



Economic and Fiscal Effects of the Affordable Care Act

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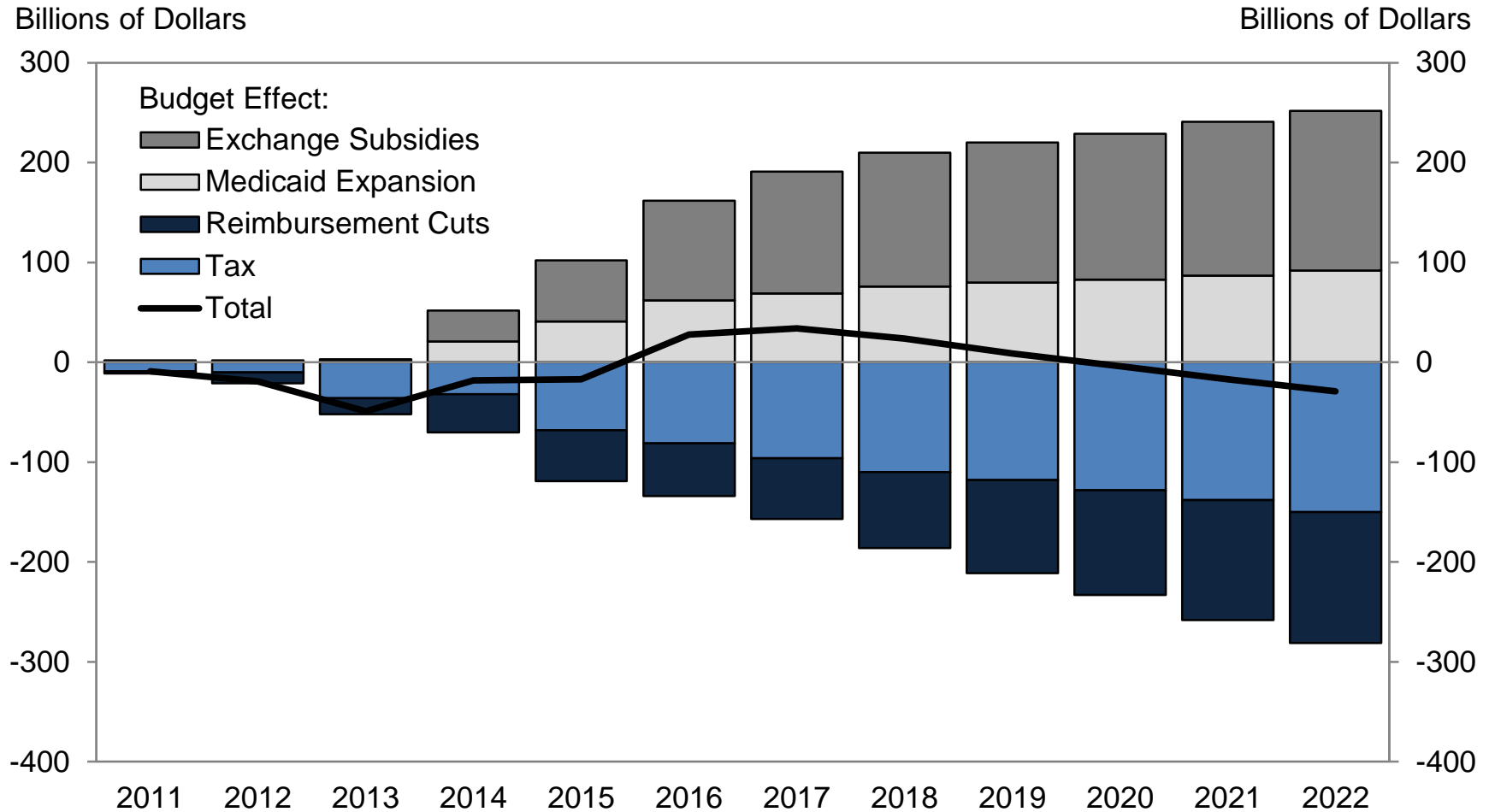
(202) 637-3746

January 2014

Goldman Sachs Global Macro Research

ACA in Fiscal Context

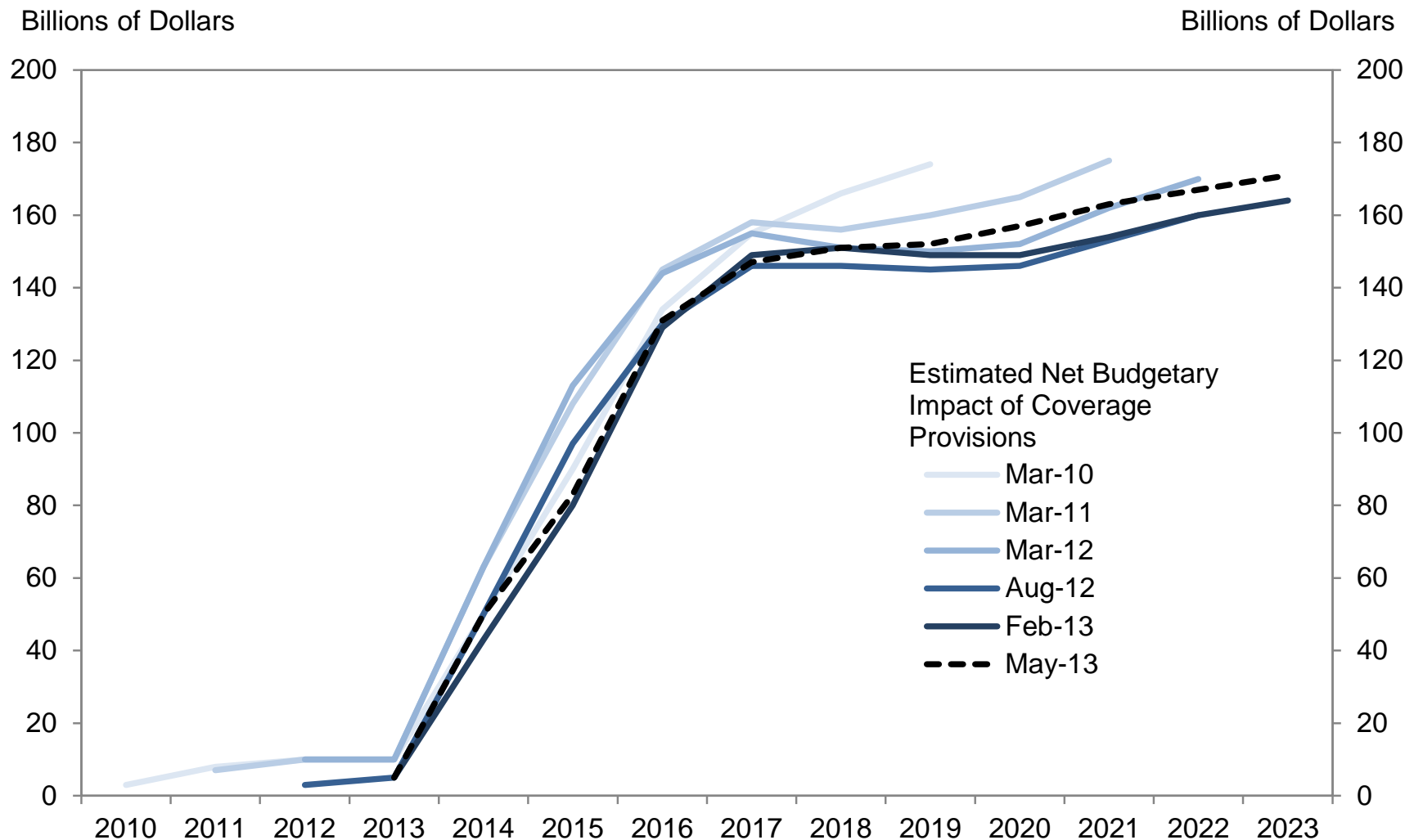
Large Gross Effects, Small Net Effects



Source: CBO.

ACA in Fiscal Context

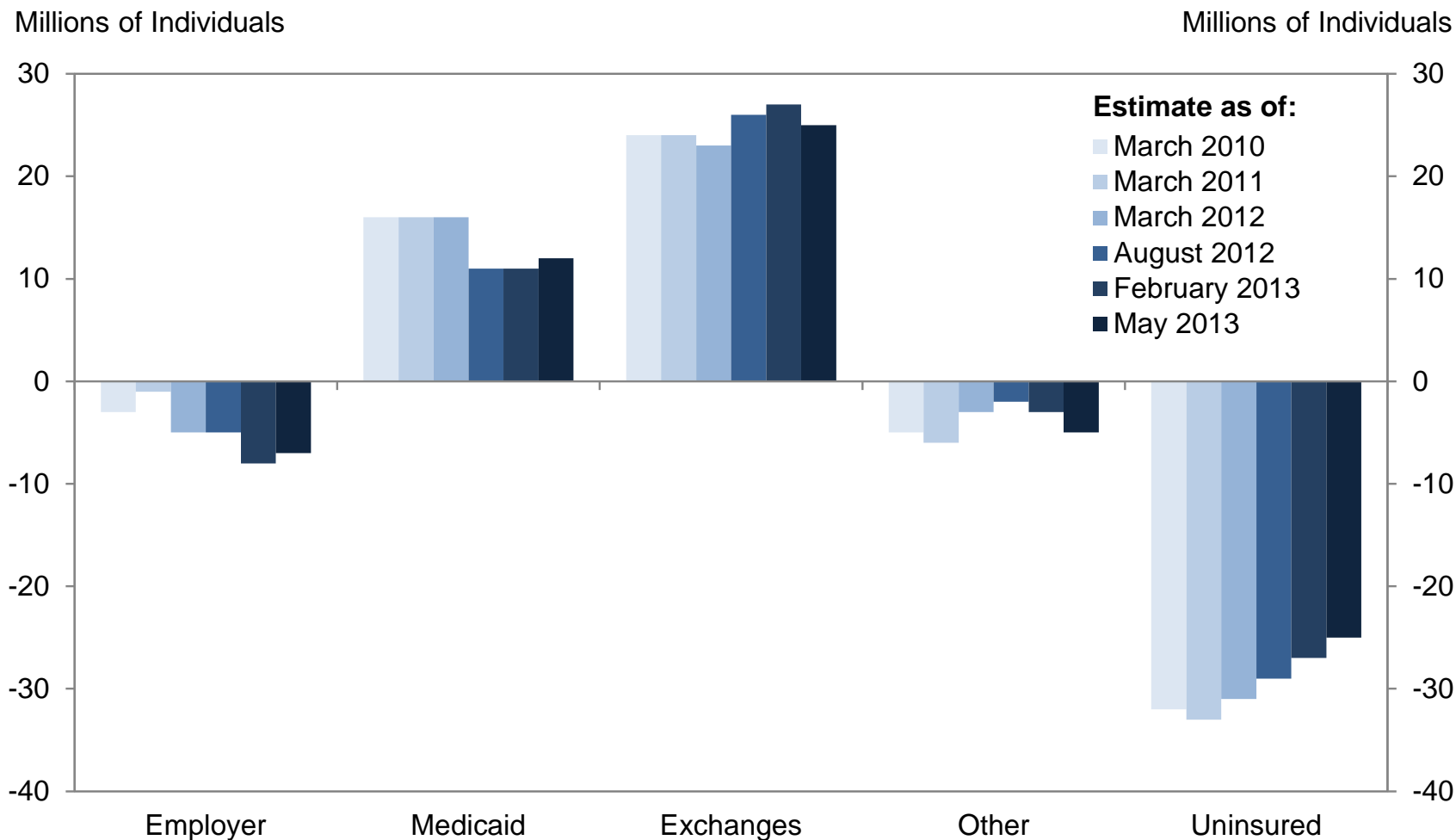
Estimates Haven't Changed Much So Far



Source: CBO.

ACA in Fiscal Context

Estimates Haven't Changed Much So Far



Source: CBO.

ACA in Context

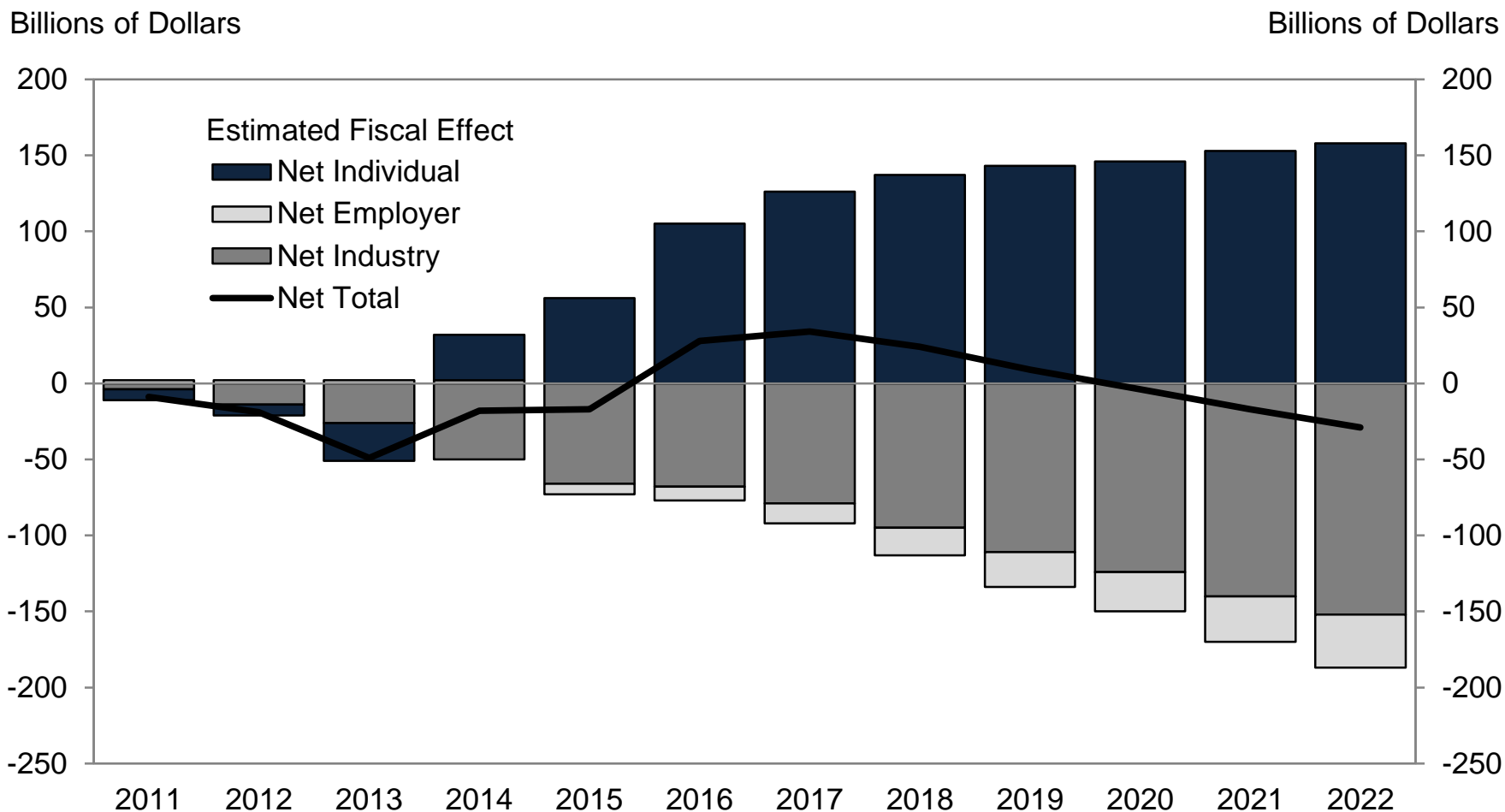
Policy Uncertainty Works in Both Directions

Policy Changes	Budget Effect (\$bn, 2014-2023)
Repeal Individual Mandate	+385
Delay Individual Mandate 1 Year	35
Repeal Employer Mandate	-149
Delay Individual Mandate 1 Year	-12
Repeal IPAB	+3

Source: CBO. RAND.

Fiscal Impulse

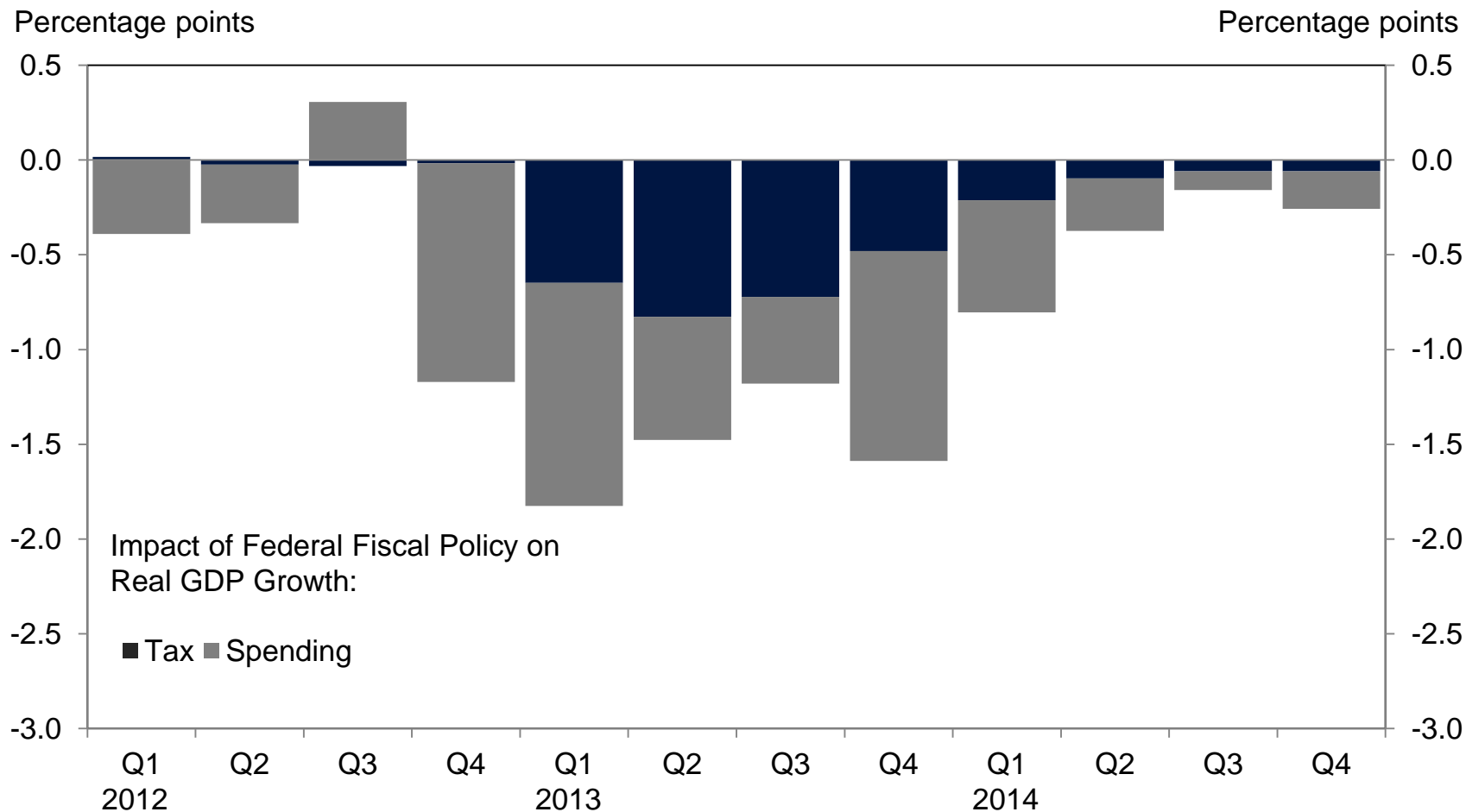
ACA Impulse Swings to Positive



Source: CBO. Goldman Sachs Global Investment Research.

Fiscal Impulse

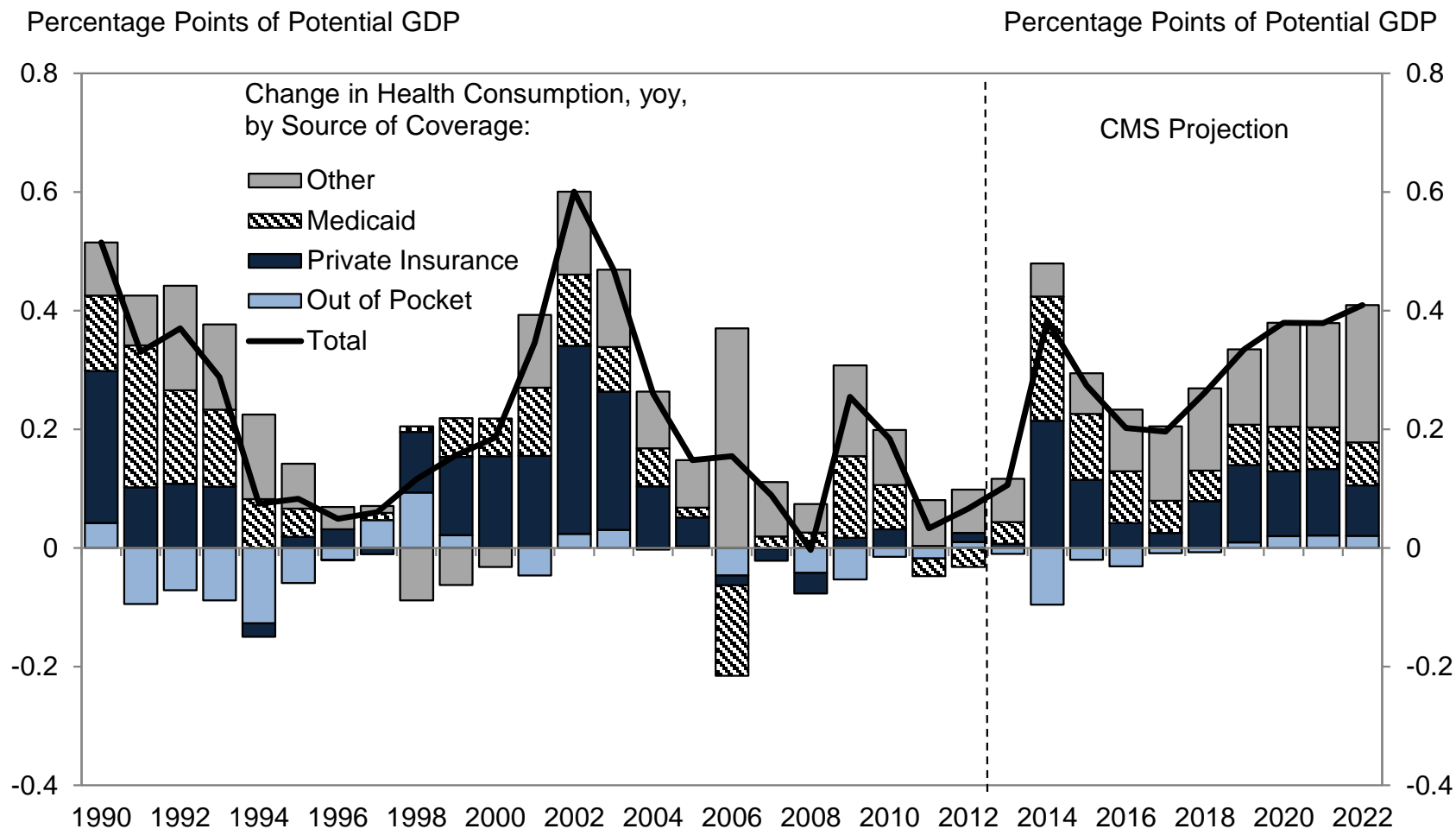
Reduced Fiscal Drag in 2014



Source: Goldman Sachs Global Investment Research.

Fiscal Impulse

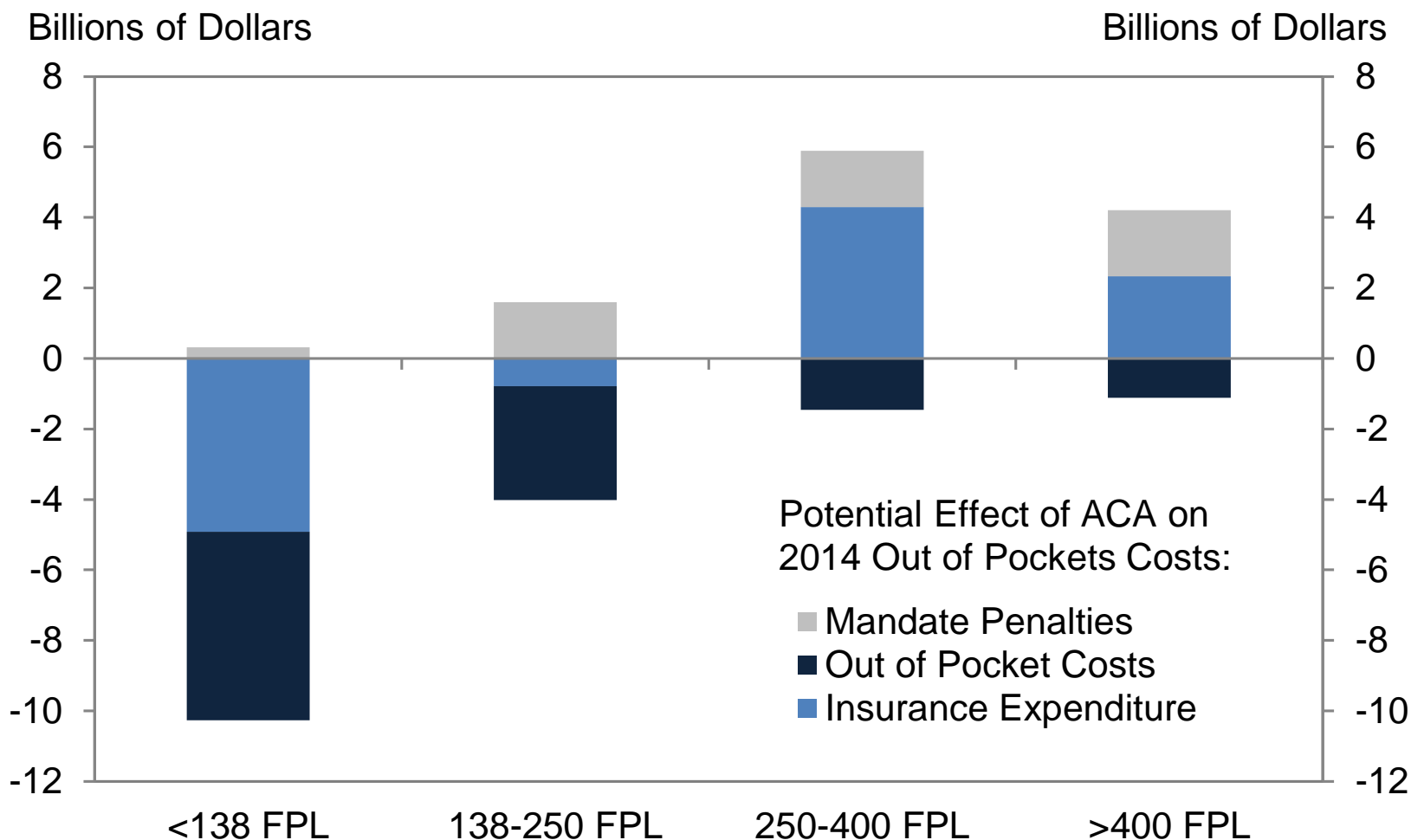
A Boost to Health Consumption



Source: CMS Actuary.

Fiscal Impulse

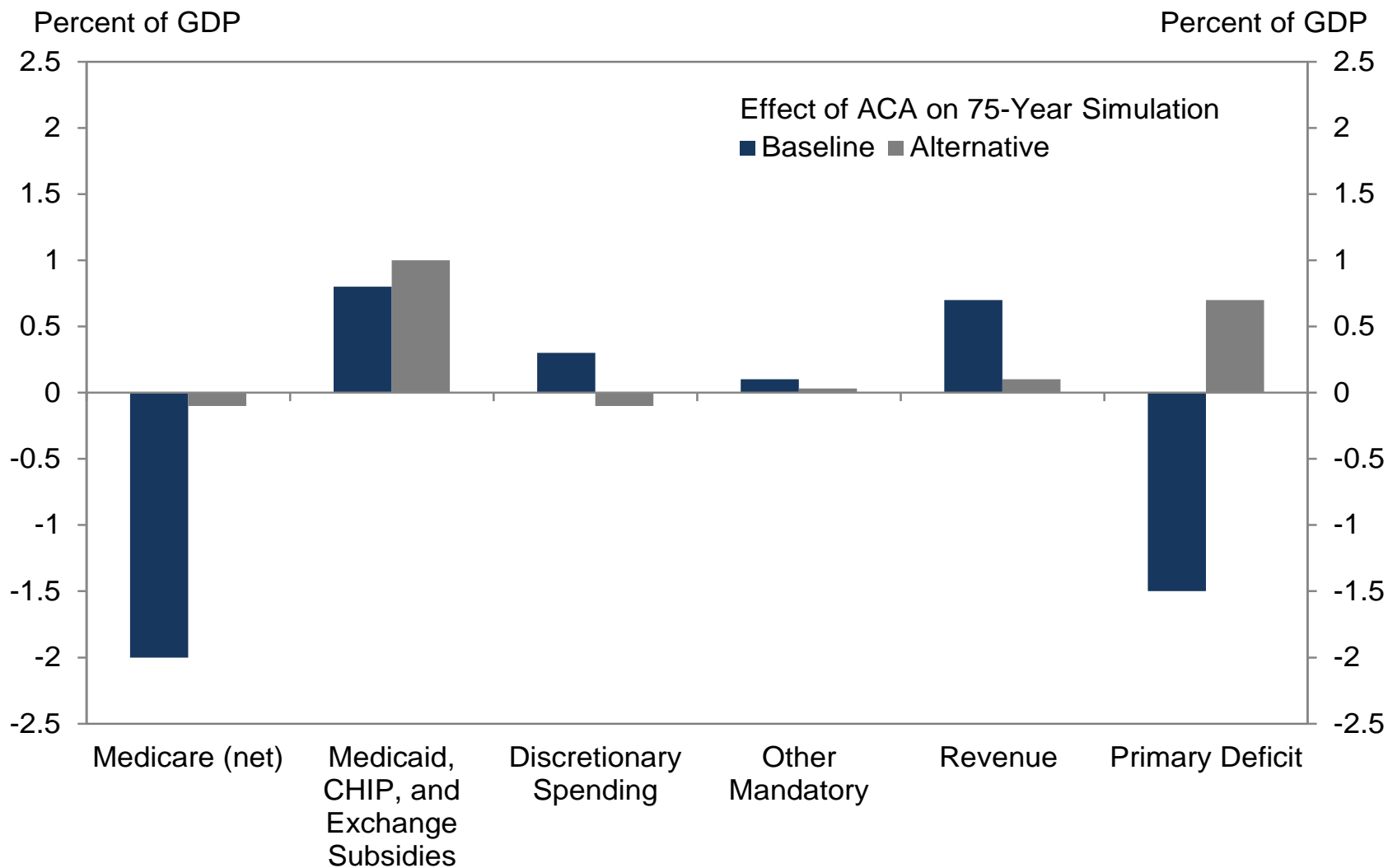
Effect on Total Consumption Less Clear



Source: CBO. Census. AHRQ. CMS. Goldman Sachs Global Investment Research.

Long-Term Budget Outlook

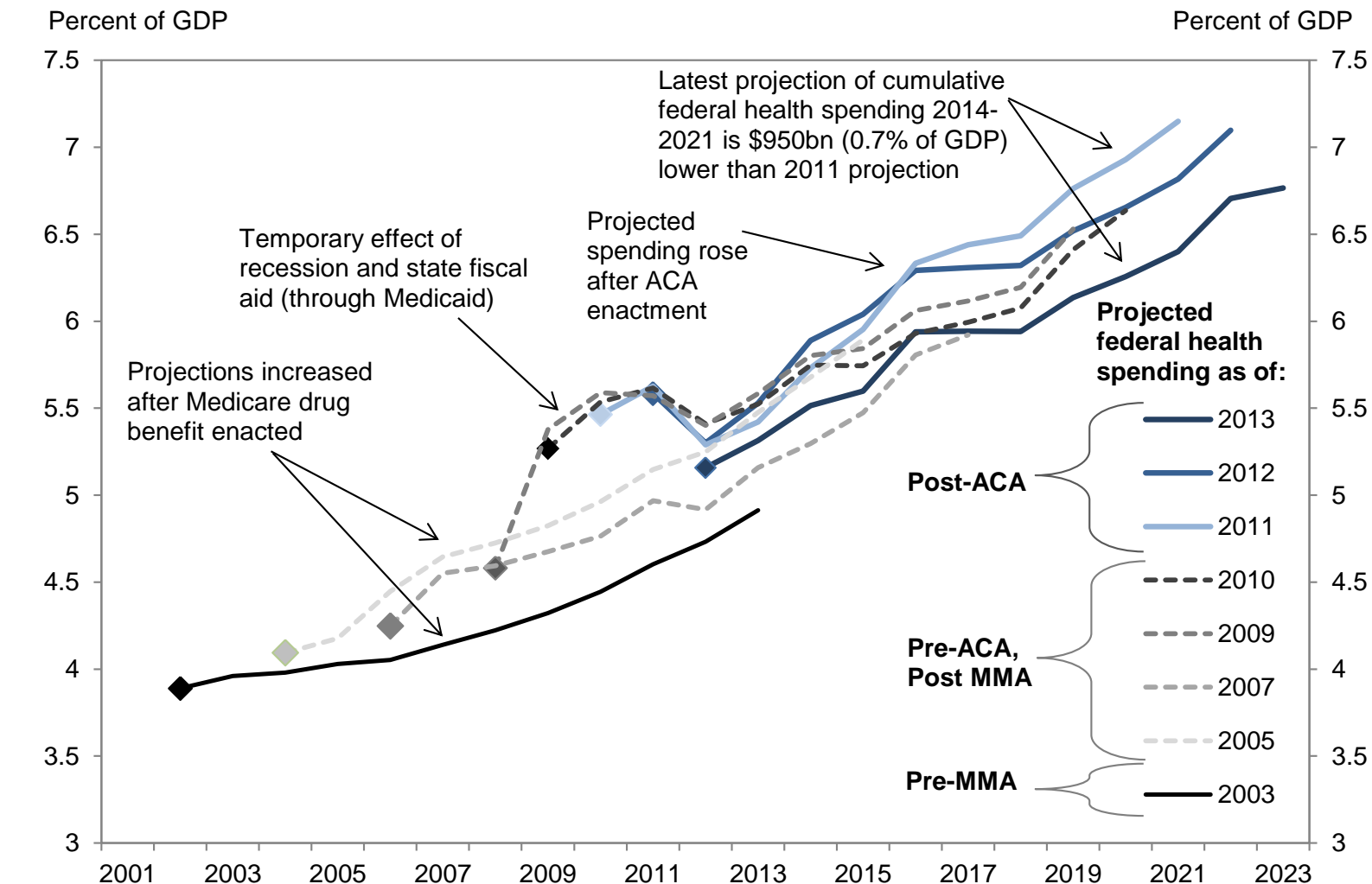
Long Term ACA Effect Hinges on Sustainability



Source: GAO, CBO.

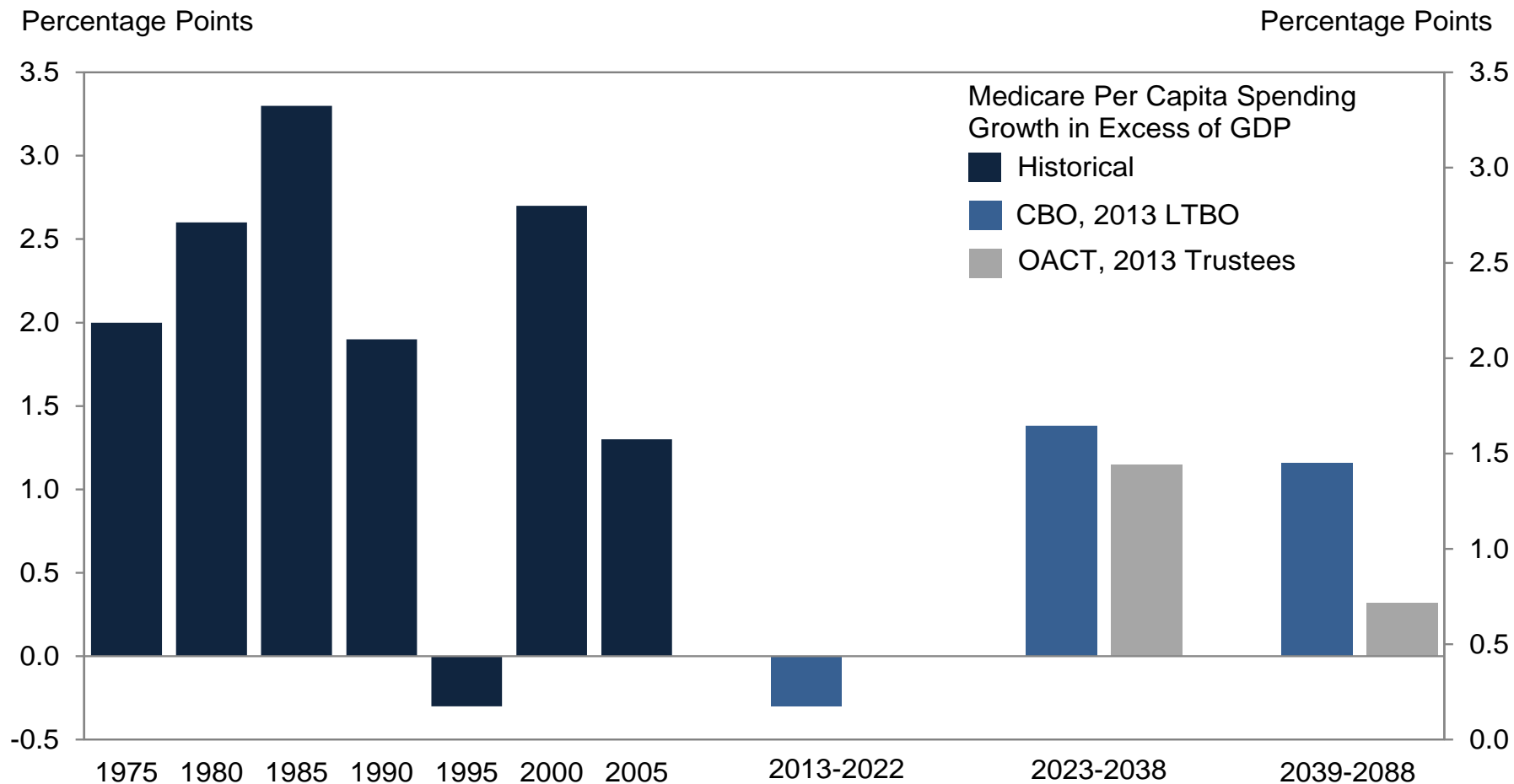
Long-Term Budget Outlook

Budget Projections Catching Up



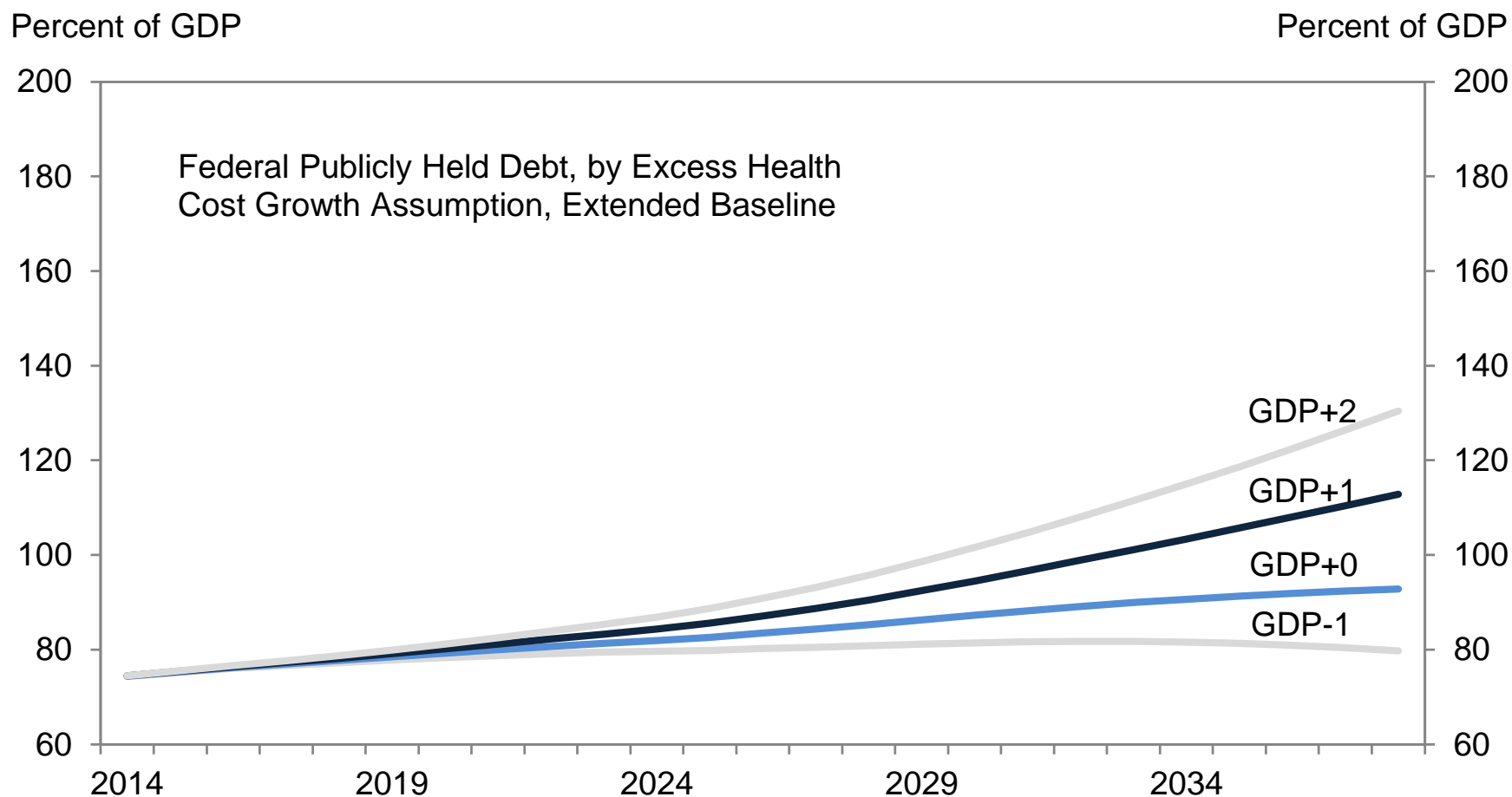
Source: CBO.

Long-Term Budget Outlook Excess Cost Assumptions



Source: CBO. CMS Actuary. HHS ASPE.

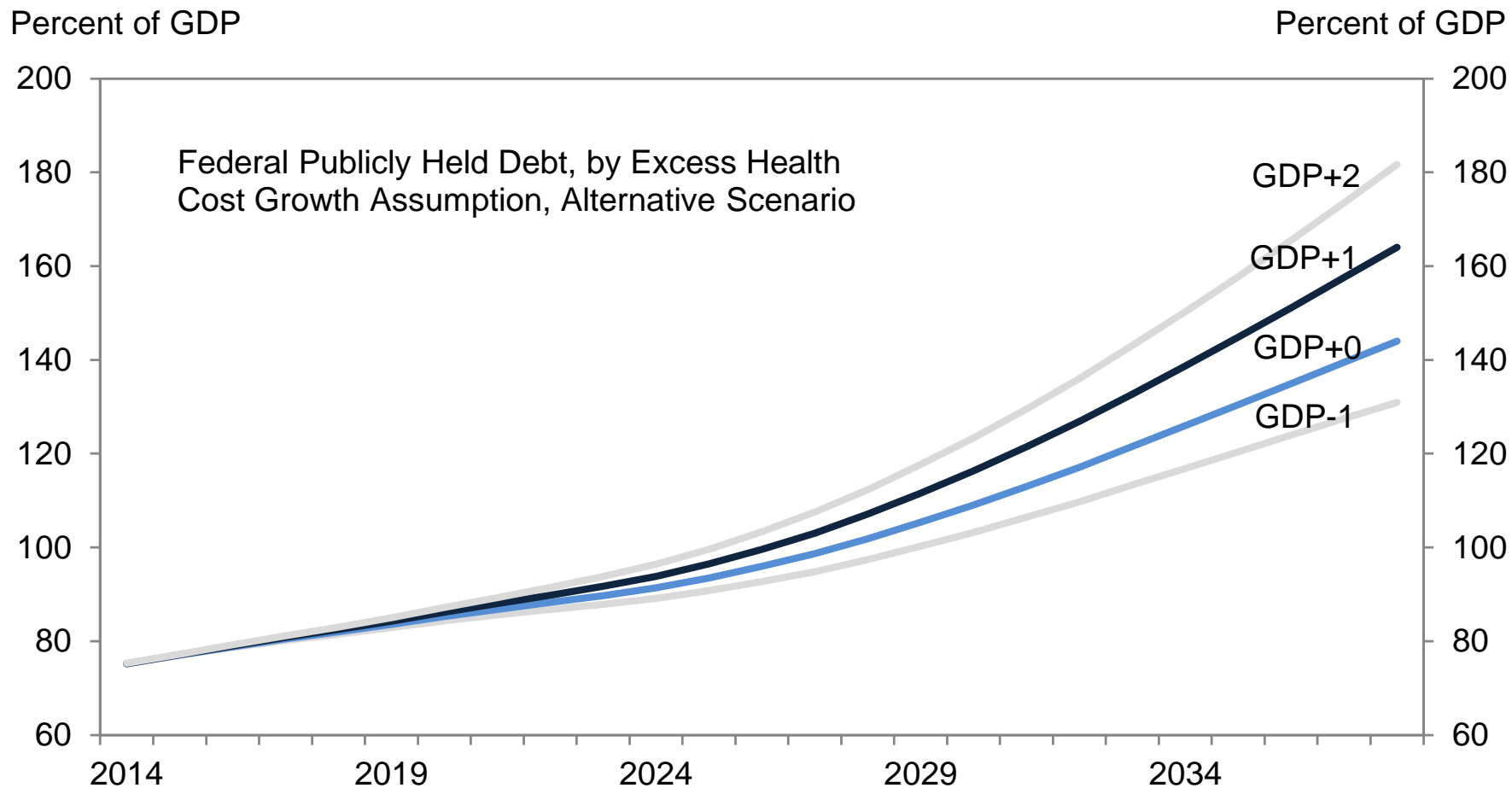
Long-Term Budget Outlook Debt Trajectory



Source: CBO. Goldman Sachs Global Investment Research.

Long-Term Budget Outlook

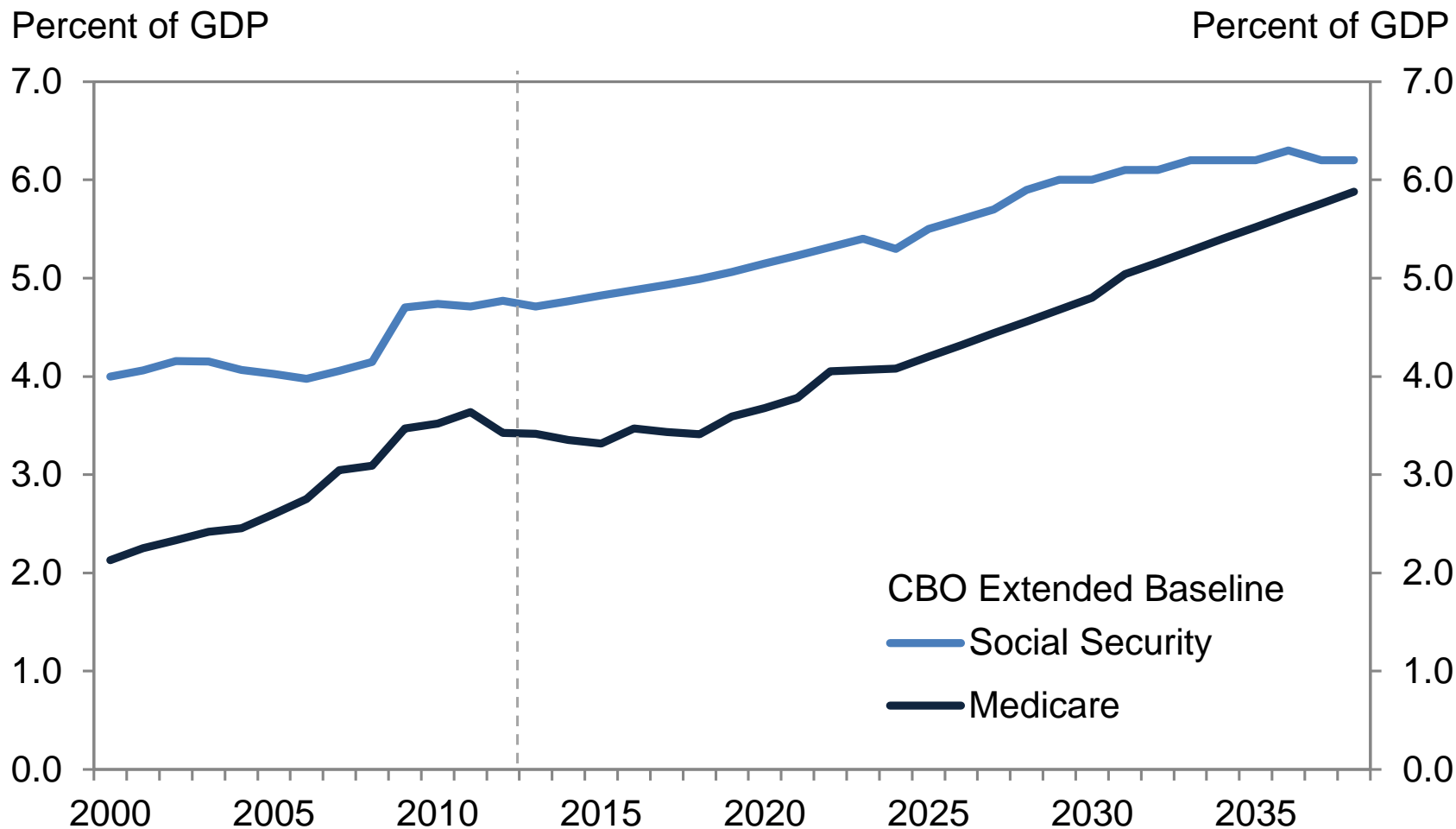
Debt Trajectory



Source: CBO. Goldman Sachs Global Investment Research.

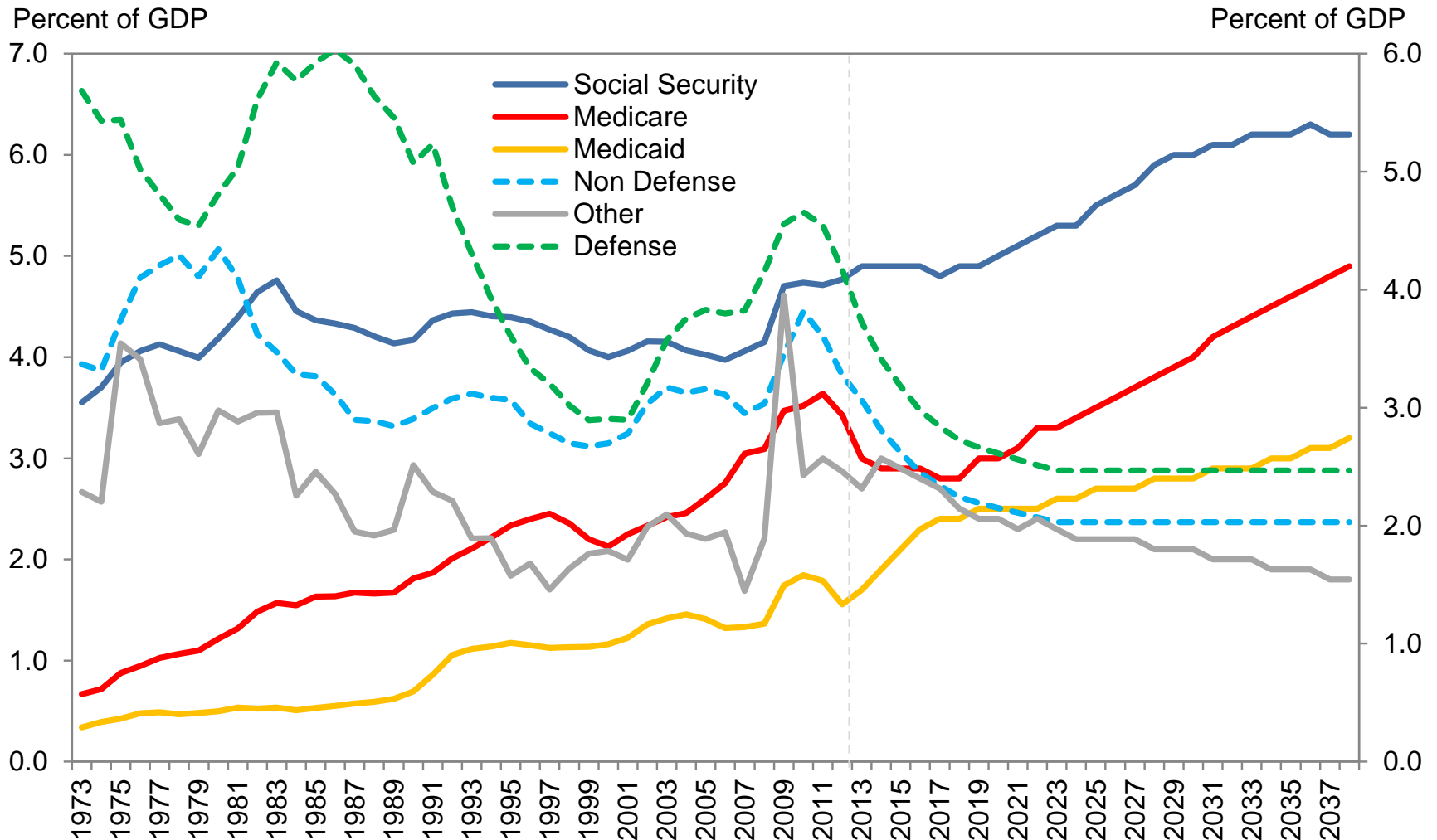
Long-Term Budget Outlook

Demographics Still a Major Driver



Source: CBO. Goldman Sachs Global Investment Research.

Long-Term Budget Outlook “Everything Else”

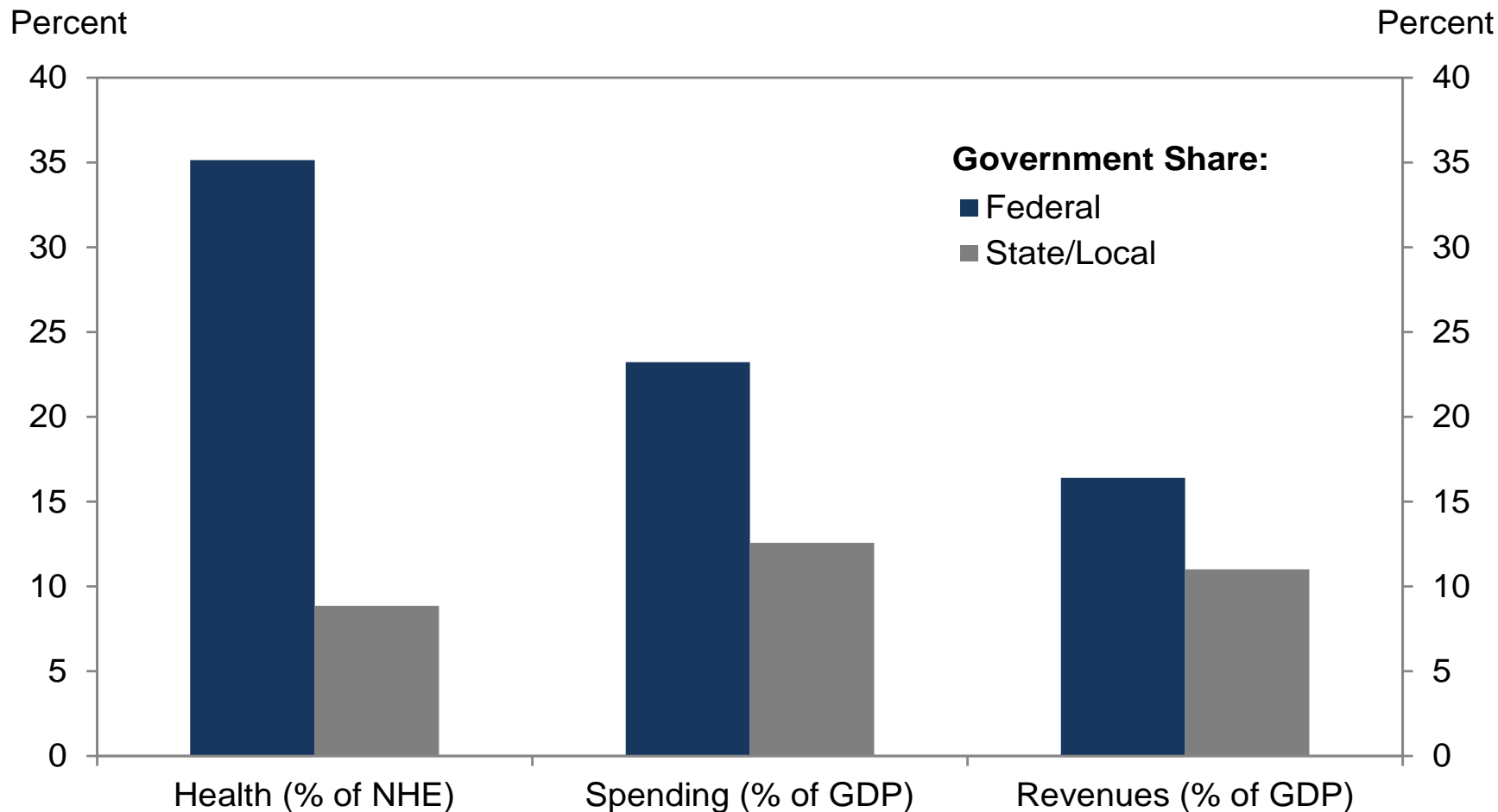


* CBO Extended Baseline, with emergency spending removed from discretionary spending

Source: CBO.

Long-Term Budget Outlook

States Carry Some of the Burden

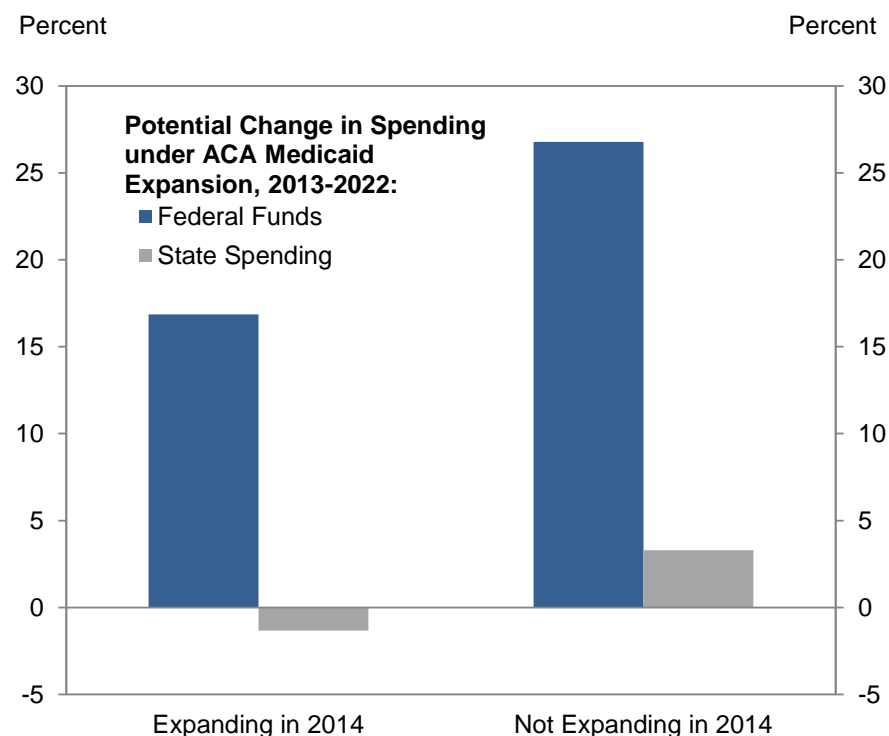
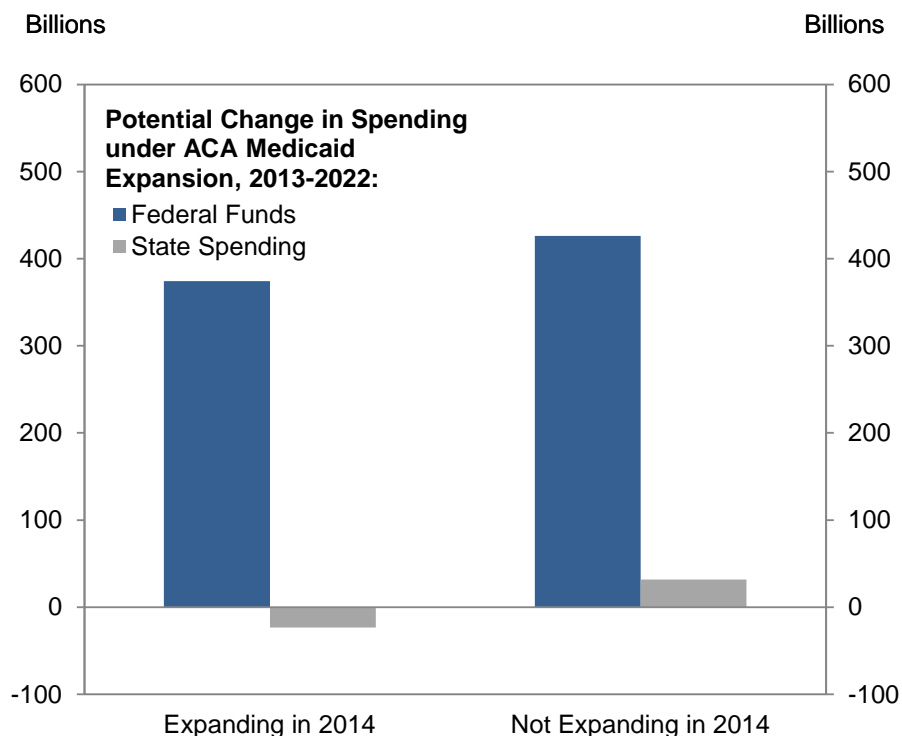


Note: Federal Medicaid grants to states shown as Federal spending.

Source: CMS. BEA.

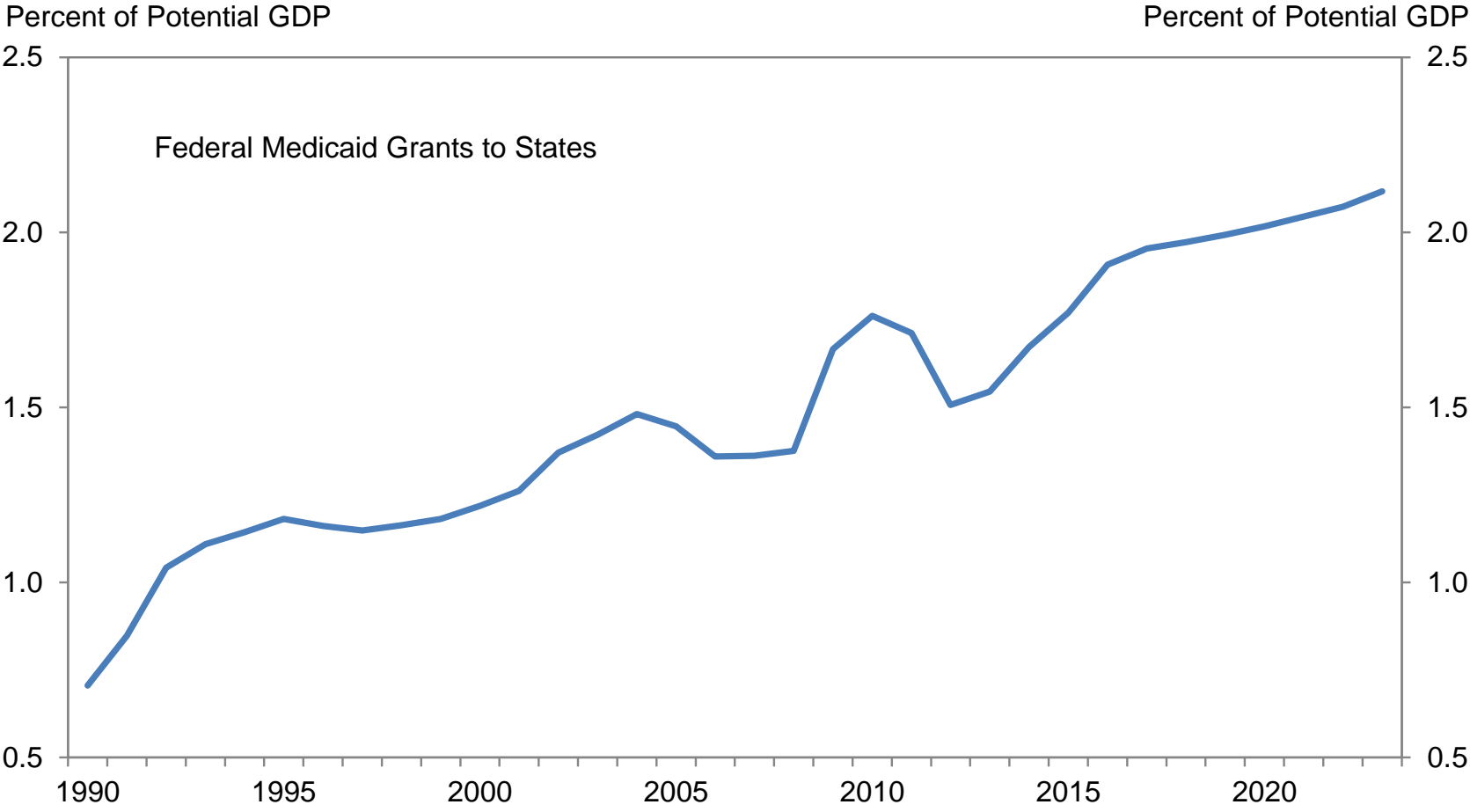
Long-Term Budget Outlook

Medicaid Expansion Costs States...a Little



Source: Kaiser Family Foundation. Urban Institute HIPSM 2012.

Long-Term Budget Outlook **The Medicaid Roller Coaster**



Disclosure Appendix

I, Alec Phillips, hereby certify that all of the views expressed in this report accurately reflect my personal views, which have not been influenced by considerations of the firm's business or client relationships.

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As of November 4, 2013.