



Memo

To: Interested Parties

From: Corey Cantor, Economic Policy Analyst

Date: Wednesday, January 28, 2015

Subject: The GOP Got It Spectacularly Wrong on the ACA

In what has perhaps been their defining argument of the Obama Presidency, the Republican Party predicted that the ACA would bring economic ruin to the United States. More than a year into the ACA implementation we are finding the exact opposite has occurred – while making historic gains in reducing the uninsured, seeing overall health care cost increases slow and federal spending come in under projections, the US economy saw one of its most precipitous drops in the unemployment rate, high GDP growth, and declining annual federal deficits.

Let's look at some data:

Percentage of U.S. Adults Without Health Insurance, by Quarter

Do you have health insurance coverage?
Among adults aged 18 and older

■ % No

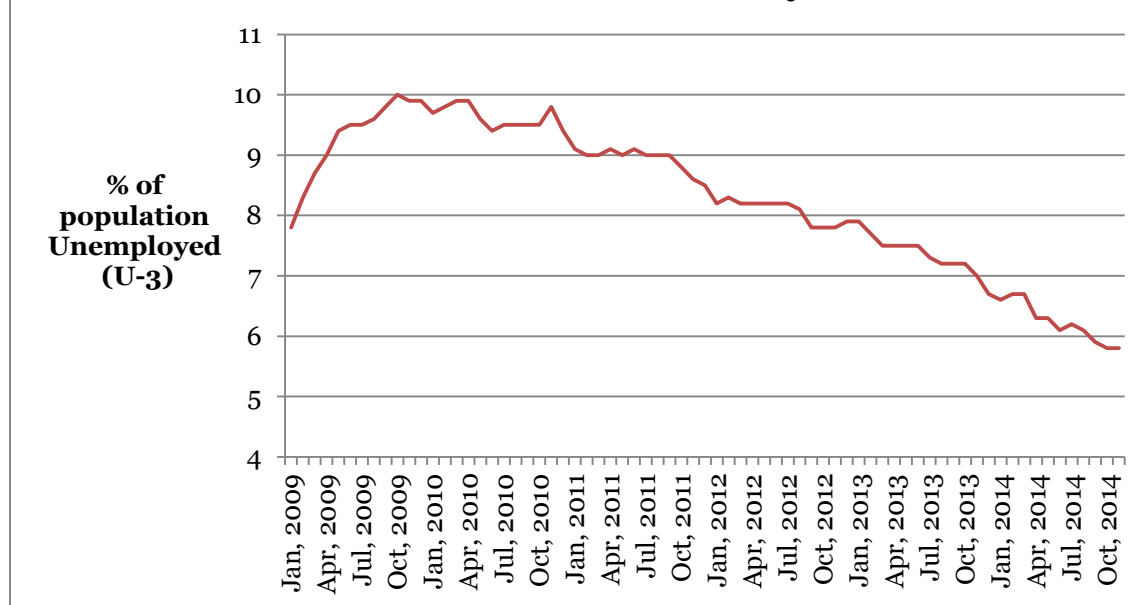


Quater 1 2008-Quarter 4 2014
Gallup-Healthways Well-Being Index

GALLUP®

In the past year and a half, the uninsured rate has fallen from 18.0% of the U.S. Adult population to 12.9%. Simultaneously, the unemployment rate has fallen from 7.2% to 5.6% and on average in 2014 the U.S. economy saw over 245,000 jobs added on [average](#) each month.

Unemployment Rate (U-3) During Obama Presidency



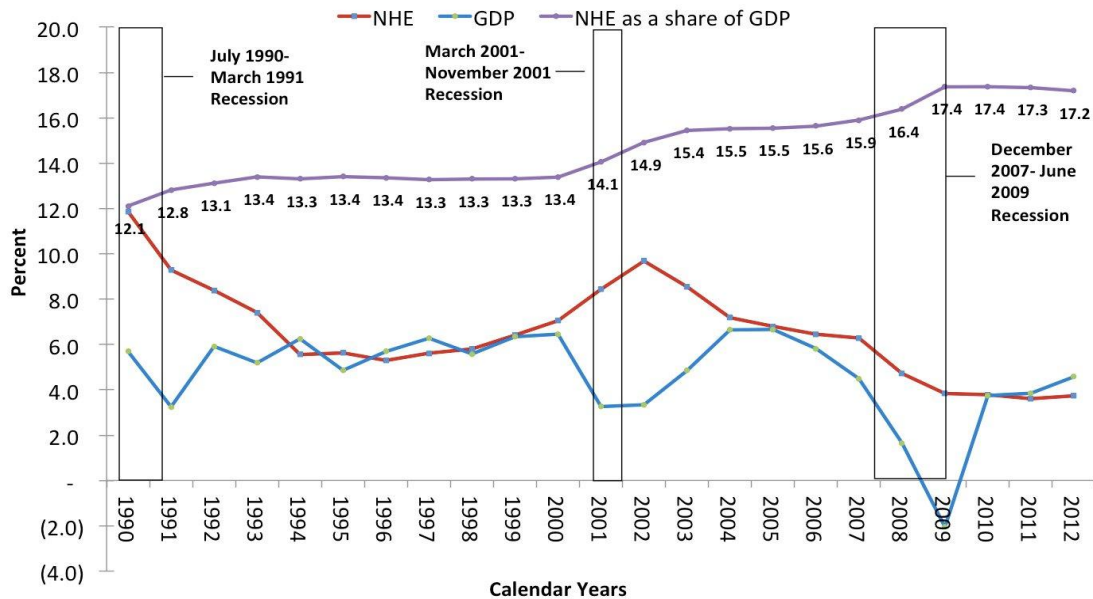
This news is a far cry from the predictions that many in the Republican Party alarmed the public about. From 2010 – 2014, members of the GOP sought to repeal the ACA because it would be a job killer, and devastate the American economy:

- Speaker John Boehner [said](#) in 2010: “We need to repeal this jobs-killing government takeover of health care and enact real reforms that will lower health care costs and help small businesses get back to creating jobs.”
- Majority Leader Mitch McConnell [said](#) in 2012: “We now know that Obamacare has been one of the single biggest drags on job creation since early 2010.”
- In 2013, Former Governor Jeb Bush [called](#) the ACA “flawed to its core” and proclaimed, “I don’t think it’ll work.”

Paul Ryan [claimed](#) that “Health care spending is driving the explosive growth of our debt. And the president’s law is accelerating our country toward bankruptcy.” From the very beginning, the CBO noted that the ACA would lower deficits (and repealing the act would [increase](#) them). Recent data from the [CBO](#) shows that the ACA’s provisions are 20% cheaper to implement than initially predicted in 2010.

In fact, the ACA is playing a role in bending the overall cost curve according to [recent study](#) by the Centers for Medicare & Medicaid Services. The 6.0% growth rate that accompanies the implementation of the ACA is below the historical average.

Growth in National Health Expenditures (NHE) and Gross Domestic Product (GDP), and NHE as a Share of GDP, 1990-2012

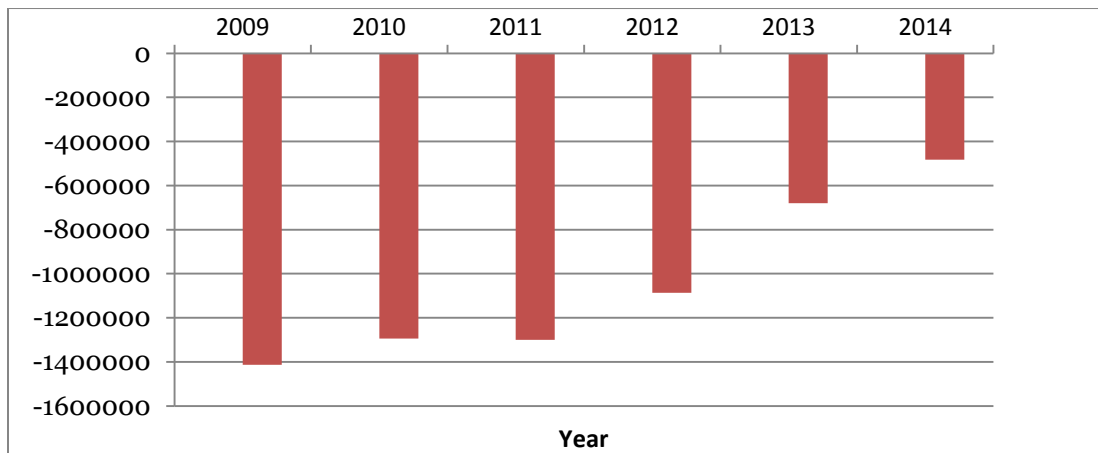


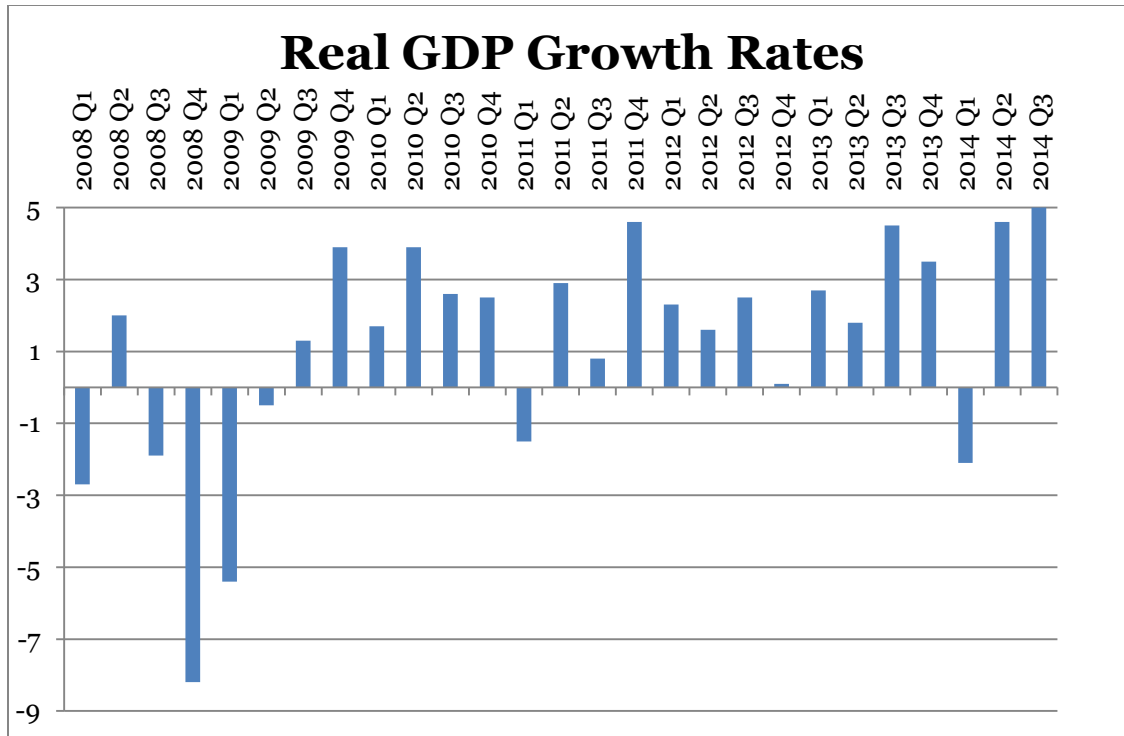
SOURCES: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group; Department of Commerce, Bureau of Economic Analysis and National Bureau of Economic Research.

According to a recent [CBS News Poll](#), 53% of the American public believes that the economy is “good.” This is the highest recorded view of a favorable rating on the U.S. Economy since 2007.

As we head into a Presidential cycle, the issue of how wrong the GOP has been on the ACA has to become a material part of the debate. Opposition to the ACA and the hysterical claims made to its impact on the US has been the defining GOP issue of the Obama Presidency. It is an echo of their opposition to the 1993 Clinton budget, which brought about the longest and one of the most robust periods of growth in recent American history. In each of the last two Democratic Presidencies, the GOP have made big economic arguments that now have to be seen as spectacularly wrong.

Annual Budget Deficit





But this fits into a far broader and more salient reality of the last two and a half decades of American politics. As we reported in a recent [study](#), the GOP also got basic economics wrong when they were in power. Each of the last two GOP Presidencies brought recession, weak stock markets and higher deficits. By contrast, each of the last two Democratic administrations brought growth, lower deficits and soaring stock markets.

The contrast between the modern Democratic Party's economic performance and literacy versus the bad performance and wrong-headed economic policy of the modern GOP will likely emerge as one of the most important issues of the 2016 campaign.

NDN President Simon Rosenberg contributed to this analysis.