

CB0 Says Obamacare Has Had This Kind of Impact on Labor Market

Part of the Congressional Budget Office's job is to estimate the impact existing and pending legislation will have on everyday Americans.

Its most recent assessment of the Affordable Care Act, however, is likely to have a lot of folks seeing red. In a working paper released Monday, the CBO says the U.S. labor market will be 2 million full-time-equivalent workers smaller in 10 years than it would have been if the healthcare legislation had not been passed.

"Those estimates were based mainly on CBO's calculations of the effects of the law's major components on marginal and average tax rates and on the agency's analysis of research about the change in the labor supply resulting from a change in tax rates," the report's abstract states. "For components of the law that were difficult to express in terms of changes in tax rates, CBO based its estimates on a review of the available literature about similar policy changes."

CBO Director Keith Hall further explained the agency's findings in a commentary posted to the CBO's government website. He said the overwhelming majority of the job loss—expressed in loss of work hours available to the total workforce—is due to health insurance expansions.

"Three-quarters of that decline will occur because of health insurance expansions, which raise effective tax rates on earnings from labor—for instance, by phasing out health insurance subsidies as people's income rises—and thus reduce the amount of labor that workers choose to supply," he wrote.

Hall also said the publication of the working paper is part of the agency's effort to increase transparency about how it draws its conclusions.

"CBO has long focused on the transparency of its analyses," he wrote. "We make a considerable effort to explain the basis of our findings so that members of Congress, their staffs, and outside analysts can understand the results and question the methodologies used. Our cost estimates include descriptions of the basis for the estimates, and many of our reports provide substantial discussions of the relevant research literature and CBO's modeling approaches."