

The Economic and Employment Consequences of Repealing Federal Health Reform:

CALIFORNIA

January 6, 2017

Overview

The incoming administration and Congress have placed a high priority on repealing key parts of the Affordable Care Act, including:

- **federal premium tax credits** that help low and middle income Americans afford insurance policies bought through the health insurance marketplaces and
- **federal payments to states for expansions of Medicaid** eligibility for low-income adults.

Other research has shown that repeal could double the number of Americans who are uninsured. This nonpartisan study by researchers at the George Washington University examines the economic, employment, and fiscal effects of repealing these policies for every state in the nation.

Nationally, repeal would lead to **2.6 million jobs lost** in 2019, ranging from 334,000 jobs lost in California to 4,000 jobs lost in Wyoming. About one-third of the jobs lost would be in health care, but the majority are in other industries like construction, real estate, retail trade, finance, and insurance.

Gross state products would fall by **\$1.5 trillion** between 2019 and 2023, while business output would drop **\$2.6 trillion**. As a result, state and local tax revenues would also decline by **\$48 billion** over five years.

Contrary to the common misconception that the health reform law has been a “job killer,” this study indicates that repeal of these policies, without sound replacement policies, could cause major job losses and economic dislocation in every state, even in states that have not expanded their Medicaid programs.

While health reform repeal would dramatically increase the number of uninsured and harm access to health care, particularly for low- and moderate-income Americans, this analysis demonstrates that the consequences could be broader and extend well beyond the health care system. Repeal could trigger major reductions in employment and substantial losses in state economic activity and state and local revenues.

Key Findings in California

In California, repeal of premium tax credits and Medicaid expansion would result in:

Jobs Lost in 2019

Private & Public Sector	334,000 jobs lost
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Jobs Lost by Sector in 2019

	Number	Percent
Health Care	121,300	36%
Construction & Real Estate	35,200	11%
Retail Trade	34,600	10%
Finance & Insurance	16,400	5%
Other	118,600	36%
Public	7,500	2%

Revenue & Taxes Lost (2019-2023)

Gross State Product	\$207.7 billion lost
Business Output	\$348.3 billion lost
State and Local Taxes	\$6.8 billion lost

More Information

“Repealing Federal Health Reform: Economic and Employment Consequences for States” at: <http://www.commonwealthfund.org/Publications/Issue-Briefs/2017/Jan/Repealing-Federal-Health-Reform>

“The Economic and Employment Consequences of Repealing Federal Health Reform: A 50 State Analysis” at: https://publichealth.gwu.edu/sites/default/files/download/HPM/Repealing_Federal_Health_Reform.pdf



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