

# What is Obamacare?

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President-elect Donald Trump and his Republican allies have vowed a swift repeal of President Barack Obama's landmark reforms known as Obamacare, a 2010 law which has had a dramatic impact on America's health care system.

The Affordable Care Act—vast and often misunderstood—contains a multitude of components which, taken in sum, are aimed at sharply reducing the number of uninsured Americans while slowing the rapid growth in the nation's [health care spending](#).

## **Not public health insurance**

Obamacare did not create a public insurance program. It is a legal framework that imposed obligations on private insurers—and individuals—in order to better regulate the market and expand coverage.

Only two US federal health insurance programs exist: Medicaid, for the lowest-income families and individuals; and Medicare, for those over 65. Most other Americans are insured in the private sector, usually through their employer.

## **For insurers**

Under Obamacare, [insurance companies](#) are barred from determining coverage premiums based on medical history or gender, as they did previously.

Nor can they refuse to insure patients who are too costly, or impose annual dollar limits on health benefits, practices that had driven some Americans with serious illnesses to financial ruin.

The reforms also require insurers to cover costs for hospital admissions, [emergency room visits](#) or preventive care such as diabetes screening and some vaccines.

Another popular provision: Children can remain on their parents' insurance plans up to age 26.

### **For the insured**

In exchange, the law requires all Americans to be insured, or pay a penalty. In 2017 that fine, known as the individual mandate, is at least \$695 per adult.

With millions more contributing to the system, the argument goes, premiums paid by healthy enrollees offset the costs of the sickest Americans.

But the forced participation is an obligation strongly denounced by conservatives, who claim that it infringes on individual freedom.

### **The process**

For people whose employer does not provide insurance, the government has created online marketplaces, or "exchanges," where individuals can sign up for ACA-compliant private insurance in each state. Depending on a person's income, tax subsidies can reduce the insurance costs.

But fewer insurers are participating in these exchanges, which have proven less profitable than expected for insurance companies, and there

have been problems getting enough young people to sign up. As a result, standard premiums will increase this year by an average of 25 percent.

Republicans including Trump point to the premium hikes as proof the law has failed.

## **Medicaid expansion**

Obamacare has also boosted federal aid to states so they can expand the eligibility criteria for Medicaid, the government insurance program that covers the nation's poorest. Many Republican governors, opposed to the law, refused these expansion funds.

## **Results**

Since Obamacare took effect, 20 million people have gained health coverage, according to the White House. The number of people without [insurance](#) fell from 16 percent in 2010 to a historic low of 8.9 percent in 2016.

Growth in [health care](#) spending has slowed. But for the more than 10 million people who are expected to be insured in 2017 via the Obamacare exchanges, prices continue to rise unabated.

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