

# THE AMERICAN HEALTH CARE ACT: ECONOMIC AND EMPLOYMENT CONSEQUENCES FOR STATES

RHODE ISLAND

June 2017

## National Overview

On May 4, 2017, the House of Representatives passed the American Health Care Act (AHCA, H.R. 1628) to partially repeal and replace the Patient Protection and Affordable Care Act (ACA, also known as Obamacare). Key parts of the bill include:

- Reducing federal funding for Medicaid, encouraging states to scale back expansions.
- Restructuring Medicaid funding using per capita caps and block grants.
- Eliminating individual tax penalties for not having health insurance and penalties for employers not offering coverage for employees.
- Replacing income-related premium tax credits with age-based tax credits.
- Repealing ACA taxes, predominantly benefiting people with high incomes and certain businesses.

This nonpartisan study by researchers at the George Washington University examines the potential economic and employment effects of AHCA for every state in the nation.

Most tax cuts will occur immediately, increasing the federal deficit, while coverage-related federal spending cuts will phase in more slowly over time. As a result, the net effect is additional job growth in 2018 and 2019 and growth in state economies and business output. However, health sector employment would fall immediately by 24,000 jobs in 2018.

By 2021, the magnitude of coverage reductions become much larger than the initial tax cuts, causing state economies to shrink. By 2026, 924,000 fewer people would have jobs and gross state products would shrink by \$93 billion. Most of the jobs lost would be in health care, reaching 725,000 jobs lost by 2026.

AHCA would dramatically increase the number of uninsured and reduce access to health care, particularly for low and moderate income Americans. This analysis demonstrates that the consequences of this new bill would be much broader and extend well beyond the health care system. Despite initial gains in employment and economic growth, the ultimate decreases in federal spending would cause major reductions in employment and state economic activity.

## Key Findings in Rhode Island

**In Rhode Island, implementation of the AHCA would result in:**

Total Jobs Lost or Gained	
2018	2026
2,600	-7,000

Health Care Jobs Lost or Gained	
2018	2026
0	-4,600

Gross State Product (millions of current dollars)	
2018	2026
\$300	-\$700

Business Output (millions of current dollars)	
2018	2026
\$400	-\$1,100

All changes are compared to a baseline that would occur if AHCA were not implemented.

## More Information

L. Ku, E. Steinmetz, E. Brantley, N. Holla, & B. Bruen  
 The American Health Care Act: Economic and Employment Consequences for States (The Commonwealth Fund, June 2017). Found at: <http://www.commonwealthfund.org/Publications/Issue-Briefs/2017/Jun/AHCA-Economic-and-Employment-Consequences>



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