



Written by [R. Cort Kirkwood](#) on February 15, 2011

## CBO Director: ObamaCare Is Incentive To Quit Work

The director of the Congressional Budget Office believes that ObamaCare, the ballyhooed health-care bill a federal judge recently declared unconstitutional, will force about 800,000 Americans out of the workforce.

CBO Director [Douglas Elmendorf's](#) disclosed his opinion in testimony before the House Budget Committee last week. [House Budget Committee](#) Director [Paul Ryan](#) and Rep. John Campbell, R-Calif., asked Elmendorf if CBO believed ObamaCare would cost jobs. Elmendorf answered yes.



[Asked Ryan](#): “[I]t’s been argued...that the new health care law will create jobs and increase labor force participation. But if I recall from your analysis, it was quite the opposite. Is that not the case?”

Elmendorf replied “yes.”

Campbell refined the question:

[Y]ou just mentioned that you believe — or that in your estimate, that the health care law would reduce the labor used in the economy by about 1/2 of 1 percent, given that, I believe you say, there’s 160 million full-time people working in ’20-’21. That means that, in your estimation, the health care law would reduce employment by 800,000 in ’20-’21. Is that correct?

[Replied Elmendorf](#):

Yes. The way I would put it is that we do estimate, as you said, that the household employment will be about 160 million by the end of the decade. Half a percent of that is 800,000. That means that if the reduction in the labor used was workers working the average number of hours in the economy and earning the average wage, that there would be a reduction of 800,000 workers.

Elmendorf [also said](#) the ObamaCare “legislation also creates some incentives that might affect the number of hours people work. It might affect the propensity to work of higher and lower income people.”

CBO’s analysis, he said, shows the adverse economic impact of ObamaCare is “is the equivalent of withdrawing 800,000 workers from the workforce, [CNSnews.com reported](#).”

Yet while Elmendorf explained the truth about ObamaCare, [CNSnews reported](#), House Speaker Pelosi was hammering Republicans:

Ironically, Elmendorf’s testimony came on the same day that Pelosi, Rep. Loretta Sanchez (D-Calif.) and other congressional Democrats held a news conference to say that House Republicans are not doing enough to stimulate job growth

“The American people are crying out and sending a clear message to Washington: Our number one priority is creating jobs—creating jobs now. Democrats agree. We will continue to measure



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every effort as it comes before the Congress as to whether it creates jobs, whether it strengthens the middle class and whether it reduces the deficit,” Pelosi said at a Capitol Hill news conference. “Americans are demanding that we put jobs first, that we act to invest in our future and help our economy grow.”

At last year’s health-care summit, [Pelosi claimed](#) ObamaCare would create 400,00 jobs “immediately.”

### **Conservative Pinnochios**

After Elmendorf’s testimony on Friday, the *Washington Post’s* “Fact Checker,” Glenn Kessler, [rushed out](#) a blog post claiming conservatives were distorting Elmendorf’s testimony. Elmendorf never said ObamaCare would “destroy” jobs, Kessler observed. Rather, he said that 800,000 fewer Americans would likely seek work to get health insurance, which [CBO’s analysis](#) of ObamaCare in August showed.

Note that Elmendorf never said the words that the GOP has attributed to him, such as “destroy” or “kill.” He used the phrase “reduction of labor.” It doesn’t quite roll off the tongue like “destroy” — and it does not mean the same thing.

The CBO first discussed this issue, briefly, in a budget analysis last August. Boiled down to plain English, the CBO is essentially saying that some people who are now in the work force because they need health insurance would decide to stop working because the health care law guaranteed they would have access to health care.

Think of someone who is 63, a couple of years before retirement, who is still in a job only because they are waiting to get on Medicare when they turn 65. Or a single mother with children who is only working to make sure her kids have health insurance.

Then Kessler applied the Post’s “[Pinnocchio Test](#),” which assigns one, two or three “Pinnochios” to political rhetoric depending on how much it distorts the truth.

The GOP message on Elmendorf’s testimony earned three Pinnochios from Kessler.

### **Double Whammy**

Granted, fewer people working is not the same as fewer jobs available. But if no one fills those jobs the effect is the same: 800,000 fewer Americans paying taxes. And in this case, those taxpayers will quit work and file for taxpayer-subsidized health insurance via ObamaCare.

Thus, ObamaCare contains a double-whammy: It not only removes workers from the tax rolls but also adds them to the government dole.

So Kessler [might be right](#) that GOP hacks distorted Elmendorf’s claims. But the *Post* columnist underplayed the significance of Elmendorf’s remarks. National Review’s [Yuval Levin explained](#) that ObamaCare will encourage Americans to quit work:

CBO notes that the law will reduce the supply of labor as well as the demand, and they expect the greatest effect to be on supply at the margins of Medicaid eligibility, where the expansion of Medicaid will significantly reduce incentives to work. The 800,000 figure combines both effects.

*Photo: CBO Director Douglas Elmendorf in testimony before the House Budget Committee.*



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