**How Obamacare Shaped US economy,**

The Affordable Care is stated under Section 1302(b)(1) of the ACA, codified at 42 U.S.C [[1]](#footnote-1). Obamacare was aimed at improving the state of healthcare access and an overall boost in the economy, but its downside was not stipulated on how it can affect the economy, here is my researched submission on the subject matter.

**More money in families' pockets, increasing the demand for goods and lowering unemployment and dependency.**

These provisions of the ACA make it easier for families to access healthcare services and meet other pressing needs. The purchasing power of the people has increased tremendously as they don't use pocket money to buy medicines. As people will access their healthcare there will be reduced dependency among both workers and family members who spent more on medical treatment.

**Improve one's financial security if one gets sick.**

Expanding access to affordable healthcare can prevent financial loss from illness. A study by expansive medical coverage confirms that insurance coverage plays a vital role in ensuring financial security. Using a gold standard randomized study shows that medical is almost completely devastating health care costs. This will contribute to the well-being of families, which in turn will contribute to the health of the economy.

**Slowed growth of healthcare costs, and bolstering workers' paychecks**.

The ACA contributes to slowing healthcare costs and expenditures through reforms such as reducing excessive payments to medical providers and private insurers by deploying innovative new payment models that incentivize more efficient, higher-quality care. The worker's paychecks shall be improved as the cost of health care has been catered for by the insurance that gives time for repayment, adjustments, and planning by the workers to make a repayment [[2]](#footnote-2) Slower growth in health care costs reduces the growth of the health insurance premiums paid by employers, which has significant benefits for workers.

**Improved worker's health and productivity.**

ACA improves the health of both those who would otherwise not have insurance and those who already have it, this is done by expanding medical insurance coverage as increased by the access of the needed healthcare. This has led to reduced mortality, improve mental health, and improved self-reported health status. The cost-sharing captured in the ACA guarantees cost-sharing that has improved health and saved lives.

**Reduced ‘job lock’ and promotes jobs mobility and entrepreneurship**

This guaranteed access to health insurance has many economic benefits. With health insurance outside of work, you can build your career the way it means whether you want to take time off, start a family, or retire at any time. It also enables people to take risks that advance their careers and benefit the economy as a whole in the long run. People can also work part-time and go to school, quit their job to start a new business venture, or even seek a better job with a better employer. In addition, easing job lockdowns will encourage entrepreneurship, a key factor in job creation and economic growth. [[3]](#footnote-3)

**Discouraging small business.**

Small businesses have been discouraged from becoming large businesses. Due to the large amount paid by the employers to the health coverage respective to the number of workers within the company most are shying away by keeping their businesses small. Hiring one more full-time employee, a business at the threshold between small and large (about 50 employees).This extra expense, in many cases, will exceed the salary itself[[4]](#footnote-4).

**Loss of jobs**

Most full-time employees and their families are, by their employment status, prohibited from receiving the new subsidies. This is a major new disincentive for working full-time, and it will grow over time as households and employers become familiar with ACA health plans and how to use them to their advantage. The incentive changes are expected to ultimately reduce employment by 3 percent. That would be about 4 million jobs.12. the federal government began penalizing employers that did not include health insurance as part of what they paid employees. In the 14 months after.

**Taxes burden rise.**

Several new taxes were enacted to fund ACA, including taxes on the sale of medical devices and pharmaceuticals. Taxes were also raised on high-income earners. Taxes were applied to Medicare payments. A new law that allows subsidies for health insurance is eating up the country's revenue with two percent of GDB to build on the stimulus, which means more than three hundred billion is lost in tax.[[5]](#footnote-5)

1. 1 Section 1302(b)(1) of the ACA, codified at 42 U.S.C. [↑](#footnote-ref-1)
2. Faster growth in health insurance costs could reduce employment through another mechanism. In particular, if

   workers do not value the additional health spending, then the combination of more expensive health insurance

   and lower wages could make employment less attractive over time, inducing them to reduce their labor supply [↑](#footnote-ref-2)
3. By increasing workers’ mobility across jobs, secure access to health insurance helps them to find the job that is best for them—and thus increases overall wages and productivity. Moreover, reducing job lock encourages entrepreneurship, a critical ingredient for growth and job creation. [↑](#footnote-ref-3)
4. When the government subsidizes health insurance for people who do not have full-time jobs that subsidy discourages work and job creation just as much as a tax of a thousand of employment would do. An estimate of the overall effect on employment caused by disincentives created will shock you on how the affordable act is for the economy as a whole. Casey B. Mulligan. Side Effects and Complications:

   The Economic Consequences of Health-Care Reform. (2015.) [↑](#footnote-ref-4)
5. America had a health insurance payroll tax rate—of 1.45 percent of payroll owed by each employer and employee which was less than in essentially all of the major Western European countries. Universal health coverage has a cost in the form of taxation of labor market activity. The point is that benefits appear to come with costs: more coverage requires higher tax rates. If the United States were to follow governments in Western Europe and cover all of its citizens, one might guess that the payroll tax rate would have to be roughly four or five percentage points higher than it would be without universal coverage. [↑](#footnote-ref-5)