

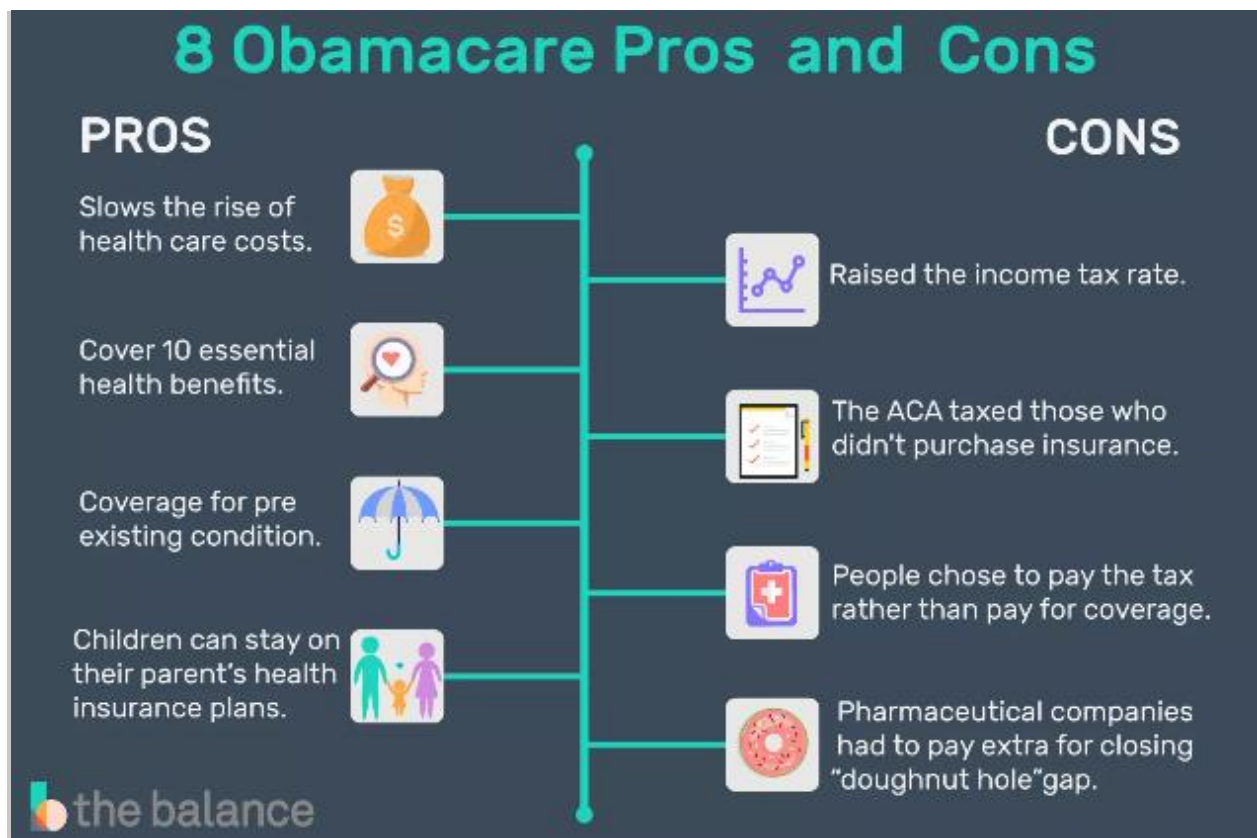
Obamacare Pros and Cons

Is Obamacare Worth It?

By [Kimberly Amadeo](#) Reviewed by [Michael J Boyle](#) Updated April 08, 2020

Obamacare has a lot of [benefits that most people don't know about](#). That's possibly because spending on negative messages about Obamacare has exceeded spending on positive messages by 15 to 1.1 Three years after it was approved, 54% of Americans opposed the Act.² Donald Trump took actions to weaken it and Congress made failed replacement plans. In December 2017, the [Tax Cuts and Jobs Act](#) repealed the tax on those who don't get insurance effective December 31, 2018.³

Here's a list of advantages and disadvantages of the [Patient Protection and Affordable Care Act of 2010](#).



Pros

1. The biggest benefit of the ACA is that it [slows the rise of health care costs](#).⁴ It does this partly providing insurance for millions and making [preventive care](#) free.⁵ This means people receive treatment before they need expensive emergency room services. Between 2012 and 2017, health care costs increased about 1.3% per year, and the Centers for Medicare and Medicaid Services (CMS) believes it'll grow at about 2.5% per year over the next decade.⁶
2. It requires all insurance plans to cover [10 essential health benefits](#).⁷ These include treatment for mental health, addiction, and chronic diseases. Without these services, many patients wind up in the emergency room. Those costs are passed onto Medicaid and therefore the taxpayer.⁸
3. [Insurance companies](#) can no longer deny anyone coverage for [pre-existing conditions](#).⁹ They can't drop them or raise premiums if beneficiaries get sick.
4. It eliminates lifetime and annual coverage limits.¹⁰ Insurance companies used this to contain costs to \$1 million per year. Beneficiaries who exceeded that limit had to pay 100% of costs.¹¹
5. Children can stay on their parents' [health insurance](#) plans up to age 26.¹⁰ As of 2012, more than 3 million previously uninsured young people were added.¹² This increased profit for insurance companies. They receive more premiums from these healthy individuals.
6. States must set up [insurance exchanges](#) or use the federal government's exchange.¹³ Either method makes it easier to shop for plans.
7. The [middle class](#) (earning up to 400% of the poverty level) receive tax credits on their premiums.¹⁴ It expands Medicaid to 138% of the [federal poverty level](#).¹⁵¹⁶ It provides this coverage to adults without children for the first time.
8. It eliminates the Medicare "[doughnut hole](#)" gap in coverage by 2020.¹⁷¹⁸
9. Businesses with more than 50 employees must offer [health insurance](#).¹⁹²⁰ They receive tax credits to help with the costs.
10. The [Congressional Budget Office](#) originally estimated it would reduce the [budget deficit](#) by \$143 billion by 2022.²¹ It would theoretically accomplish this in three ways. First, it reduces the government's [health care costs](#). Second, it [raises taxes](#) on some businesses and higher income families. Third, it shifts cost burdens to health care providers and pharmaceutical companies. The CBO has since revised its estimates.²²

Cons

1. Three to 5 million people lost their employment-based health insurance.²³ Many businesses found it more cost-effective to pay the penalty and let their employees purchase insurance plans on the exchanges. Other small businesses find they can get better plans through the state-run exchanges.²⁴
2. Thirty million people never had company plans and relied on private health insurance. Insurance companies canceled many of their plans because their policies didn't cover the ACA's 10 essential benefits.²⁵ For those who lost those cut-rate plans, the costs of replacing them can be high.²⁶ The ACA requires services that many people don't need, like maternity care.

3. Increased coverage raised overall health care costs in the short term.²⁷ That's because many people received [preventive care](#) and testing for the first time. It was expensive to treat illnesses that had been ignored for decades.
4. The ACA [taxed](#) those who didn't purchase insurance. But many avoided the tax through an ever-expanding list of [exemptions](#).²⁸
5. The number of people with health insurance was estimated to decrease by 4 million in 2019, which could cost them millions of dollars. ²⁹
6. In 2013, the ACA raised the income tax rate for individuals with incomes above \$200,000. It also raised taxes for couples filing joint returns on incomes exceeding \$250,000. The rate increased from 1.45% to 2.35% on income above the threshold.³⁰ They also pay an additional 3.8% Medicare tax on investment income.³¹ That applies to the *lesser of* [income from dividends](#), capital gains, rent and royalties *or* income above the threshold.
7. Starting in 2013, medical device manufacturers and [importers](#) paid a 2.3% excise tax.³² **Note:** This tax was suspended for 2016-2018. Indoor tanning services paid a 10% excise tax.³³ This might discourage those businesses from hiring new employees.
8. Starting in 2013, families could deduct [medical expenses](#) that exceeded 10% of income.³⁴ Before, they could deduct any expenses that exceeded 7.5% of income. The Tax Cut and Jobs Act restored the deduction to the 7.5% limit for 2017 and 2018, but it is back up to 10% for the 2019 and 2020 tax years.³⁵
9. Rebates close the "doughnut hole" in Medicare [Part D](#). However, prices for drugs have continued to increase and for many, out-of-pocket expenses have continued to rise.³⁶³⁷
10. In 2022, insurance companies will be assessed a 40% excise tax on "Cadillac" health plans. Under current definitions, these are plans with annual premiums exceeding \$10,200 for individuals or \$27,500 for families.³⁸³⁹ Many of these plans are for people in high-risk pools, such as older workers or those with dangerous jobs.⁴⁰ Most of the tax will be passed onto the companies and employees, raising premiums and deductibles and potentially lowering wages.⁴¹