

# The Affordable Care Act: What Are Its Goals and Do We Need It?

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*"The cost of our health care is a threat to our economy. It's an escalating burden on our families and businesses. It's a ticking time bomb for the federal budget. And it is unsustainable for the United States of America...health care is the single most important thing we can do for America's long-term fiscal health. That is a fact."*

-- President Barack Obama, Annual Conference of the American Medical Association, June 2009

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President Obama signed the Patient Protection and Affordable Care Act (ACA) into law on March 23, 2010. In the last few years, we have been inundated with news reports and political speeches about the most expansive health care policy in recent history. According to the Democratic platform, "...health reform will eliminate all discrimination for pre-existing conditions, start the process of expanding health insurance coverage for an additional 32 million Americans, and provide the largest middle-class tax cut for health care in history. The Affordable Care Act has already begun to end the worst insurance company abuses."<sup>1</sup> According to the Republican platform, "The Patient Protection and Affordable Care Act—Obamacare—was never really about healthcare, though its impact upon the nation's health is disastrous." The GOP website also states that the law should be repealed as it represents "an attack on our Constitution".<sup>2</sup>

Information overload, the biased nature of many news reports, and the complexity of the law have left many of us confused. The following provides a simple description of the three major goals of the ACA, as described by the American Public Health Association in 2013.<sup>3</sup>

## 1. Expand Health Insurance Coverage

Many people in the US are uninsured or under-insured and it appears that health care access is getting worse. According to a 2012 national report of health care quality and access indicators, **quality** is improving, but remains suboptimal, especially for minority and low-income groups. **Access** indicators are getting worse and race and income disparities are not changing.<sup>4</sup> It is likely that these social disparities contribute to the poor ranking of the US compared to other industrialized countries for several health indicators, including infant mortality<sup>5</sup> and life expectancy.<sup>6</sup>

As of May 2013, about 49 million US citizens did not have health insurance,<sup>7</sup> putting them at risk for poor health care access and quality.<sup>4</sup> It is expected that by 2016, the implementation of ACA provisions will result in that number dropping to 26-27 million.<sup>7</sup>

## 2. Shift the Focus of the Health Care Delivery System from Treatment to Prevention

Health care has traditionally focused on treatment rather than prevention. The American Public Health Association estimated that 75% of our health care dollars are spent on treating preventable conditions while 3% of our health care dollars are spent on disease prevention.<sup>3</sup> The ACA expands incentives for providing preventive care and provides funds to communities and public health agencies for primary prevention programs (e.g., Community Transformation Grants).

## 3. Reduce the Costs and Improve the Efficiency of Health Care

Health care delivery and payment in the US are inefficient and, ultimately, unsustainable. Health care costs in the US are significantly higher than those of similar countries, but higher costs do not always translate into better health care delivery or outcomes.<sup>8</sup> A comparative report of 2011 health care costs and outcomes in 34 countries, including the US, showed that:<sup>9</sup>

- The US spent more on health care per capita (\$8,608) and more on health care as a percentage of its gross national product (17.9%) than any other country.

- The US was one of the few countries in which less than 50% of health care costs were publicly financed. Nonetheless, health care spending was so high in the US that US *public* funds, as well as private funds, for health care were among the highest of the 34 countries.
- Despite its high health care costs, the US had 2.5 practicing physicians per 1000 population, below the average for all 34 countries of 3.2/1000. The US, however, had a higher level of nurses/1000 population than the combined average for the 34 countries (11.1/1000 vs. 8.7/1000).
- The US had fewer hospital beds than the average for the combined 34 countries (3.1 beds/1000 population vs. 4.8 beds/1000), but ranked higher than average in availability of medical technology (e.g., computed tomography).

The ACA mandates some reductions in out-of-pocket costs and in health care delivery reforms, but it is possible that the greatest long-term cost savings may come from its encouragement of primary prevention services and programs. According to 2002 data from the US Medical Expenditure Panel Survey, 5% of the population accounted for 49% of total health care expenses. Individuals with multiple chronic conditions (some of which may be preventable) accounted for 44% of total health care expenses.<sup>10</sup>

## Conclusion

The intent of the ACA is to reform how insurance and health systems work to ultimately improve health care access, quality, and individual and public cost. If successful, the ACA has the potential to improve individual health and, ultimately, population health. Compared with other countries, the US has a much stronger focus on diagnostic and treatment-related technology than on primary prevention.<sup>8,9</sup> Many believe that this focus has translated into our high rates of potentially preventable causes of morbidity and mortality, such as obesity,<sup>7</sup> and explains our poor international ranking in infant survival<sup>5</sup> and in life expectancy.<sup>6</sup> We also have deep social disparities in health outcomes.<sup>4</sup> Such disparities have complex etiologies that may not have been completely addressed by medical care, which is why the ACA's strong endorsement of primary prevention public health efforts may have the long-term effect of reduced disparate health outcomes among economically and socially vulnerable citizens.

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