Weekly Checkup

AI Rising: Will AI Create an Employment Problem?

MICHAEL BAKER | MAY 30, 2025

This week, Anthropic CEO Dario Amodei made splashy news by predicting a cataclysmic reduction of jobs in the near future due to advancements in artificial intelligence (AI). Though AI would predominantly impact white-collar jobs, he predicts, there isn't an industry Amodei expects to be spared. As he mused in his interview with Axios, "Cancer is cured, the economy grows at 10% a year, the budget is balanced — and 20% of people don't have jobs."

This presents a fascinating conundrum for everyone, from tech CEOs to lawmakers to individuals, and it leads to an important question: **How can we best use AI to augment productivity while mitigating the social and economic fallout that might be produced?** This question is particularly important in the field of health care.

Health care use cases for AI are rapidly growing. Already, AI-powered services are assisting professionals in providing health care. Administratively, AI has already been inserted into many workflows that cover medical documentation and claims processing. This includes helping clinicians with paperwork and insurance companies with analyzing and processing prior authorization requests. **AI has also become more present in diagnostic and patient engagement workflows, with some agents (the name of the form of AI that can do human work) performing initial patient screenings, conducting remote patient monitoring, and offering tailored treatment plans.** Health care providers are using large language models to varying degrees to enhance their work in patient care, leading them to being used as a clinical decision support tool, which could make it a regulated medical device (even though this area of Food and Drug Administration (FDA) regulation is murky).

Podcaster and former White House Chief Strategist Steve Bannon has warned about the potential for AI to create significant job displacement: "I don't think anyone is taking into consideration how administrative, managerial and tech jobs for people under 30 – entry-level jobs that are so important in your 20s – are going to be eviscerated." He argues AI-related job loss will be a presidential campaign issue. While hard to predict, the Trade Adjustment Assistance program – which Congress has not reauthorized since its lapse of authority in 2022 – may once again play a starring role in political and policy conversations as the United States undergoes another technological revolution.

Not all AI leaders predict doom and gloom, even if it impacts the job market. And **the Department of Health and Human Services and the FDA are working to incorporate AI policy leadership in important subject areas such as drug evaluation and research, and medical devices.** Many companies are already leveraging AI to speed up the process of drug discovery. The Centers for Medicare and Medicaid Services has begun to promulgate rules incorporating references to AI. There is also an increasing number of application programming interfaces that promote patient data interoperability.

The American Action Forum has done previous work surveying the AI regulatory landscape and compiling resources to better understand the fluid policymaking environment. While caution is important, there is more in AI's future impact on health care to cheer than to lament. **It will be fascinating to see where policymakers and industry go from here, and if they arrest AI's momentum to existing employment structures (if that's even possible) while incorporating advancements to improve the health care industry in the hopes of providing broad benefits to patients.**

CHART REVIEW: HEALTH ACCOUNT PROVISIONS IN RECONCILIATION BILL REDUCE FEDERAL TAX REVENUE

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On May 22, the House of Representatives passed the "One Big Beautiful Bill Act" (OBBA), which proposes noteworthy reforms to Individual Coverage Health Reimbursement Arrangements (ICHRAs) and Health Savings Accounts (HSAs). These changes would codify almost all previously issued guidance, promote greater flexibility in health care coverage, and offer new tax incentives to encourage participation for both individuals and employers.

ICHRAs (also known as CHOICE Arrangements) allow employers to reimburse their employees' qualified medical expenses and individual health insurance costs on a pre-tax basis. An alternative to traditional group health plans, ICHRAs are generally more cost-effective for employers – as they can control allowances based on their specific employees' needs – and may offer greater health care coverage customization for all participants. HSAs, unlike ICHRAs, are funded by both employees and employers and permit eligible individuals to withdraw tax-free dollars to fund qualified medical expenses, which do not include insurance premiums but encompass expenses such as copays and prescriptions. Both ICHRAs and HSAs provide significant tax advantages and help participants manage health care costs, leading policymakers to consider expanding their role in the U.S. health care system.

The provisions in OBBA promote the expansion of ICHRAs and HSAs by offering new tax credits, widening eligibility criteria, increasing contribution limits, and allowing for more qualified uses of funds. The Joint Committee on Taxation (JCT) recently issued a report estimating the revenue effects of these provisions beginning in fiscal year 2025 and ending in fiscal year 2034. The chart below uses the JCT estimates to demonstrate the cumulative fiscal impact of the ICHRA and HSA provisions included in the OBBA. Notably, JCT's estimates attempt to account for the interaction of each provision, including consequential reforms to Medicaid and the health insurance marketplace (affecting premium subsidies, cost-sharing reductions, and risk pools), which may exacerbate the potential fiscal impact of OBBA. These changes to ICHRAs and HSAs could lead to foregone tax revenue of roughly $493 million and $41.3 billion, respectively, over the next decade. Understanding these potential implications should inform the debate as the merits of OBBA provisions are discussed in the reconciliation process.