

Health Care

These topics do not appear on the AP Economics Course Description. You should skip this chapter.

On March 23, 2010, President Barack Obama signed into law the **Patient Protection and Affordable Care Act (PPACA)**, a wide-ranging law that proponents claimed would lower health care costs while increasing access to quality health care for millions of poorer Americans.

At over 2,400 pages, the legislation was designed to address a wide set of concerns relating to the provision, delivery, and cost of health care. These included the high and rapidly rising cost of health insurance for those who did have health insurance, the fact that tens of millions of Americans at any given moment were without health insurance, and the inability of many people with preexisting conditions to obtain health insurance.

The controversial law gave the federal government sweeping new powers to promote universal insurance coverage and to regulate the details of insurance policies. Because health care spending was 17.9 percent of GDP in 2010, the law effectively put the federal government in control of nearly one-fifth of the U.S. economy. This chapter applies microeconomic analysis to help explain the origin of the problems that the law was designed to address as well as the heated debate over whether the policies prescribed by the law are likely to achieve their goals.