

# Is Health Reform a Job Killer? Evidence Says No.

## Analysis: Massachusetts Experience, Economics Predict Little to No Impact of ACA on Jobs

A new report from the Urban Institute revisits whether health reform will contribute to job loss and finds that there will be little to no impact on employment. The report authors find no evidence from Massachusetts – an early model of health reform – to suggest that employment and economic growth decreased under the state's version of health reform, and say that any reductions that might occur from the Affordable Care Act (ACA) would be very small.

Findings from the report include:

- **Employment trends in Massachusetts were similar to the rest of the nation, before and after health reform.** Contrary to the expectation by some that health reform would adversely affect employment, employment trends have been quite similar in all states. There is no evidence to suggest that employers in Massachusetts cut back on hiring because of reform.
- **Economic growth in Massachusetts was stronger than the rest of the nation, after health reform.** Prior to health reform, Massachusetts' gross domestic product (GDP) was growing at a slower rate than the rest of the nation. Since health reform was implemented, GDP in Massachusetts has outpaced that of the rest of the nation. While there are many possible reasons for this stronger growth in Massachusetts, there is no evidence that health reform slowed economic growth.
- **Employer-sponsored insurance (ESI) expanded in Massachusetts under health reform.** The number of insured people in Massachusetts increased significantly under reform, and remains high despite the recent national recession. By 2010, the gap in ESI between Massachusetts and the rest of the nation rose to 7.9 percentage points from 2006 to 2010. The authors say that instead of harming workers, health reform may have mitigated the full impact of the recession on ESI relative to the rest of the country, in part due to an increase in employers offering coverage under reform.
- **The ACA will have a negligible effect on job loss.** Revenues needed for reform are only 0.4 percent of the nation's GDP. These incremental costs, which will come from employer penalties and increased taxes under the ACA, are very small relative to the size of the U.S. economy, and therefore are unlikely to have much of an effect on overall level of employment. Additionally, nearly 74 percent of employers are exempt from penalties due to their size, and 96 percent of employers who are not exempt already offer coverage to their employees.

The authors conclude that the economics of health reform, along with the experiences in Massachusetts, do not support claims that the ACA will adversely affect American jobs.