

# If Health Law Goes, So Could Your Chances of Retiring Early

By AUSTIN FRAKT

Here's another possible consequence of repealing the Affordable Care Act: It would be harder for many people to retire early.

Americans reaching 65 become eligible for Medicare. Before reaching that age, some can get retiree coverage from their former employers. But not very many companies, especially small ones, offer medical insurance to retirees. If early retirees are poor enough, they could turn to Medicaid. To retire early, everybody else would need to turn to the individual health insurance market. Without the subsidies and protections the A.C.A. put in place, health care coverage would be more difficult to obtain, cost consumers more where available, and provide fewer benefits than it does today.

That means that if the A.C.A. is repealed, retiring early would become less feasible for many Americans.

This consequence is called job lock — the need to maintain a job to get health insurance. One of the arguments in favor of the A.C.A. was that it would reduce or eliminate job lock. With repeal of the law on the agenda of Congress and President Trump, there is renewed concern about how health insurance could affect employment and retirement decisions.

These relationships have been examined extensively by scholars. Though not all studies have found evidence of job lock in the pre-Obamacare era, a majority of high-quality studies have. That's the conclusion of systematic reviews conducted by the Government Accountability Office and several health economists.

Because people approaching retirement age are more prone to illness and high health care costs, employment-based insurance is particularly valuable to older workers — so much so that many studies document that it influences retirement decisions. One study found that workers whose

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employers offered retiree health benefits were 68 percent more likely to retire early than those who lack employer-based retiree coverage.

Another study found a smaller effect, 47 percent. But that study also found that workers in poor health who had retiree health benefits were 88 percent more likely to retire early compared with similar workers lacking retiree health benefits. Both those studies used data that are now several decades old. But a 2014 study that incorporated more recent data — though still pre-A.C.A. — also found that retiree health benefits encourage early retirement. The inference from these studies is that coverage options in the A.C.A. marketplaces would similarly encourage early retirement.

Deferring retirement because of health benefits is just one form

of job lock. Another example: Many studies show that spouses are much more likely to work if their partners do not have employer-based family coverage. Other studies show that workers with cancer are more likely to continue working if that's how they get health insurance.

Two studies led by Cathy Bradley of Virginia Commonwealth University examined working women with breast cancer diagnoses. Both studies found that those who depended on their employment for coverage were more likely to remain working.

If not for job lock, we'd probably see greater job mobility and entrepreneurship. According to one analysis, two million more people would change jobs if it weren't for job lock — presumably finding work that makes them happier or that is better suited for them. One study found that 25-to-55-year-old married men with no other coverage options are 22.5 percent less likely to switch jobs compared with those who have alternatives. Another study, examining 24-to-35-year-old married men, estimated smaller effects, between 10 and 15 percent.

The evidence of sticking with jobs instead of starting a business is mixed, but the preponderance of it suggests this kind of "entrepreneurship lock" exists, affecting up to four million people. Workers without coverage from a spouse — therefore, more reliant on their own employers' coverage — are a few percentage points less likely to become self-employed, according to one study. Similarly, self-employment spikes when workers turn 65 and obtain Medicare coverage.

From the late 1980s to the early 2000s, tax deductibility of policies for self-employed workers was phased in, making those policies more affordable. Two studies provide evidence that this change increased self-employment. One found that it rose 10 percent among women without health coverage from a spouse versus those with such coverage. Another found that the tax change explained as much as half the total increase in self-employment between 1999 and 2004.

All of these studies suggest that job lock would be alleviated by more available and affordable coverage outside work. Whether Obamacare did that is less clear.

Many policy experts expected the A.C.A. to reduce job lock. An analysis by the Urban Institute, conducted before the health insurance reforms were implemented, estimated that the self-employed would increase by about 1.5 million individuals as a result of the law. In 2014, the Congressional Budget Office anticipated that the A.C.A. would reduce the size of the labor force by at least two million people by 2024.

One post-A.C.A. study found that the prohibition of pre-existing condition exclusions for children increased job mobility for their parents. And in the months after the insurance market reforms rolled out, voluntary part-time work increased and the growth in the number of workers over age 55 slowed, both consistent with alleviation of job lock. But more rigorous studies of part-time work did not find an impact from the A.C.A.

According to a review of scientific papers by the economists Jean Abraham and Anne Royalty, for the University of Pennsylvania's Leonard Davis Institute of Health Economics, few other studies have found solid evidence that the A.C.A. reduced job lock or had other effects on the labor market. For instance, studies have not found that allowing children to stay on their parents' insurance until age 26 has influenced the labor market choices of young adults. Nor have they found that the A.C.A. increased early retirement or employment more generally.

One reason studies might not have found an impact on job lock could be because the law is relatively new, and there isn't enough data available to researchers to tease out all its effects. It could also be because the law has been under siege on multiple fronts since passage, rendering its status uncertain. This may have raised doubts in workers' minds about the wisdom of relying on it as a substitute for employer-offered coverage.

But it is clear that with A.C.A. repeal on the table, people contemplating early retirement may need to reconsider.



ANGEL VALENTIN FOR THE NEW YORK TIMES

Getting advice on the federal health act in Miami. It's not clear what will happen next to the law.