



Written by [Raven Clabough](#) on February 10, 2014

CBO: ObamaCare Provides a Disincentive for People to Work

Congressional Budget Office Director Douglas Elmendorf testified before the House Budget Committee on February 5 stating that ObamaCare provides a “disincentive for people to work.” Elmendorf’s statement follows a controversial [report](#) released by the Congressional Budget Office that provides details on how millions of workers would cut their hours and opt out of the job market in order to retain the benefits provided by the healthcare law.



The Congressional Budget Office is a non-partisan governmental entity that serves to forecast the impact of governmental policies on future government revenues. Its findings on the economic impact of ObamaCare are disheartening.

Fox News reported, “The CBO report on Tuesday effectively found that more people would opt to keep their income low to stay eligible for federal health care subsidies or Medicaid. The workforce changes would mean nationwide losses equal to 2.3 million full-time jobs by 2021, the report said.”

The report also assigns some blame to the reduction in labor force participation to the structure of the tax code, which pushes Americans into higher tax brackets as they earn more money, further highlighting the need for significant revisions to the federal tax code.

In his testimony before the House Budget Committee, Elmendorf underscored the findings of the report in relation to the healthcare law: “By providing heavily subsidized health insurance to people with very low income and then withdrawing those subsidies as income rises, the act creates a disincentive for people to work — relative to what could have been the case in the absence of that act.”

When asked about the impact that the reduction in laborers would have on the economy, Elmendorf responded, “It is the central factor in slowing economic growth. After we get out of this current downturn, but later in this decade and beyond, the principal reason why we think the economic growth will be less than it was for most of my lifetime will be a slower rate of growth by the labor force.”

In response to Elmendorf’s statement, House Budget Committee Chairman Paul Ryan said, “It’s adding insult to injury. As the welfare state expands, the incentive to work declines — meaning grow the government, you shrink the economy.”

In other words, there will be fewer Americans joining the middle class. As a result, the Americans that remain in the middle class will be strapped with the task of paying for the healthcare of those who have dropped out of the workforce. Or, future generations of Americans will be tasked with the job of having to repay what is being borrowed to subsidize those who are currently benefiting under ObamaCare.

Elmendorf ultimately confirmed this by adding that Americans receiving subsidies provided under the healthcare law are “better off,” an assertion that Ryan rebutted. “I guess I understand the ‘better off’ in



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the context of health care,” retorted Ryan. “But better off in inducing the person not to work who’s on the low-income scale, not to get on the ladder of life, to begin working, getting the dignity of work, getting more opportunities, [raising] their income, joining the middle class, this means fewer people will do that. That’s why I am troubled by this.”

Elmendorf’s remarks come as a blow to the Obama administration, which has been adamantly campaigning for increased enrollment under ObamaCare to help sustain the law.

The White House has accused Republicans of mischaracterizing the healthcare law and the findings of the CBO report.

Rep. Chris Van Hollen (D-Md.), a top Democrat on the House Budget Committee, asserted that the findings in the report are being misinterpreted, and highlighted the more positive aspects of the report, including that healthcare premiums would eventually go down.

Still, Elmendorf’s testimony ultimately confirms what Republicans have been saying about the law.

It’s the latest indication that “the president’s health care law is destroying full-time jobs,” said Republican Rep. John Kline of Minnesota, chairman of the House Education and the Workforce Committee. “This fatally flawed health care scheme is wreaking havoc on working families nationwide,” he added.

The White House attempted to spin the report’s finding, however, by arguing that the law allows people the freedom to make choices about whether they wish to retire early or become stay-at-home parents because they will not have to rely on their employers for health insurance.

White House Press Secretary Jay Carney said that the law allows people to “be [empowered](#) to make choices about their own lives and livelihoods.”

House Minority Leader Nancy Pelosi attempted a similar spin.

“The CBO projected that by 2021, the Affordable Care Act will enable more than 2 million workers to escape ‘job-lock’ — the situation where workers remain tied to employers for access to healthcare,” she said. “The GOP seems to have forgotten that ending ‘job-lock’ has been an avowed Republican goal for years — even a highlight in the Republican Sen. John McCain’s 2008 presidential race.”

Real Clear Politics addressed the fundamental flaws of Pelosi’s logic:

This is counterfactual, and on several levels. For starters, job-lock wasn’t a “highlight” of McCain’s 2008 campaign; it was a throwaway line. Even then, McCain — like other Republicans — never dreamed of having the government taking over health care. He floated the idea of insurance portability: allowing workers to take health insurance from one job to another.

The CBO report also stated that the healthcare law will have a short term positive impact on the economy by increasing demand for goods because it provides low income families greater purchasing power. However, the long-term federal deficit will increase by approximately \$100 billion a year through the end of the decade.

The CBO report noted that the reduction in labor force has been particularly extreme for young people under 25, and females — ironically, two key demographics targeted during Obama’s presidential campaigns:

Underlying trends in the participation rate within groups of people of a given age or by sex have contributed slightly to the decline in the overall participation since 2007. For example, those trends



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suggest declining participation for people under 25 and roughly stable labor force participation rate for women in their prime working years (ages 25 to 54), which had risen rapidly from the 1960s to the 1980s.

Carl Cannon of Real Clear Politics concluded that the findings in the report and the Obama administration's response to the report ultimately proves, "Although Democrats profess to love jobs, they couldn't stand employers.... They don't even favor work."

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