

The Affordable Care Act will make health coverage more affordable and more accessible for millions of Americans

October 1st will see the opening of the first Health Exchanges as part of the 2010 Affordable Care and Patient Protection Act. Many are confused about the law and how it will operate, and it also faces considerable opposition from the Republican right. [Theda Skocpol](#) and [Lawrence Jacobs](#) look at the core parts of Affordable Care and address some of the questions and controversies that have emerged around it.

The Affordable Care and Patient Protection Act that was passed by Congress and signed into law in March 2010 sets in motion reforms in U.S. health insurance coming into full effect in 2014. Most Americans are confused about what the law promises – and no wonder. Opponents falsely decry the law as a “government takeover of health care.” Supporters are often tongue-tied, implying that the reforms are too complex to explain. But that is not true. The core parts of Affordable Care are easy to explain, and polls show they are popular with most Americans.

Health Reform Does Three Important Things

- *Sets New Rules of the Game for Insurance Companies.* Most working Americans will still be covered by private health plans. But insurance companies will not be able to dump policyholders who become ill or refuse coverage to people with long term health problems. Insurers must make profits by offering coverage to all applicants and improving the quality and affordability of care. They will be required to spend at least four of every five premium dollars on medical care – instead of padding bottom lines or inflating bonuses for executives.
- *Makes Health Coverage Affordable for Individuals and Businesses.* Health reform will make coverage affordable to more than nine of every ten U.S. citizens and legal residents. Special credits will make private health plans affordable for middle-class families (earning up to \$90,000 a year), and for businesses facing high insurance costs. Additional millions of Americans who work for modest wages will become eligible for expanded Medicaid coverage in their states.
- *Establishes Health Exchanges for Comparison Shopping.* Health Exchanges are markets to let people and businesses shop for health plans whose benefits are described and compared in plain English. By going to a website, citizens and businesses will be able to see what health insurance plans are available and decide which kind of coverage, at what price, they might choose. Exchanges will also let people know if they are eligible for the new credits to help pay for coverage.

Every state – from Oregon and Vermont to Texas and South Carolina – has the right to take a strong role in implementing

health reform. Its own elected officials, businesses, health providers, and citizen groups can decide how to set up their state’s health exchange and other programs to fit local conditions. Health reform does not impose “one size fits all” and the proof is evident around the country in red and blue states that are already putting health reform in place in various creative ways. Citizens groups can get involved in state-level decisions.

President Obama Signs Health Insurance Legislation Into Law March 2010 Credit: Official White House Photo by Pete Souza(Creative Commons BY)

Questions and Controversies

Health reform remains politically contentious, and many citizens are still learning what the law promises to do. Here are some answers to frequently asked questions:

- *What reforms are already in place?* Affordable Care already helps children, young adults, and senior

citizens. Children with health problems cannot be denied coverage by insurance companies. Young adults can stay on their parents' family plans until age 26 – and millions more already enjoy coverage they could not get before 2010. Medicare for senior citizens now includes free health check-ups and additional help to cover prescription drugs. By 2014, all seniors will pay the same low prices for prescriptions. In addition, millions of Americans will receive rebate checks from insurance companies, because the reform requires premiums to be spent mainly on health care, not CEO salaries and bureaucracy. Companies have to refund premiums if they don't spend eighty percent on actual health services.

• *What about the “individual mandate” – will the government force me to buy insurance I cannot afford?* The brouhaha about the mandate is a lot of public fuss about very little. Starting in 2014, when good public or private health coverage is available to all Americans – and only after there are subsidies to help people pay – everyone will be asked to choose one of the plans available in his or her state. But the law says that people do not have to obtain coverage if they still cannot afford it, or if they have religious objections. Even when such exceptions do not apply, people can pay a small fine instead. The reason for asking individuals to contribute is obvious: when all Americans can afford insurance, we don't want people to fail to sign up (or pay a fine) and thus force their neighbors to pay if they get very sick or end up in an accident. It's just like car insurance: the system works only if everyone is included. America's doctors and hospitals won't leave someone to suffer or die, so we have to make sure everyone pays their share.

• *Can the United States afford health reform?* The Affordable Care Act is already reducing the rate of increase in health costs. The law contains many provisions to encourage hospitals and doctors to experiment with cost-saving reforms. Right now, the United States wastes a lot of money on health care, without covering all our people. Affordable Care puts us on a better track, to provide coverage for everyone at prices families, businesses, and government can afford. The nonpartisan Congressional Budget Office projects that the law will reduce the federal budget deficit modestly in the first decade and by a large amount in the second decade. Repealing or weakening Affordable Care would increase the federal budget deficit.

• *Will government bureaucrats decide what medical care is delivered?* Absolutely not. Doctors along with patients and their families remain in full charge of medical decisions. And there are no “death panels” in health reform. That claim is a lie.

For further information, see Lawrence R. Jacobs and Theda Skocpol, [Health Care Reform and American Politics: What Everyone Needs to Know](#) (Oxford University Press, updated edition, 2012).

This article first appeared at the [Scholar's Strategy Network](#).

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