

The Affordable Care Act: A Family-Friendly Policy

By Helene Jorgensen and Dean Baker*

Most of the discussion of the Affordable Care Act (ACA) has focused on the extent to which it has extended health insurance coverage to the formerly uninsured. This is certainly an important aspect of the law. However by allowing people to buy insurance through the exchanges and extending Medicaid coverage to millions of people, the ACA also largely ends workers' dependence on their employer for insurance. This gives tens of millions of people the option to change their job, to work part-time, or take time off to be with young children or family members in need of care, or to retire early.

While we are still in the first year of the operation of the exchanges and the Medicaid expansion, we do have six months of data that can be examined to assess the ACA's impact on the labor market. This paper examines the evidence that the ACA has enabled people to work part-time who might previously have felt the need to work full-time in order to qualify for employer-provided health insurance (EPI).

There has been a notable uptick in voluntary part-time employment in the first seven months that the exchanges have been in operation. **Table 1** shows the average number of workers who reported they were voluntarily working part-time (less than 35 hours a week) in the first seven months of 2014 compared to the prior five years. The table shows that the monthly average was 372,000 higher in the first seven months of 2014 than in the same months of 2013. While this may in part reflect cyclical dynamics (there was a larger increase in 2012), there is not a simple relationship between a strengthening labor market and increased part-time employment. Voluntary part-time employment rose by just 43,000 in 2013 and actually fell as a share of total employment.



Center for Economic and Policy Research
1611 Connecticut Ave. NW
Suite 400
Washington, DC 20009

tel: 202-293-5380
fax: 202-588-1356
www.cepr.net

* Helene Jorgensen is a Senior Research Associate at the Center for Economic and Policy Research, in Washington D.C. Dean Baker is a Co-director and Economist at CEPR.

TABLE 1

Voluntary Part-Time Employment (Average Jan-July)			
		Change from Prior Year	Percent of Employment
2009	18878	-591	13.41%
2010	18162	-716	13.07%
2011	18271	109	13.10%
2012	18853	582	13.27%
2013	18896	43	13.15%
2014	19268	372	13.23%

It is important to note voluntary part-time workers are people who report that they have chosen to work part-time. The number of people who report that they are working part-time but would like full-time employment has been dropping throughout the recovery. This is shown in **Table 2**.

TABLE 2

Involuntary Part-Time Employment (Average Jan-July)			
		Change from Prior Year	Percent of Employment
2009	8846	3614	6.28%
2010	8827	-19	6.35%
2011	8508	-319	6.10%
2012	8073	-435	5.68%
2013	7980	-93	5.55%
2014	7378	-602	5.07%

There had been concerns that employers would deliberately keep many workers at less than 30 hours a week in order to avoid the employer sanctions in the ACA. These sanctions would penalize firms that employ more than 50 workers for each worker for whom they did not provide insurance. While this sanction has been delayed, employers would have expected that it would have been applicable in the first half of 2013 since the Obama administration did not announce the delay until July 2nd of that year. As can be seen, there is no evidence that these sanctions led to any increase in the number of people involuntarily working part-time.

Who Chose to Work Part-Time in 2014?

If the extension of coverage under the ACA freed people from having to work full-time in order to get access to health care insurance then we would expect to see the greatest increase in voluntary part-time employment among workers who might prefer to work less than full-time. The groups that would most likely fit into this category are workers who have young children or other care-giving responsibilities and older workers who have conditions that make full-time work difficult.

This latter group likely would have faced high insurance premiums in the individual market before the passage of the ACA. The ACA allows them to buy insurance at a premium that is not affected by their health conditions. Also, it would provide a subsidy for low- and moderate-income households.

TABLE 3
Change in Voluntary Part-time Employment 2013-2014

	Monthly average Jan-June		% change 2013-14	Rate of voluntary PT of total employment	
	2013	2014		2013	2014
All	19,110,922	19,507,733	2.08%	13.79	13.86
Men	6,264,818	6,252,847	-0.19%	8.49	8.35
Women	12,846,104	13,254,886	3.18%	19.83	20.11
Ages 16-35	8,948,631	9,394,937	4.99%	17.81	18.25
Ages 36-45	2,490,110	2,511,132	0.84%	8.34	8.32
Ages 46-55	2,570,663	2,438,163	-5.15%	8.16	7.80
Ages 56-65	2,753,301	2,775,484	0.81%	13.11	12.90
Ages 16-35	8,948,631	9,394,937	4.99%	17.81	18.25
Men	3,387,745	3,438,490	1.50%	12.64	12.57
Women	5,560,885	5,956,447	7.11%	23.71	24.70
Ages 16-35	8,948,631	9,394,937	4.99%	17.81	18.25
Without children	7,105,588	7,342,991	3.34%	20.79	20.94
With children	1,843,043	2,051,946	11.33%	11.46	12.50
1-2 children	1,447,999	1,596,032	10.22%	11.17	12.11
3 and up	395,044	547,097	15.41%	12.69	14.11

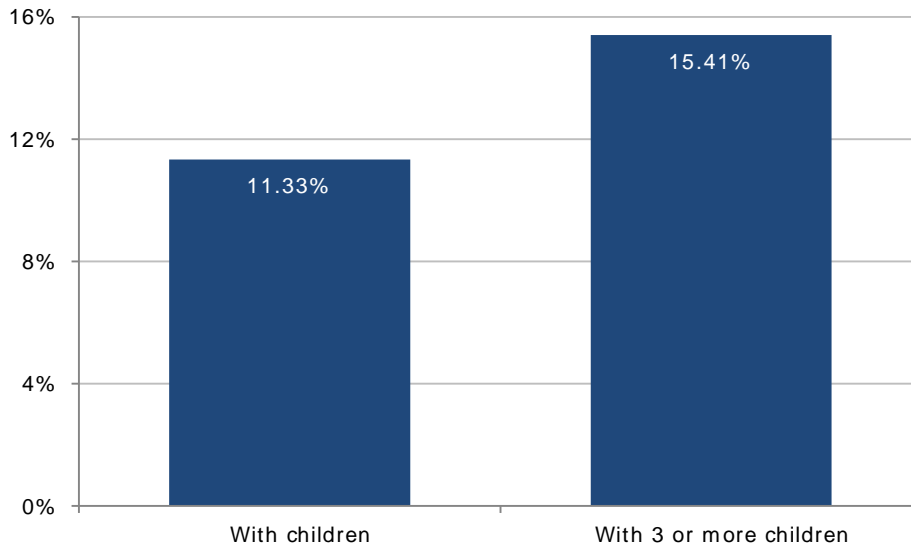
Table 3 gives a breakdown of the distribution of part-time employment by age, gender, and whether or not the household has children. As can be seen, women accounted for the entire rise in voluntary part-time employment, with an increase of 3.2 percent in 2014 compared with 2013. By contrast, voluntary part-time employment for men actually fell slightly.

Furthermore, it is younger workers, ages 16-35, who account for the bulk of the increase. The number of people in this age group voluntarily working part-time rose by 5.0 percent. By comparison it dropped by 5.2 percent for workers between the ages of 45-55. There were small rises of less than 1.0 percent for the other two age groups.

The biggest increase in voluntary part-time is for young people with children. The percentage of employed young people with children working part-time increased 11.3 percent from 2013 to 2014. For young people with three or more children the percentage working part-time increased by 15.4 percent.

FIGURE 1

Percent Increase of Voluntary Part-time Employment from 2013 to 2014 for Age 16-35



Overall the data are consistent with the view that many workers are now able to work at jobs that are more in-line (changed because consistent appears earlier in this sentence) with their family responsibilities as a result of the fact that they don't need to get health insurance through their jobs. This shows up clearly in the sharp rises in voluntary part-time employment among families with children and especially among single heads of households.

It is certainly too early to make any definitive judgments about the effects of the ACA on the labor market, however these data suggest that it is freeing workers of the dependence on their jobs for their health care. (In the context of a labor market that is still well below full employment, if some workers voluntarily opt to work part-time it frees up a full-time job for someone who needs fulltime employment.) If these results hold up in coming years, this will mean that workers are now able to more easily reconcile family obligations with work.

Methodology

Our study of voluntary part-time employment analyzed data from the Current Population Survey, Basic Monthly Data. It compared voluntary part-time employment for the first six months (January to June) of 2014 with that for the same six months the previous year. The study used the Bureau of Labor Statistics definition of part-time employment for employed respondents who usually worked less than 35 hours per week for non-economic reasons.

The Current Population Survey included 357,796 employed respondents in the first 6 months of 2013 and 357,630 in same period of 2014. The sample sizes of voluntary part-time employees were 51,040 and 50,856, respectively in 2013 and 2014 (January to June). The estimates were weighted using the CPS' composite final weights.