



ACA Repeal Could Kill 3 Million Jobs, Shows Disputed Study

Robert Lowes

January 9, 2017

Some 2.6 million Americans would lose their jobs and the economy would shudder if a Republican-controlled Congress repeals key provisions of the Affordable Care Act (ACA) without passing healthcare reforms of their own, a new study shows.

Two thirds of the lost jobs would be in nonhealthcare fields such as construction, retail, finance, and insurance, according to the study, issued last week by the Milken Institute School of Public Health at the George Washington University and the Commonwealth Fund, a nonpartisan healthcare think tank.

Two healthcare policy analysts from conservative think tanks, however, assert that the study rests on false assumptions, and therefore produces false conclusions.

Congressional Republicans and President-elect Donald Trump have vowed to repeal the ACA and replace it with a more free-market approach to extending health insurance coverage to more Americans, perhaps preserving some ACA reforms such as banning exclusions based on pre-existing conditions. The GOP has not yet agreed on a replacement plan or the timetable for implementing it, although House Speaker Paul Ryan (R-WI) promises passage of repeal-and-replace legislation this year.

Senate Republicans are already laying the groundwork for dismantling the ACA. Earlier this week, US Senator Mike Enzi (R-WY) introduced a budget resolution that would allow lawmakers through a so-called reconciliation process to erase tax and spending provisions of the law with only a 51-vote majority. Republicans hold 52 Senate seats, far short of the 60 needed to end any talkathon filibuster by Democrats. Budget reconciliation measures, however, can't be filibustered.

The study from the Commonwealth Fund and the Milken Institute examines the fallout from eliminating two ACA provisions through budget reconciliation. The first are the subsidies — in the form of premium tax credits — given to individuals with low to moderate income to purchase coverage in the health insurance marketplaces, or exchanges. The second are federal payments to the 31 states and the District of Columbia that have expanded their Medicaid programs under the ACA. Eliminating both these provisions would reduce federal spending by \$140 billion in 2019, and by \$807 billion through 2023.

Recent studies, such as one from the Urban Institute, have found that repealing portions of the ACA like these without any replacement plan could double the number of uninsured Americans

(the law has extended coverage to some 20 million Americans). However, the Milken-Commonwealth study reports that a massive reduction in federal spending also would ripple through the economy, beginning with insurers and healthcare providers and continuing into other sectors. An estimated 2.6 million Americans would lose their jobs in 2019 if premium tax credits and federal funding for Medicaid expansion disappeared, according to the study.

Turning off the federal dollars also would hurt economic growth, reducing the state equivalent of national gross domestic product by an estimated \$256 billion in 2019. In turn, state governments could lose as much as \$8 billion that year in sorely needed tax revenue. Such a shortfall could lead either to reduced services or higher state taxes, the study warned.

Do the Savings Just Sit There?

The authors of the Milken-Commonwealth study acknowledge several limitations in their research, one of which is the question of whether federal savings that result from partial ACA repeal would be used for another purpose. "This is...unclear," write the authors. They cite a Congressional Budget Office analysis of a partial repeal bill from 2015, an analysis that did not specify "alternative uses for these savings."

To Michael Cannon, director of healthcare policy at the Cato Institute, however, there is no question, or lack of clarity, about what would happen to federal savings from partial ACA repeal. The money would invariably end up in the economy and create other jobs, perhaps more than those eliminated by repeal, Cannon told *Medscape Medical News*. Even if the government didn't choose to channel the savings to other programs, the economy would still benefit. The government wouldn't need to borrow as much in its current deficit-spending mode, and lenders would dole out their dollars to other borrowers.

Thomas Miller, a healthcare policy analyst at the American Enterprise Institute, levels the same criticism.

"The assumptions are wrong," Miller told *Medscape Medical News*. "If dollars are removed from the healthcare sector, they don't disappear. They go into other parts of the economy."

And the Republican-controlled Congress, Miller predicts, will not save money by repealing the ACA and stop there. "They're going to put the money back [into healthcare] in some other way." One GOP plan on the table would offer Americans tax credits to help them buy a private plan, even in lieu of Medicare or Medicaid coverage.

Miller called the Milken-Commonwealth study the political sort that starts with a foregone conclusion — such as massive job loss — and then "puts in the assumptions to reach it."

"That allows you to get a headline to maximize the negatives."