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CBO: Health-care law will mean 2 million fewer workers

By [Zachary A. Goldfarb](#) and [Sarah Kliff](#), Tuesday, February 4, 7:14 AM

The Affordable Care Act will reduce the number of full-time workers by more than 2 million in coming years, congressional budget analysts said Tuesday in the most detailed analysis of the law's impact on jobs.

After obtaining coverage through the health law, some workers may forgo employment, while others may reduce hours, according to a report by [the Congressional Budget Office](#). Low-wage workers are the most likely to drop out of the workforce as a result of the law, it said. The CBO said the law's impact on jobs mostly would be felt after 2016.

The agency previously estimated that the economy would have 800,000 fewer jobs in 2021 as a result of the law. In that analysis, the CBO looked primarily at how employers would respond to a new penalty for failing to offer insurance to employees who work more than 30 hours a week. That response would include cutting people's hours, hiring fewer workers and lowering wages for new jobs.

On Tuesday, the agency released a more detailed estimate that includes how ordinary Americans would react to those changes by employers. Some would choose to keep Medicaid rather than take a job at reduced wages. Others, who typically do not work full-time, would delay returning to work in order to keep subsidies for private insurance that are provided under the law.

As a result, by 2021, the number of full-time positions would be reduced by 2.3 million.

The reduction in employment from the health care law "includes some people choosing not to work at all and other people choosing to work fewer hours than they would have in the absence of the law," the CBO said.

The law also estimated that [the botched rollout](#) of the health law's Web site may reduce the number of people who will sign up for coverage by 1 million through March 31, the CBO estimated. Initially, the agency predicted 7 million would have signed up by then.

In its new analysis, the CBO said it had reduced its estimate of how many Americans would sign up for the insurance through the online marketplaces "in light of technical problems that impeded many people's enrollment in exchanges in the first months of the open enrollment period."

The CBO said that the program would catch up over time, with a total of 13 million Americans signing up in 2015 and 24 million by 2017.

Late last month, the Obama administration announced that about 3 million Americans had signed up for private health plans so far under the federal health exchange and separate exchanges that are being run by 14 states.

The administration and the CBO agree there should be a surge of sign-ups near the March deadline to apply for coverage in 2014.

The CBO estimated that 84 percent of the U.S. population would have health insurance in 2014, rising to 89 percent within a few years. Medicaid, the program for the poor expanded under the law, should add 6 million more people this year.

At the same time, the CBO reported that the federal budget deficit is rapidly shrinking and is projected to narrow to \$514 billion this year, providing fresh evidence that the problem that has been Washington's obsession for the past several years has become far less urgent.

Tax increases, spending cuts and faster economic growth have helped close the deficit, which topped \$1 trillion for several years following the onset of the Great Recession.

The budget deficit would equal 3 percent of the total size of the nation's economy this year — what many economists see as a healthy level. The deficit is expected to decrease to \$478 billion next year, or 2.6 percent of the size of the economy.

One of the more troubling aspects of the CBO report was its assessment of long-term economic growth.

The CBO said that the economy will continue to enjoy a solid recovery for the next several years, but will slow to a pace of expansion of 2.2 percent a year from 2018 to 2024.

Much of the slowdown has to do with fewer workers active in the economy — mainly a result of baby boomers retiring.

The slow growth the economy will reduce taxes by \$1.4 trillion of the next years, leading to a wider than expected deficit by 2024 \$1.07 trillion, or 4 percent of the size of the economy.

The CBO said it would still take until 2017 for the unemployment rate, currently at 6.7 percent, to fall to 5.8 percent, and may not reach 5.5 percent until 2024.

Today, the agency said the economy is about six million jobs short of where it should be.

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