

## Newsroom

# The Affordable Care Act Will Bring Down Costs



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Over the last year, much of the attention on the Affordable Care Act has focused on reforms that are helping Americans get health coverage. These provisions are already making a big difference in Americans' lives, from ending some of the worst insurance company abuses to giving many young people the freedom to stay on their parent's health coverage plans until age 26.

But just as important, the Affordable Care Act is also bringing down health care costs for families, businesses, and government.

Let's look at the facts:

The independent, non-partisan Congressional Budget Office – Congress's official authority on the budget – estimates that provisions in the law will reduce the deficit by \$143 billion over its first 10 years and by \$1 trillion over the next two decades.

And the Medicare trustees recently reported that the Affordable Care Act has added eight years to the life of the Medicare Trust Fund.

How does it do this?

First, the law bolsters the Obama Administration's historic effort to crack down on Medicare fraud that already returned a record \$4 billion to the program in 2010.

Second, it puts an end to wasteful subsidies to private insurance companies.

Third, it provides a historic level of support for cutting-edge delivery and payment reforms, like Accountable Care Organizations and bundled payments, that allow doctors and nurses to deliver care more effectively.

And that's just the start. As 272 of America's top economists said in a letter earlier this year: "the ACA contains essentially every cost-containment provision policy analysts have considered effective in reducing the rate of medical spending."

The health care law is also bringing down health care costs for America's businesses.

Many small businesses are already taking advantage of tax credits in the new law that can cover as much as 35

percent of their health insurance premiums. In 2010 and 2011 alone, small businesses could save \$6 billion. And that number will rise as we move towards 2014 when small businesses will be eligible for tax credits of up to 50% of their premiums.

Meanwhile, the claim that the Affordable Care Act gives large companies incentive to drop health coverage has been thoroughly debunked by several independent experts:

Here's what the Rand Corporation said: "The percentage of employees offered insurance will not change substantially, but a small number of employees in small firms (defined as those with fewer than 100 employees in 2016) will obtain employer-sponsored insurance through the state insurance exchanges."

And here's the Urban Institute: "Some have argued that the Patient Protection and Affordable Care Act would erode employer-sponsored insurance (ESI) by providing incentives for employers to stop offering coverage. Others have claimed that most businesses would face increased costs as a result of reform. A new study finds that overall ESI coverage under the ACA would not differ significantly from what coverage would be without reform."

Most importantly, the law will help all businesses, large and small, by bringing down the cost of care. For American companies whose international competition often spend 40 cents on health care for every dollar spent in the US, this will provide a much needed competitive boost.

Finally, the law will bring down costs for American families.

New Affordable Insurance Exchanges will level the playing field for individuals and families purchasing coverage in the health insurance market and allow families who have been locked out and priced out of the market to get affordable coverage.

And for middle-class families that need help paying for coverage, the law also provides unprecedented tax relief that will cut the cost of insurance while guaranteeing access to basic health benefits.

In addition, the Affordable Care Act has given states new resources to review and reject huge premium hikes and told insurers to cut their administrative costs and spend the bulk of consumer premiums on health care, instead of advertising and large CEO bonuses.

We're already seeing the fruits of that labor with a sharp slowdown in the growth of premiums in many states across the country.

For too long, Americans have watched health care costs skyrocket with no end in sight. The Affordable Care Act will stabilize costs, reducing the deficit, helping businesses compete and invest, and freeing families from the fear that an illness or injury could send them into bankruptcy.

That's good for our health and our economy.

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