



ISSUE BRIEF Q1 2025

THE BUSINESS CASE FOR THE AFFORDABLE CARE ACT

WHAT THE ACA MEANS FOR THE 219 MILLION AMERICANS WITH PRIVATE INSURANCE - AND WHAT "REPEAL AND REPLACE" BILLS COULD COST THEM

▶ **BUSINESSFORWARD**

EXECUTIVE SUMMARY

The ACA is known for helping over 20 million uninsured Americans obtain health insurance.¹

But what about Americans who get their healthcare differently? What does the ACA mean for them? The ACA has reduced costs for small businesses, increased worker productivity and mobility, and invested in preventative care that will reduce the long-term cost of chronic conditions like diabetes and heart disease.

Health care is a complicated business, but the market forces capable of controlling health care costs are simple: information, competition, and incentives. To put information, competition, and incentives to work, a health care system must 1) cover pre-existing conditions, 2) require Americans to buy insurance, and 3) subsidize the cost for lower income families struggling to pay for insurance. Health care experts call this the “three-legged stool” of health care reform. If you eliminate any of the three legs, reform “tips over.”

Instead of replacing the ACA, proponents of repeal are attacking each leg of the stool: They have eliminated the insurance mandate, threatened subsidies, and sued to get rid of protection for pre-existing conditions.

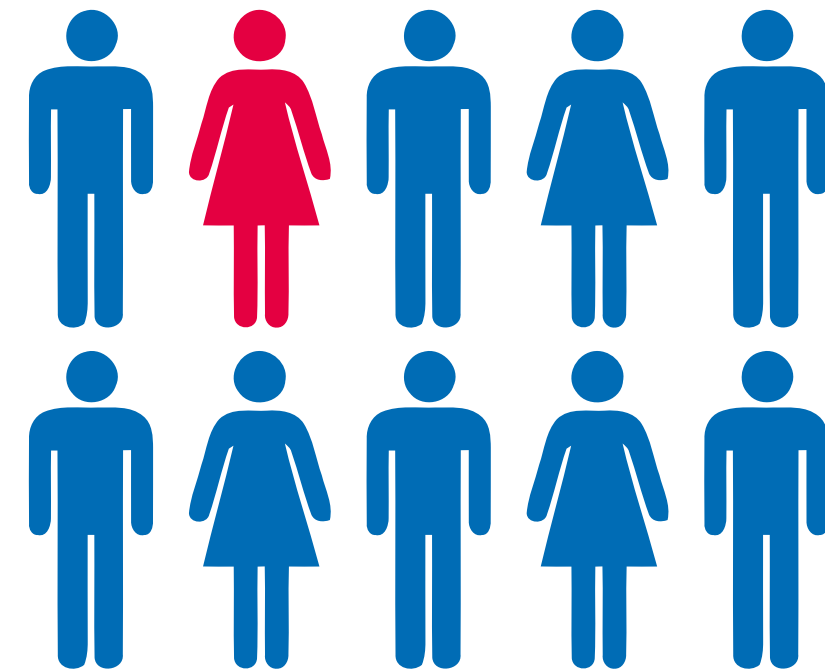
HEALTH CARE BASICS

AMERICANS SPEND

\$4.5
TRILLION

PER YEAR ON HEALTH CARE²

14.7 MILLION



OR NEARLY

1 IN 10

WORK IN THE
HEALTH CARE SECTOR³

1M
DOCTORS

3M
NURSES

PERFORM 51,000,000
PROCEDURES PER YEAR
AT 6,120 HOSPITALS
MANAGING 917,000 BEDS⁴

WE HAVE A PLAN TO FIX HEALTH CARE. IT'S CALLED THE AFFORDABLE CARE ACT (ACA), AND IT'S WORKING.

Over 20 million more Americans have health insurance, cost inflation slowed, and today's new investments in preventive care should reduce long-term spending on chronic conditions like diabetes and heart disease. An additional 21 million Americans enrolled in Medicaid after the ACA expanded coverage.⁵

One measure of the ACA's success is the number of bipartisan proposals to protect it, improve it, and build upon it. Bipartisan groups of governors and Members of Congress have offered common sense enhancements, including the Bipartisan Governors Fix, proposals from the bipartisan Problem Solvers caucus, and a series of proposals from the Bipartisan Policy Center.⁶

“ Healthcare is a vital issue for all Americans because of its importance to the workforce and families. It is imperative Congress and the executive branch have a balanced approach for better reforming healthcare. ”

- WILLIAM SMITH
COMPLIANCE CONSULTANT, MTA SMALL BUSINESS DEVELOPMENT PROGRAM,
NEW YORK, NY

“ The ACA “is a solid foundation on which to build and was working for many Americans, including myself, my spouse, and my child. The time and resources invested should not be thrown out because of partisan politics! ”

- KAREN GAUTHIER
PRESIDENT, CREATE04, LLC,
RICHMOND, VA

“ The Affordable Care Act takes us in the right direction. What we need next is to work on lowering the cost of health care. We do not want to jettison the Affordable Care Act. ”

- CHRISTOPHER MEYER
PRINCIPAL, ASIA GLOBAL,
ORANGE COUNTY, CA

HOW THE ACA HELPS AMERICANS WHO ALREADY HAVE INSURANCE

Controlling systemwide costs lowers private insurance premiums, too.

As more Americans are covered, more unnecessary procedures are avoided. As preventive care reduces the cost of chronic conditions, overall health care costs will fall, insurance premiums will fall, and our economic growth will accelerate.⁷

The ACA reduces premiums – and risk – for small businesses.

Without the ACA, small businesses pay more for health care than large companies (18% more, on average), because they have less bargaining power.⁸ The ACA offers small business coverage at more competitive rates. Also, a small business's insurance premiums can rise dramatically if one of its employees (or family member) suffers an expensive illness or has a serious accident, because the increased risk/cost is spread across the company's employees. With the ACA, the small business's risk is shared across the system, not just the company.

The ACA reduces “job lock.”

Health care costs – and pre-existing conditions, in particular – discourage workers from switching jobs, forsaking higher salaries (which hurts their families). Health care concerns also discourage workers from leaving jobs to start their own businesses. This hurts our entire economy, because new businesses are the largest driver of job growth.

Healthier workers perform better today and avoid costs tomorrow.

Workers with health insurance are more productive because they get sick less often and face less stress. Preventive care helps them avoid or mitigate chronic conditions, like diabetes and heart disease.

“ We’re a small company that could not possibly afford to offer healthcare without the ACA, especially pre-existing condition coverage. ”

- SKI MILBURN
CEO, VAIREX AIR SYSTEMS,
GOLDEN, CO

“ It’s important that employees are able to move coverage from employer to another and be covered for a pre-existing condition. Depressed employees do not perform well when they are anxious about their treatment choices and cost of care. This affects the whole country’s productivity. ”

- MUNTAHA HADDAD
DIRECTOR, NASAA INC.,
CHARLES TOWN, WV

“ We are a small business with less than 12 employees. Prior to the ACA, 30% of our employees experienced delays and denials due to pre-existing conditions. Also, prior to the ACA, there was only one plan that we could afford to offer our employees. After the ACA, we have had 2-3 plan options to consider in offering employee coverage. ”

- JAMES RATCLIFF
CEO, ROWPAR PHARMACEUTICALS,
SCOTTSDALE, AZ

WHY THE ACA WORKS: MARKET FORCES AND “THE THREE LEGGED STOOL”

The ACA, like the Republican health care proposals on which it is based, uses market forces to control costs and extend coverage: It 1) increases competition among insurers and providers; 2) gives consumers more (and clearer) choices; 3) changes how we pay for care to avoid unnecessary procedures; and 4) reduces long-term costs of conditions like heart disease and diabetes by providing preventive care.

But market forces will not work if incentives for insurers, providers, and patients are not aligned properly. To expand coverage and control costs, we must simultaneously 1) cover pre-existing conditions, 2) require Americans to buy insurance, and 3) subsidize insurance for those who cannot afford the full cost. Without protection for pre-existing conditions, insurers can reject high cost families, which hurts those families. Without the mandate, people can wait until they get sick to buy insurance, which hurts insurers. And, without subsidies, low-income families cannot afford the mandate. Experts call this the “three-legged stool” of health care. Cut just one leg, and the stool wobbles.

Alternatives to the ACA are likely to fail because they eliminate or distort the market forces that drive health care prices.

“If you want private insurers to cover people with pre-existing conditions, you have to ban discrimination based on medical history. But that in itself isn’t enough, because if policies cost the same for everyone, those who sign up will be sicker than those who don’t, creating a bad risk pool and forcing high premiums... [the ACA provided] incentives to get healthy people to sign up, too. On one side there was a penalty for not having insurance (the individual mandate). On the other, there were subsidies designed to limit health expenses as a share of income.”

- PAUL KRUGMAN
NOBEL PRIZE-WINNING
ECONOMIST⁹

POTENTIAL RISK OF REPEAL AND REPLACE

Like Congresses before them, the 118th Congress has discovered **there's no workable substitute for the three-legged stool**. Simply transferring decision making from Washington to state capitals cannot produce the market forces necessary to reduce costs and expand coverage.

The potential result? **Repealing the ACA without a plan that includes the same key reforms would cause 24 million people to lose coverage, double premiums in the individual market, and cause the individual market to collapse.**¹⁰

**24
MILLION
WOULD LOSE
COVERAGE
IF THE ACA IS
REPEALED¹¹**

“[Critics] can’t come up with an alternative to the Affordable Care Act because no such alternative exists. In particular, if you want to preserve protection for people with pre-existing conditions — the health issue that matters most to voters, including half of Republicans — Obamacare is the most conservative policy that can do that...”

**- PAUL KRUGMAN
NOBEL PRIZE-WINNING
ECONOMIST¹²**

ENDNOTES

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