The Patient Protection and Affordable Care Act (ACA): Pros and Cons

Elizabeth M. Dolan · Manouchehr Mitch Mokhtari

Published online: 7 February 2013
© Springer Science+Business Media New York 2013

Facing the paradox of rising health care expenditure and an average life expectancy that is below the advanced (OECD) economies, the US has embarked on a massive health system strengthening exercise that has had no equivalent during the last half century.¹ The Patient Protection and Affordable Care Act (ACA) is prescribed as the ultimate remedy for a chronic market failure in providing adequate access to the health care for about 10 % of the US population and bending the rising cost curve.² The ACA is the most comprehensive reform of the US health care system since President Lyndon B. Johnson signed the amendments to the Social Security Act on July 30, 1965 creating Medicaid and Medicare. Whether ACA can meet the higher demands for health care (provider) services, while reducing the cost of services and avoiding the law of unintended consequences in a complex market economy, is of interest to a broad range of scholars and the policy makers.

The growth in health care costs challenges the health of nations and the fiscal balance of their governments. The average cost of health insurance policy (average annual premium) has more than doubled since 1990. During 2012, annual health insurance premiums reached \$5,615 per person. In 2012, average health insurance premiums increase 3–4 %, which was a much lower increase than that of 9 % during 2011.³

The ACA is a bold effort in advancing the health of a nation, improving access and equity, and reducing costs (expenditures) within the US health care system. Apart from the challenges that the ACA has faced so far, its implementation in the 50 states and the District of

Columbia will require fine-tuning intergovernmental fiscal relationships while expanding regulatory bodies and guarding against regulatory capture. Hence, the economic consequences of such an important overhaul by a complex law may depend not only on the fine details of the law and subsequent regulations but also on the regulators and what they beneficially implement in their uncontested domains.

This issue of the *Journal of Family and Economic Issues* includes two invited papers taking different approaches to examining the efficacy of ACA in achieving its goals. In the first paper, Michael Tanner provides a dissenting view of the ACA and argues that the law not only will fail to provide its intended universal coverage but also it will fail in its attempt to control the rising health care costs. Tanner also indicates that the ACA may even lead to higher health care costs for the government, certain businesses, and individuals. In the second paper, Roby et al. approach their examination of the ACA by focusing on the State of California and use a simulation model (CalSIM) to represent the underlying complexities in the application of the ACA to the health insurance coverage in California. This allows Roby et al. to model the impact of the ACA and the individual mandate on Californians. Roby and colleagues find that by 2019 the ACA will expand health insurance coverage to 38 % of those who are eligible but are uninsured.

¹ France, Germany, and Switzerland are spending more than 10 % of their GDP on the health care cost, while UK and many other European countries spend 8 % or more.

² See: National Federation of Independent Business et al., V. Sebelius, Secretary of Health and Human Services, et al., 567 U.S. 2 (2012). On June 28, 2012, the Supreme Court upheld the constitutionality of most of ACA.

³ See Kaiser Foundation. <http://www.kff.org>.

E. M. Dolan (✉) · M. M. Mokhtari
University of New Hampshire, Durham, NH, USA
e-mail: jfei.editor1@gmail.com

While examining the critical aspects of the ACA, these two papers improve our understanding of a complex law that is designed to respond to the market failure in the complex health care sector at a critical time in our economy. Complex problems and laws do not usually remain as

they are, rather, they challenge and encourage the scholars and policy makers to provide better understanding and robust solutions.

Manouchehr “Mitch” Mokhtari, Associate Editor

Elizabeth M. Dolan, Editor in Chief