Health Insurance and the Affordable Care Act

Name

Institution

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Healthcare is one of the people’s fundamental needs as without good health, our body can not perform any given duty. Proper health is like oil used to run an engine, and in this case, our bodies are the engine. Therefore, there is a need to have health insurance and affordable care act so that we can keep our bodies healthy. When we are talking about affordable care act, we are merely implying that, by law, everyone is required to have what is called minimum essential health care coverage. In a case where one does not have this kind of coverage, by law, you may have to pay a tax penalty (Rosenbaum, 2011). Also, the affordable care act has required health plans to completely cover precautionary such as immunizations and cancer screenings. The impact of the affordable care act is that it has also led some insurers to invest in a scale.

There are different types of health insurance plans which comply with the affordable care act. Medical Health insurance includes government-sponsored health insurance coverage (for example, Medicare), employer-based health insurance plan, and the catastrophic plans, mainly available to people under the age of 30 years. For our discussion, we will focus on the employer-based health insurance plan.

Employer-based health insurance (insurance that is purchased by employers for their employees and financed through employer or joint employer-employee contributions) is currently subsidized in part by the federal government through tax exclusions for employer contributions to employee health insurance plans. Many proposed national health insurance plans assign a key role to employer-based health insurance as a vehicle for financing health care (Sommers et al., 2012). Federal subsidization of employer-based health insurance and plans that assign employers a key role in the administration of a national health insurance plan both assume that private industry acts to realize federal health policy goals — particularly cost containment — in administering health insurance plans.

Little is known, however, about how employers go about selecting the plans they offer their employees or about the incentives and disincentives regarding cost of care than are created by employer-based health insurance. Existing evidence suggests that rather than helping to contain health care costs, employer-based health insurance may be partly responsible for their present escalation. In addition, employer-based health insurance may not be the most equitable way to implement a national health insurance plan.

Workers often do not have much choice of insurance plans, especially at smaller firms, according to the survey (Rosenbaum, 2011). About 86 percent of companies that provide benefits offer only one insurance plan. Larger employers tend to give more choices. Overall, about 53 percent of covered workers have a choice of plans. Most employers offer prescription-drug coverage as part of their insurance plan, although often workers are required to pick up some of the costs.

In a situation where a given organization has to change health insurance plans, the company will be disadvantaged since there might be additional financial considerations as well as the owners may inquire the approaches used to capitalize employees’ money to make sure there is a positive return for staff. Significant costs are by far the most moving disadvantage for a business that offers benefit plans to its workers, and the main reason is that private organizations are cheaper compared to the state government entities regarding paying the employee per hour with benefits of the employee compensation cost.

References

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