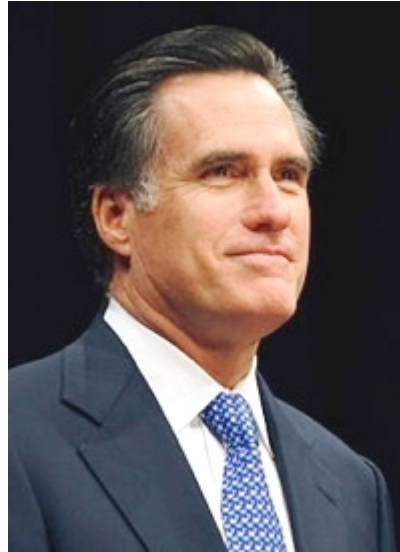




Written by [Thomas R. Eddlem](#) on September 19, 2011

## Study: RomneyCare Killed 18,000 Massachusetts Jobs

Former Massachusetts Governor Mitt Romney's highly touted RomneyCare has cost Massachusetts some 18,000 jobs, reduced investment in the state by tens of millions, raised health care costs, and lowered per capita disposable income, according to a computer model study by the Suffolk University-based Beacon Hill Institute. RomneyCare became the model for Obama's national health care reform legislation Congress passed in 2010, including an individual mandate, tax penalties for companies that don't offer care, a health insurance exchange, and several other similar key components.



The health care law "does not exist in a vacuum," Beacon Hill Institute executive director David Tuerck [wrote](#) in a September 15 press release unveiling the computer modeling study. "The 'shared sacrifice' needed to provide universal health care includes a net loss of jobs, which is attributable to the higher costs that the measure imposed."

The study [concluded](#) that the Massachusetts health care reform (HCR) signed by Mitt Romney in 2006 has:

- driven total health insurance costs up by [between] \$3 billion and \$6.1 billion;
- caused Massachusetts to employ between 15,551 and 21,422 fewer people;
- slowed the growth of disposable income per capita by \$376; and
- reduced investment in Massachusetts by between \$21.28 million and \$29.33 million.

Mitt Romney's presidential campaign continues to defend the Massachusetts model, questioning the study's statistics. "This study is deeply flawed. It is based on the assumption that Massachusetts' health-care reform caused the rate of health-care cost increases to accelerate. In fact, health-care cost increases have slowed since the passage of reform. This error, therefore, invalidates the study," Romney spokesman Ryan Williams [told](#) the *Boston Herald* September 16. However, though Massachusetts' health care costs — already the highest in the nation in 2006 — have grown at a slower rate than before RomneyCare was adopted, they have nevertheless remained the highest in the nation. Beacon Hill Institute officials criticized the Romney campaign's analysis and defended their own model as a far more comprehensive analysis of cost trends in health care. "Our report is accurate," the Institute's research director Paul Bachman [replied](#).

Indeed, the Beacon Hill Institute study admittedly underestimated the job loss. It did not account for all the job loss of RomneyCare, because much of the cost in jobs is being felt by other states which have had to subsidize the Massachusetts program with federal tax dollars. "Some of these cost increases do not directly affect the Massachusetts economy, for example most of the federal Medicaid and Medicare dollars spent in the state derive from the rest of the country. Therefore, we consider only the cost to the



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state government and private firms and employees and exclude increase costs of Medicare and the federal portion of Medicaid.” In short, federal subsidies for Medicare and Medicaid have kept RomneyCare afloat in Massachusetts, and prevented even worse job losses.

The Beacon Hill Institute [concluded](#) of the cost increases RomneyCare imposed on businesses,

Some firms react first by cutting back on production and then by cutting payrolls. Others relocate to lower cost (out-of-state) production sites. And yet others, no longer able to compete, simply shut their doors. The higher cost of employing people comes at the expense of profit margins and decreasing overall the competitiveness of Massachusetts businesses. We estimate that the amount investment in Massachusetts that did not take place as a result of HCR was between \$21.28 million and \$29.32 million in 2010.

The job-killing impact of RomneyCare on Massachusetts leaves questions about what impact ObamaCare will have on jobs in the nation. The Beacon Hill Institute study [stressed](#) that “the effects of state level and national level HCR policies might differ.” But considering that Massachusetts lost 18,000 jobs and the state represents less than two percent of the U.S. population, extrapolation of RomneyCare to the nation as a whole means the loss of one million jobs or more. The Beacon Hill Institute explains the economic impact:

When states or the national government adopt policies that raise costs, local employers are put at a disadvantage and many opt to relocate to other jurisdictions. For firms with a global focus that might mean moving operations out of the country.

The *Boston Herald's* Holly Robichaud [concluded](#) on September 19,

Mitt will be held accountable for our state having the highest insurance premiums in the country along with it being an unsustainable budget buster. Right now, we are surviving on an influx of federal dollars to make it work.



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