's and obtain at least 90% of coinsurance, and the Platinum's should have 100% of coinsurance covered.

Conclusion

As a conclusion, the Patient Protection and Affordable Care Act, abbreviated as PPACA or ACA, was enacted by former President Barack H. Obama on March 23, 2010. After six years of implementation, in 2016 the people covered by this plan were estimated from 20 to 24 million. Asserting this welfare will give severe obstacles to the nation, President Donald J. Trump has adjusted parts of its regulations, such as eliminating the individual mandate of purchasing insurance, allowed states do not provide insurance to unemployed people, and reduced governmental subsidy of purchasing insurance which negatively affects the healthcare of around 20 to 24 million people. The supporters of the 2017 ACA law claim that it will harm the economy, increase federal and state debts, and decrease the employment rate. However, after detail-oriented research, it is certain that this current policy should be changed to the original ACA, as it could make $1 trillion spillover revenue to the national economy, pay off all its debts, and decrease unemployment. In addition, the federal and state governments need to implement more financial support to this policy. The proposed policy for the 2021 healthcare comes with follows: To mandate the government, employers, and individuals themselves to provide or purchase insurance, as well as to cancel the Bronze class and increase the coinsurance rate of all other classes by 10% each.

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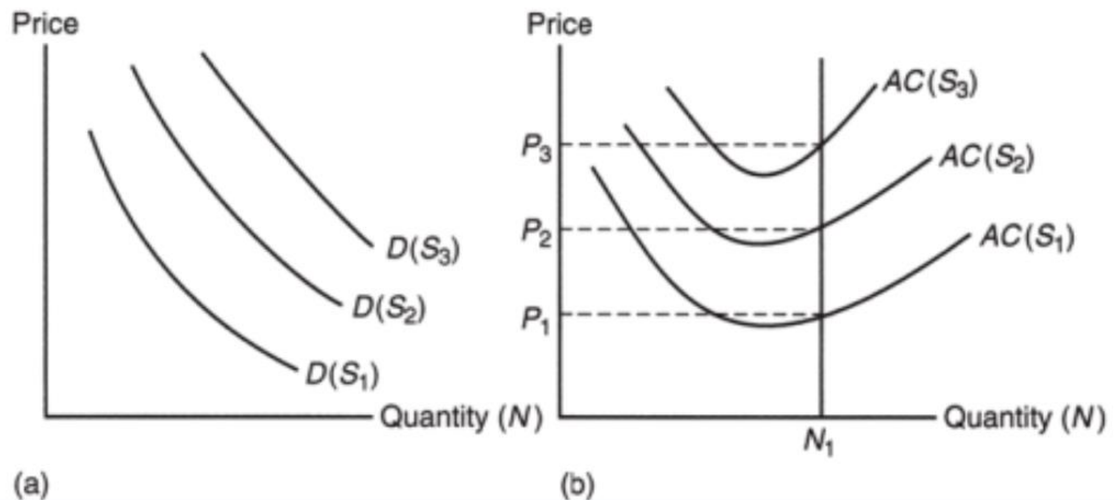
Figure 1

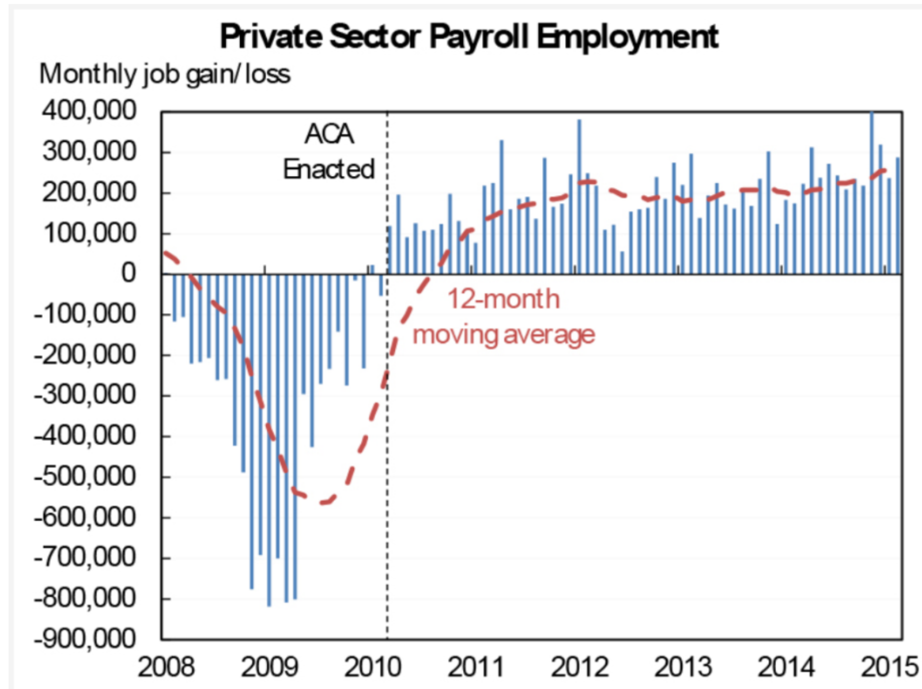
The Relevance Between Demand and Quality.



Note. The graph above shows the different levels of demand and quality, in regards to price and quantity. demand is abbreviated as “D” and the three levels of qualities are demonstrated as “S1”, “S2”, and “S3”. It could be observed that as demand increases, the quality will increase also.

Figure 2

The Effects of The Original ACA On the National Economy



Note. After the original ACA was enacted in 2010, the policy has directly and indirectly generated millions of jobs over the years, contributing to the national employment rate.