

# ACA on the Republican Chopping Block: California Jobs Are Collateral Damage



California may have an economy the size of France's, but that doesn't inoculate it

against the potential ill effects from the Republican-promised repeal of the Affordable Care Act (ACA).

The bottom-line loss of \$20 billion (or more) in federal funding each year needs no further explanation. But the dominoes that stand ready to fall behind that huge financial blow might.

The \$20 billion figure amounts to 10% of the governor's proposed budget for 2017 and around 1% of California's GDP (gross domestic product).

And this means that the impact of an ACA repeal would be more far-reaching than immediately apparent.

In a word, jobs.

## Loss of jobs and tax revenue accompany loss of ACA

A [recent report issued](#) by the UC Berkeley Center for Labor Research and Education estimates that if the ACA goes away, it will take with it around 200,000 California jobs and \$1.5 billion in tax revenue.

"Both the [presidential] campaigns were talking about jobs and both were talking about the ACA," says Laurel Lucia, MPP '05, of Berkeley's Labor Center, and co-author of the report with Labor Center chair, Ken Jacobs. "But I don't think many people realized there was such a strong connection between the two issues."

The current breakdown:

Covered California, the state's individual health insurance exchange, receives around \$5 billion in federal subsidies. This goes toward insuring approximately 1.2 million residents.

The remaining \$15 billion of the total \$20 billion is spent on insuring Medi-Cal enrollees (Medi-Cal is the name for



California's Medicaid program), specifically, individuals new to the program under the ACA's heavily-subsidized Medicaid expansion.

The extra enrollees mean expanded healthcare need, which, as well as more jobs, ultimately results in a stimulated economy overall. To have that rug pulled can spell out dramatic consequences.

And Lucia notes that some areas of the state will feel the burn more than others. For instance, Fresno County. Another report issued by the Labor Center shows that over 10% of that county's residents are currently insured because of the ACA's Medi-Cal expansion and an additional 2% beyond that receive financial assistance through Covered California. Therefore, an ACA repeal would cost the county 6,000 jobs according to the Center's estimates.

## **CA Senator asks: "How do we have a conversation?"**

Although there has been talk of a Republican replacement for the ACA, nothing coming close to a specific plan has been advanced.

"I don't think they know what they're going to replace it with," said Senator Ed Hernandez of California District 22 and chair of the Senate Committee on Health. "Until we know, how do we have a conversation?"

And even if a solid blueprint for ACA-replacement were making the rounds, it's unlikely that Hernandez would see it as glass-half-full since it would not include the federal funding that has contributed to such a robust financial climate for the state's healthcare sector.

"If we were to lose all or most of that, we would not have the general fund money available to backfill," Hernandez said. "Essentially you would have individuals who had never had insurance—who now have it—who would then be back without any insurance. That's the long and short of it."

## **Might CA revisit the single-payer concept for the third time?**

Recently Bakersfield was home to a public hearing held by Senator Hernandez and other Democratic lawmakers to tout the ACA's importance. Bernice Bonias, a representative of the local chapter of the California Alliance for Retired Americans, shared her concerns with the gathering. "If D.C. legislators accomplish their goal of doing away with the Affordable Care Act, what do we have as a backup?" she asked the assembly.

In 2006, California Senator at the time Sheila Kuehl spearheaded an attempt to create a single-payer, government-run system for the state. Although the bill made it through the Assembly and Senate, Governor Schwarzenegger vetoed it. The only thing like it since, a 2011 initiative spurred by Senator Mark Leno, met its demise on the floor of the Senate.

Bonias brought up that single-payer idea and asked the lawmakers gathered at the hearing: "Is that in anybody's bill presently?"

She didn't get an affirmative answer from the Democrats at the event.

"Right now I'm more interested in making sure that we have what we have right now," Hernandez said. "But more importantly that we protect it."

310.203.2800.