Study Finds The Impact Of Gutting The Affordable Care Act

Contributed by Anand Srinivasan
Monday, 19 January 2015
Last Updated Tuesday, 20 January 2015

A study conducted by the RAND corporation has found that over 9 million people in the United States could lost health care if a lawsuit seeking the gutting of the Affordable Care Act succeeds in the Supreme Court. The study published by the non-profit organization notes that enrollments in the individual markets that comply with the ACA policies could drop by 9.6 million (70%) to 4.1 million in federally facilitated marketplace (FFM) states. Another important finding of the study is the rise in average premium paid. Unsubsidized premiums could rise 47% in the presently ACA compliant individual markets.
For the study, the authors from RAND corporation studied the people residing in FFM states using a simulation approach that compares it with people in non-FFM states. The authors however concede the variables at play here since uninsurance rates in FFM states were higher than those in non-FFM states. Also, authorities in the FFM states opted to not expand Medicaid that has made exchange subsidies available to people just above the poverty line.

According to the study, there are close to 13.7 million people enrolled with subsidies in the FFM states. In the absence of subsidies, this number is likely to plummet by nearly 9.6 million to around 4.1 million. That's a 70% drop. In terms of change in premium paid, the study estimates a 47% rise for all age groups. For perspective, an average forty year old non-smoker currently pays about $3450 in premium for a silver plan. In the absence of subsidies, this amount could change to as much as $5060 annually. That's an absolute change of $1610.

The study also points out that the FFM states have a larger percentage of lower income households compared to the non-FFM states. Consequently, the insurance decisions in these households are likely to be more sensitive to price than those made by higher income groups. With a number of FFM states having decided not to expand Medicaid, households with income levels of 100-138 percent over poverty levels now depend on insurance subsidies. In the absence of subsidies, these households are likely to withdraw themselves from insurance coverage.

Although 'Obamacare' has been a highly debated topic since its conception, it is not after its implementation that people are beginning to realize the importance of universal healthcare. According to Robert Doherty, the Senior Vice President of Government Affairs at the American College of Physicians, ACA is as much necessary as auto insurance is to vehicle owners . Today, a lot of countries in the world require vehicle owners to also purchase auto insurance that covers personal injury protection. Companies like Acceptance Insurance that specialize in auto insurance cover all costs from ambulance, physician visits to surgery and even funeral costs, if any. Doherty says that ACA makes similar umbrella coverage possible for health care as well.

The RAND corporation study points out the benefits of the subsidies offered by the Affordable Care Act primarily to people at lower income levels. It will be interesting to see if this study has any impact on the lawsuits filed against the imposition of healthcare insurance to people who do not want to be covered.