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for
Public Policy Research*

News Release

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BHI Study: Massachusetts Health Care Reform stunts job growth and investment

(BOSTON, MA) The landmark Massachusetts Health Care Reform (HCR) Law cost the Commonwealth of Massachusetts at least 18,000 jobs since its passage and put a damper on investment and disposable income. These are the findings of a model generated by the Beacon Hill Institute at Suffolk University.

Several recent studies have quantified the effect of Massachusetts Health Care Reform (HCR), but only in a limited way. In this study, The Beacon Hill Institute at Suffolk University deployed its State Tax Analysis Modeling Program (STAMP) to estimate the effects on the Massachusetts economy. The model applies sound economic theory to the determination of the effects of tax changes on employment, investment and incomes. Because it has driven up health care costs, the health care mandates exert effects to similar higher taxes and thus distort the decisions of consumers to spend and firms to invest. As such, the health care law ripples through the economy signaling price changes which must be paid.

Specifically, the Institute found that HCR:

- has driven total health insurance costs up by \$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.

“The health care law does not exist in a vacuum,” says BHI Executive Director David G. Tuerck. “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 is the second in a series examining the economic consequences of the Massachusetts universal health care law. A study released in July documented that the law is responsible for driving private health insurance costs in Massachusetts by \$4.311 billion. The study also noted that Massachusetts was able to enact the law because of generous reimbursement by the federal government.

The study is available at www.beaconhill.org.