Affordable Care Act (Obamacare) and the Size and Scope of the American Government

**Background:**

The Affordable Care Act (Obamacare) is a federal statute signed into law by President Obama in March 2010. The act is aimed at decreasing the number of Americans without health insurance and reducing the overall costs of health care. It uses a variety of mechanisms to increase the coverage rate including mandates that all people purchase insurance, subsidies to provide insurance to certain qualifying individuals at little or no cost, and taxation to incentivize businesses and individuals to purchase coverage. Additional reforms are designed to improve healthcare outcomes and streamline the delivery of health care. Finally insurance companies are forbidden to deny coverage on the basis of a pre-existing condition, and to charge men and women differing amounts for the same insurance coverage.

**Question to Be Examined:**

We will engage in a whole class, graded discussion, in which we will evaluate the question: Is the Affordable Care Act consistent with or a departure from the purpose/role of American government?

**Tasks:**

* *Identify the purpose/role of government (10 points)*
  + Write a “thesis statement” in which you make an argument about what the purpose/role of the American government has been from the Gilded Age until today.
* *Make an argument about whether the Affordable Care Act is consistent with or a departure from the purpose/role of government (10 points)*
  + Write a “thesis statement” in which you make an argument about whether the Affordable Care Act is consistent with or a departure from the purpose/role of government from the Gilded Age until the present.
* *Identify Evidence in Support (30 points)*
  + Make a chart in which you identify 4+ pieces of evidence and provide analysis for how each upholds your thesis.
  + Your chart must convey a detailed understanding of both the Affordable Care Act and the material we have covered this unit.
  + Your “time line” for evidence should be all of American history.
  + You may model your chart as follows if you wish:

|  |  |  |
| --- | --- | --- |
| ***Evidence*** | ***Analysis*** | ***Source*** |
|  |  |  |
|  |  |  |

* *Discussion (50 points)*
  + See attached rubric for requirements

**You will be given one day in class to prepare, and should complete any additional work for homework.**

**Discussion Dates:**

Green: Thursday April 3

Yellow: Tuesday April 8

***Overview of the Affordable Care Act*** (From Wikipedia)

**Provisions**

PPACA includes numerous provisions to take effect over several years beginning in 2010. There is a [grandfather clause](http://en.wikipedia.org/wiki/Grandfather_clause) on policies issued before then that exempt them from many of these provisions, but other provisions may affect existing policies.

* [Guaranteed issue](http://en.wikipedia.org/wiki/Guaranteed_issue) will require policies to be issued regardless of any medical condition, and partial [community rating](http://en.wikipedia.org/wiki/Community_rating) will require insurers to offer the same premium to all applicants of the same age and geographical location without regard to gender or most [pre-existing conditions](http://en.wikipedia.org/wiki/Pre-existing_condition) (excluding [tobacco](http://en.wikipedia.org/wiki/Tobacco) use).
* A shared responsibility requirement, commonly called an [individual mandate](http://en.wikipedia.org/wiki/Health_insurance_mandate), requires that all individuals not covered by an [employer sponsored health plan](http://en.wikipedia.org/wiki/Employer-sponsored_health_insurance), [Medicaid](http://en.wikipedia.org/wiki/Medicaid), [Medicare](http://en.wikipedia.org/wiki/Medicare_(United_States)) or other public insurance programs, secure an approved private-insurance policy or pay a penalty, unless the applicable individual is a member of a recognized religious sect exempted by the [Internal Revenue Service](http://en.wikipedia.org/wiki/Internal_Revenue_Service), or waived in cases of financial hardship.
* [Health insurance exchanges](http://en.wikipedia.org/wiki/Health_insurance_exchange) will commence operation in each state, offering a marketplace where individuals and small businesses can compare policies and premiums, and buy insurance (with a government subsidy if eligible).
* Low-income individuals and families above 100% and up to 400% of the [federal poverty level](http://en.wikipedia.org/wiki/Federal_poverty_level) will receive [federal subsidies](http://en.wikipedia.org/wiki/Subsidy) on a [sliding scale](http://en.wikipedia.org/wiki/Sliding_scale) if they choose to purchase insurance via an exchange (those from 133% to 150% of the poverty level would be subsidized such that their premium cost would be 3% to 4% of income).
* The text of the law expands Medicaid eligibility to include all individuals and families with incomes up to 133% of [the poverty level](http://en.wikipedia.org/wiki/Federal_poverty_level), effectively 138%, and simplifies the [CHIP](http://en.wikipedia.org/wiki/State_Children%27s_Health_Insurance_Program) enrollment process. In [*National Federation of Independent Business v. Sebelius*](http://en.wikipedia.org/wiki/National_Federation_of_Independent_Business_v._Sebelius)*,* the Supreme Court effectively allowed states to opt out of the Medicaid expansion, and some states have stated their intention to do so. States that choose to reject the Medicaid expansion can set their own Medicaid eligibility thresholds, which in many states are significantly below 133% of the poverty line; in addition, many states do not make Medicaid available to childless adults at any income level. Because subsidies on insurance plans purchased through exchanges are not available to those below 100% of the poverty line, this may create a coverage gap in those states.
* Minimum standards for health insurance policies are to be established and annual and lifetime coverage caps will be banned.
* Firms employing 50 or more people but not offering health insurance will also pay a shared responsibility requirement if the government has had to subsidize an employee's health care.
* Very small businesses will be able to get subsidies if they purchase insurance through an exchange.
* [Co-payments](http://en.wikipedia.org/wiki/Copayment), [co-insurance](http://en.wikipedia.org/wiki/Co-insurance#In_health_insurance), and [deductibles](http://en.wikipedia.org/wiki/Deductible) are to be eliminated for select health care insurance benefits considered to be part of an "essential benefits package" for Level A or Level B [preventive care](http://en.wikipedia.org/wiki/Preventive_care).
* Changes are enacted that allow a restructuring of Medicare reimbursement from "fee-for-service" to "[bundled payment](http://en.wikipedia.org/wiki/Bundled_payment)." A single payment is paid to a hospital and a physician group, for example, for a defined episode of care (such as a hip replacement), rather than individual payments to individual service-providers.

**Funding**

PPACA's provisions are funded by a variety of taxes and offsets. Major sources of new revenue include a much-broadened [Medicare tax](http://en.wikipedia.org/wiki/Taxation_in_the_United_States#Medicare_tax) on incomes over $200,000 and $250,000, for individual and joint filers respectively, an annual fee on insurance providers, and a 40% [excise tax](http://en.wikipedia.org/wiki/Excise_tax) on ["Cadillac" insurance policies](http://en.wikipedia.org/wiki/Cadillac_insurance_plan). The income levels are not adjusted for inflation, leaving the possibility of increased taxes on incomes over 250,000 inflation-adjusted dollars after more than two decades without indexing through. There are also taxes on pharmaceuticals, high-cost diagnostic equipment, and a 10% federal [sales tax](http://en.wikipedia.org/wiki/Sales_tax) on [indoor tanning services](http://en.wikipedia.org/wiki/Tanning_bed). Offsets are from intended cost savings such as changes in the [Medicare Advantage](http://en.wikipedia.org/wiki/Medicare_Advantage) program relative to traditional Medicare.

Summary of tax increases: (ten-year projection)

* Increase Medicare tax rate by .9% and impose added tax of 3.8% on unearned income for high-income taxpayers: $210.2 billion
* Charge an annual fee on health insurance providers: $60 billion
* Impose a 40% excise tax on health insurance annual premiums in excess of $10,200 for an individual or $27,500 for a family: $32 billion
* Impose an annual fee on manufacturers and importers of branded drugs: $27 billion
* Impose a 2.3% excise tax on manufacturers and importers of certain medical devices:$20 billion
* Raise the 7.5% [Adjusted Gross Income](http://en.wikipedia.org/wiki/Adjusted_Gross_Income) floor on [medical expenses deduction](http://en.wikipedia.org/wiki/Itemized_deduction#Examples_of_allowable_itemized_deductions) to 10%: $15.2 billion
* Limit annual contributions to [flexible spending arrangements](http://en.wikipedia.org/wiki/Flexible_spending_account) in [cafeteria plans](http://en.wikipedia.org/wiki/Cafeteria_plan) to $2,500: $13 billion
* All other revenue sources: $14.9 billion

Summary of spending offsets: (ten year projection)

* Reduce funding for Medicare Advantage policies: $132 billion
* Reduce Medicare home health care payments: $40 billion
* Reduce certain Medicare hospital payments: $22 billion

Additional Resources To Consult:

1. Infographic on Health Care Reform Benefits put out by the White House: <http://www.whitehouse.gov/blog/2012/06/28/supreme-court-upholds-president-obamas-health-care-reform> (scroll down)
2. Illustrating Health Reform: How Health Insurance Coverage Will Work by the Kaiser Family Foundation: <http://healthreform.kff.org/profiles.aspx>
3. A History of Overhauling Health Care by the *New York Times*: <http://www.nytimes.com/interactive/2009/07/19/us/politics/20090717_HEALTH_TIMELINE.html?_r=0>
4. 11 Facts about the Affordable Care Act Complied by the *Washington Post*: <http://www.washingtonpost.com/blogs/wonkblog/wp/2012/06/24/11-facts-about-the-affordable-care-act/>
5. Miscellaneous editorials and articles on the Affordable Care Act complied on the blog *Politico*: <http://dyn.politico.com/tag/affordable-care-act>

***The Shifting Size and Scope of the National Government Unit: Closing Summative Discussion***

*Rubric*

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Exemplary** | **Proficient** | **Needs Improvement** |
| ***Listening/Engagement*** |  |  |  |
| ***Adding New Information*** |  |  |  |
| ***Using Specific, Relevant, and Accurate Evidence*** |  |  |  |
| ***Transitioning Effectively*** |  |  |  |
| ***Taking Risks*** |  |  |  |
| ***Answering the Question*** |  |  |  |