



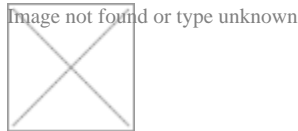
Insight

ACA's 5th Birthday Brings \$43 Billion in Regulatory Costs

SAM BATKINS | MARCH 23, 2015

As the Affordable Care Act (ACA) turns five, it enters kindergarten with a regulatory tab of \$43 billion in total costs and more than 163 million paperwork burden hours, according to research from the American Action Forum (AAF). You can view these rules at [AAF's "Regulation Rodeo" here](#). As much as the benefits of the law have been touted, the regulatory costs actually exceed benefits by 2.2 to 1. According to the administration's own data, it has finalized more than 80 "economically significant" ACA regulations, those with an economic impact on the economy of at least \$100 million or more.

The following chart displays the yearly distribution of significant ACA regulations.



However, this chart excludes the individual mandate and the employer mandate; [both were considered](#) "non-major." The administration gave the public no indication on how much these onerous provisions would cost individuals and businesses.

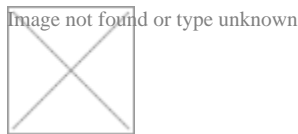
There is a rudimentary paperwork analysis of the individual mandate. The administration conceded that it would take Americans [7.5 million hours](#) annually to comply with the individual mandate. However, there was no effort to monetize this figure. Depending on the estimate, total costs from this lone provision could range from \$240 million to \$454 million.

For the employer mandate, the administration didn't even bother to conduct a paperwork analysis or comply with the Regulatory Flexibility Act, which commands agencies to study the impact on small businesses. The Small Business Administration took the [administration to task](#): "Because the IRS did not conduct an RFA analysis, the [proposed rule] does not provide small businesses with sufficient data to assess the amount of paperwork burden that may be generated by the proposed rule." In the [59-page](#) final rule, IRS presents no discussion on the costs, benefits, or paperwork burdens of the employer mandate, which is an absurd notion given the rulemaking delays and obvious burdens.

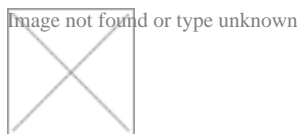
Paperwork

Not surprisingly, reworking the American health care system takes a lot of time and effort. According to AAF research, based on data published in the Federal Register, the ACA has imposed more than 163 million hours of paperwork on Americans. For perspective, this is 18,607 years worth of federal bureaucracy that individuals and businesses must now complete every year.

The proof is in the pudding. Examine the Department of Health and Human Services' (HHS) paperwork growth since 2008.



HHS went from 412 million hours in 2008, to more than 672 million hours today, a 63 percent increase. Although this growth isn't entirely a result of the ACA, as IRS has substantial responsibilities as well, it does represent a sharply higher paperwork burden on all Americans.



Employment Impact

Last year, [AAF examined](#) the intersection of rising health care premiums, ACA regulations, and small business employment. We found that ACA rules reduced small business pay by at least \$22.6 billion annually and cut employment by 350,000 jobs nationwide. On average, employees in medium-sized businesses (50-99) could lose \$935 annually because of new regulations and employees in small businesses (20-49) could lose \$827 annually. The job losses were perhaps the most striking finding; California, Florida, New York, Ohio, and Texas could all lose more than 20,000 jobs because of ACA regulations.

Far from discrediting this work, the Congressional Budget Office (CBO) found similar detrimental effects due to the ACA. Last year, [CBO issued a report](#) examining the labor implications of the law. They found the law could reduce the “number of full-time-equivalent workers from about 2.0 million in 2017, rising to about 2.5 million in 2024.” CBO later issued a clarifying memo, attempting to parse some of the statements, but it was still clear: the ACA isn't a positive for employment in the U.S. “To be clear, total employment and hours will increase over the coming decade, but by less than they would have in absence of the ACA.”

State Impact

AAF examined the ten largest Affordable Care Act regulations, which will impose more than \$37.6 billion in total costs or the vast majority of overall burdens. From these ten regulations, AAF examined the affected industry. Using [Census data](#) on the geographic distribution of industries nationwide, AAF is able to approximate how each state will be affected by these new rules.

Conclusion

After five years, \$43 billion, and more than 163 million paperwork burden hours, the debate over health care is hardly slowing down. It's clear the law has placed substantial downward pressure on employment and wages. The public is looking to policymakers to remedy these burdens and develop a health care system that checks health care costs on a sustainable budget pathway.