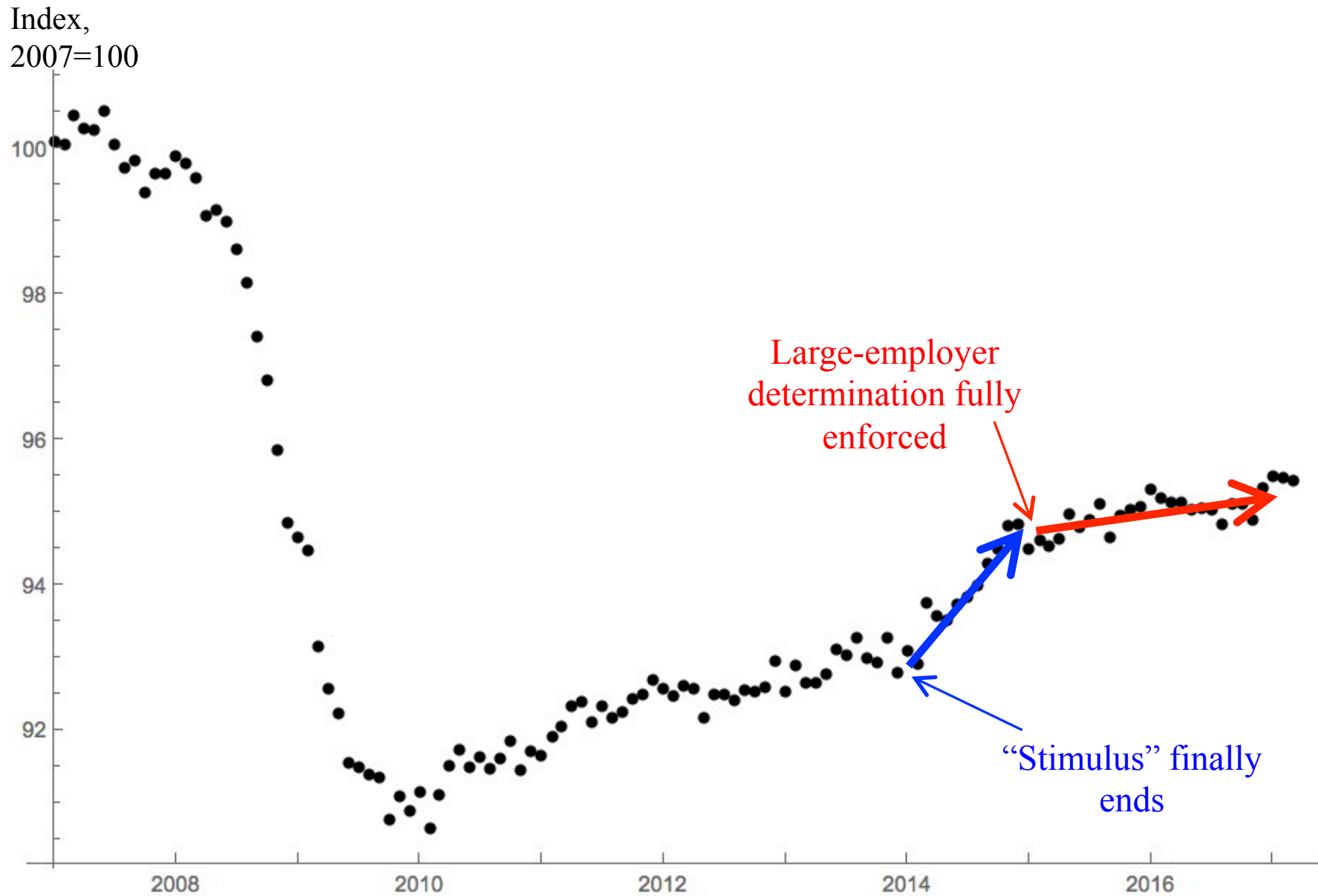


# Index of Aggregate Work Hours per Person



Source: [blogsupplyanddemand.com](http://blogsupplyanddemand.com)

# The Employer Mandate

- Beginning in 2015, employers are designated as small or large based on 50 full-time-equivalent (FTE) employees
  - Each part-time worker is a partial FTE in proportion to his monthly hours worked
  - Large designation creates a mandate for the subsequent year
- Offer compliant and “affordable” coverage or pay a monetary penalty
- Penalty applies only to full-time employees, only during the months that they are on the payroll
- Indexed to health insurance costs
- Unlike salaries, penalties are not deductible from business taxes. Salary equivalent of \$2k penalty is about \$3k.

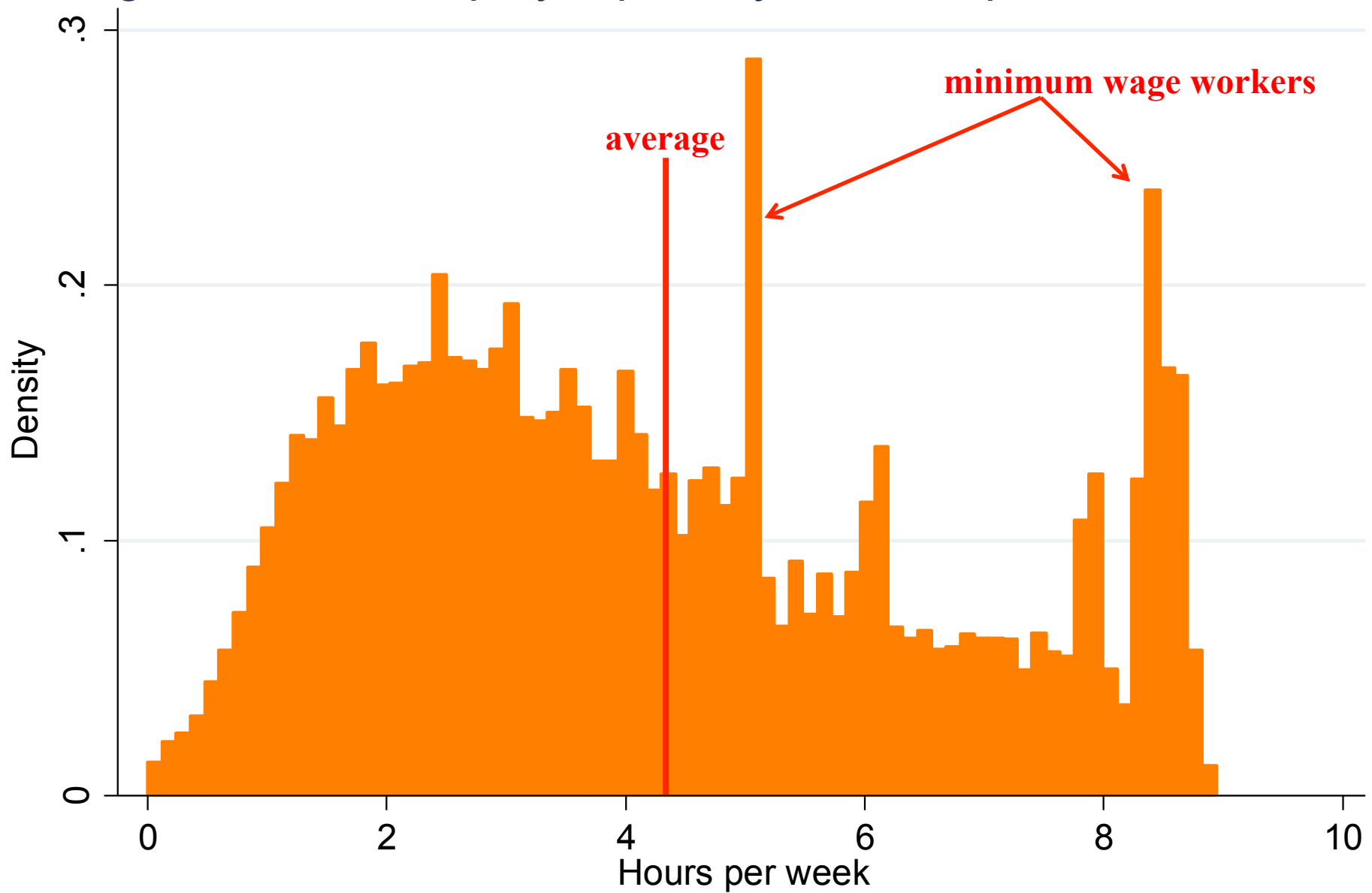
**Table 1. The salary equivalent of the 2017 employer penalty**

Expense items	Scenario:		
	Penalty imposed	Salary raised	
2017 ACA penalty	2,265	0	
Salaries	0	3,449	
Payroll tax	0	264	7.65% rate
Business income taxes	0	-1,448	39% rate
Net result for employer expenses including taxes:	\$2,265	\$2,265	

At the threshold, one more hire costs 20 penalties: **\$68,980 annually**, plus salary and benefits.

Source *Side Effects: The Economic Consequences of the Health Reform.* [acasideeffects.com](http://acasideeffects.com)

Figure 1. The employer penalty's hour-equivalent distribution



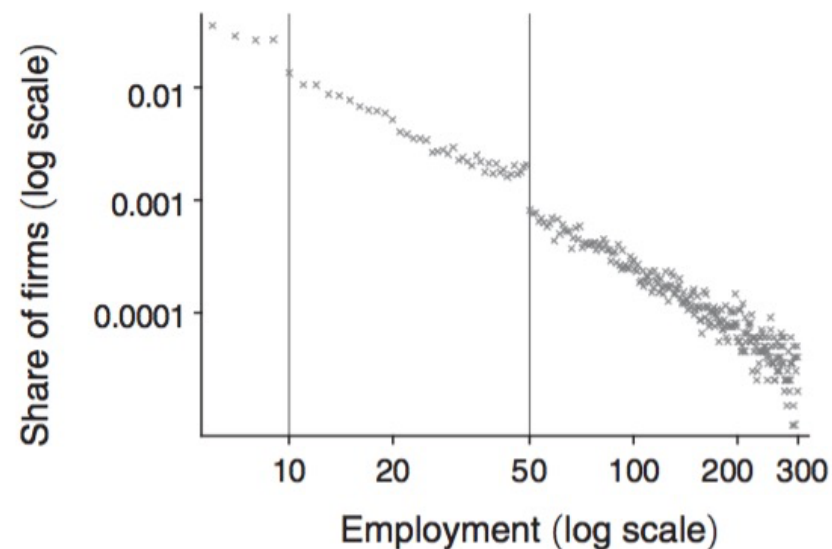
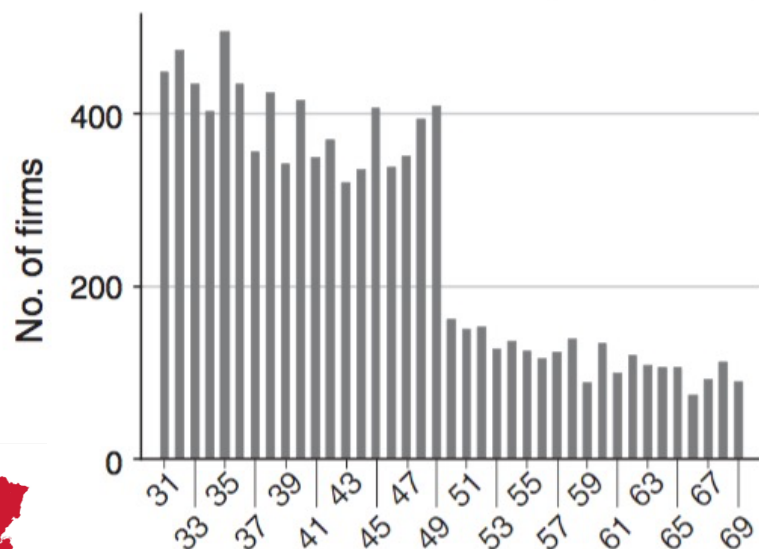
# Measurement challenges

- Evaders do not want to be measured
- How to know when a regulation is binding?
  - Literature solution: look at France! Or tax payments. Or both.
- The enforcement probability function is often unpublished
- Even bright-line thresholds apply to size measures that are not readily available

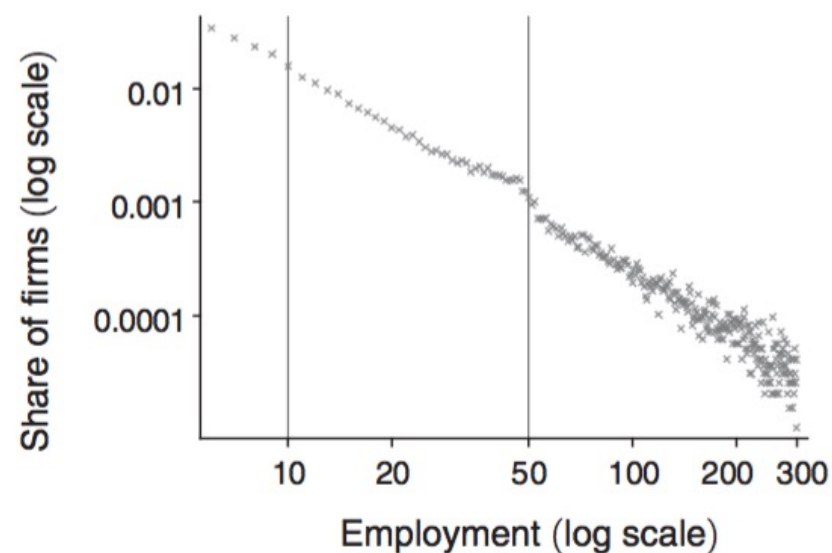
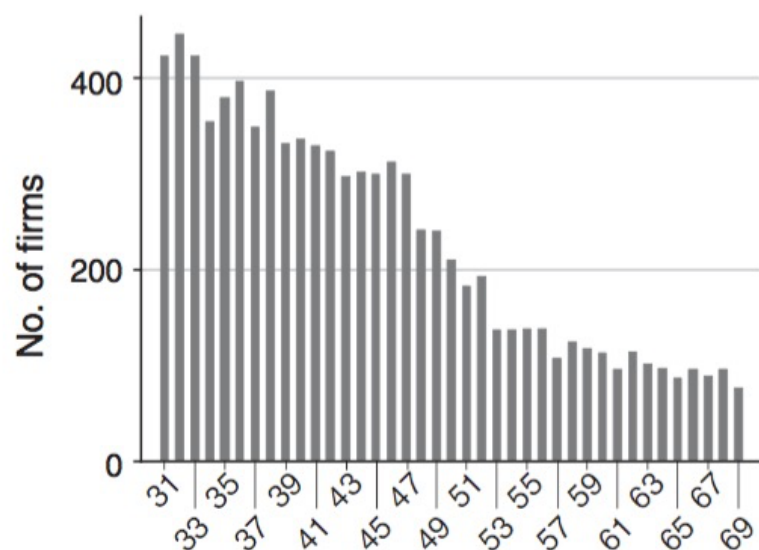
Bar plot

log-log plot

Panel A. FICUS: Arithmetic average of quarterly head-counts



Panel B. DADS: Cross-sectional head-count of all workers on Dec. 31



Source: French data via Garicano et al.

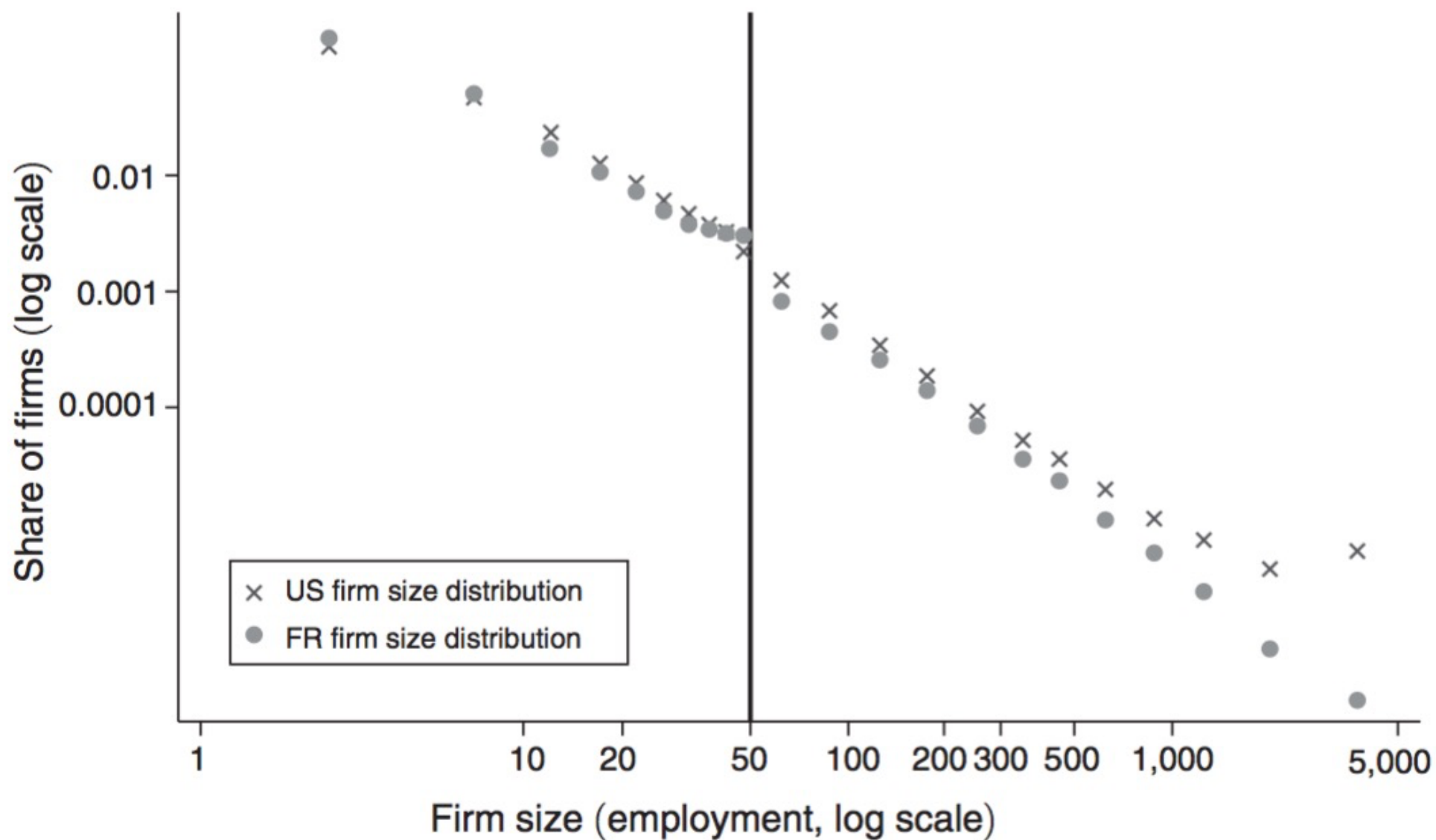
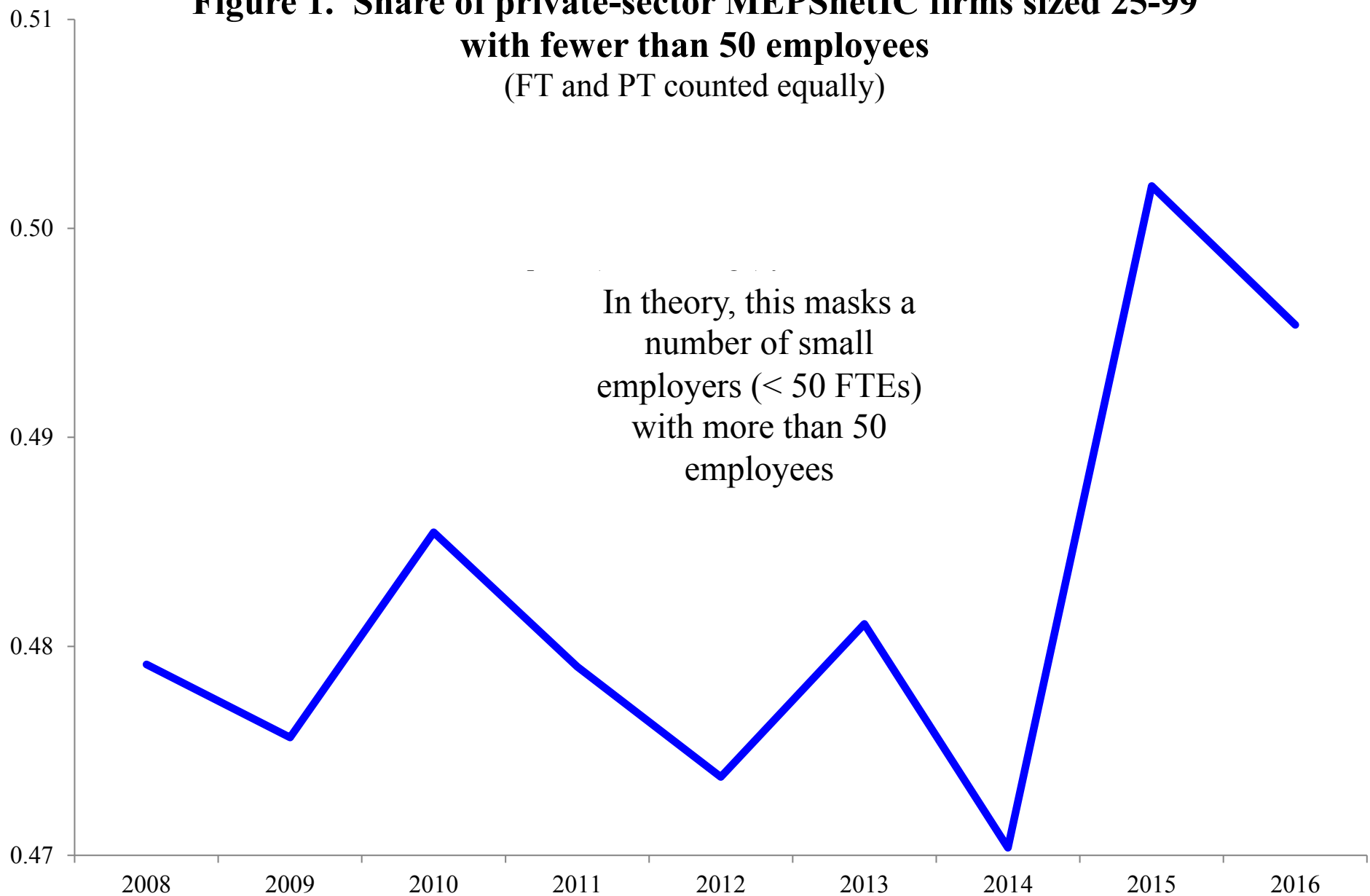


FIGURE 1. FIRM SIZE DISTRIBUTION IN THE UNITED STATES AND FRANCE

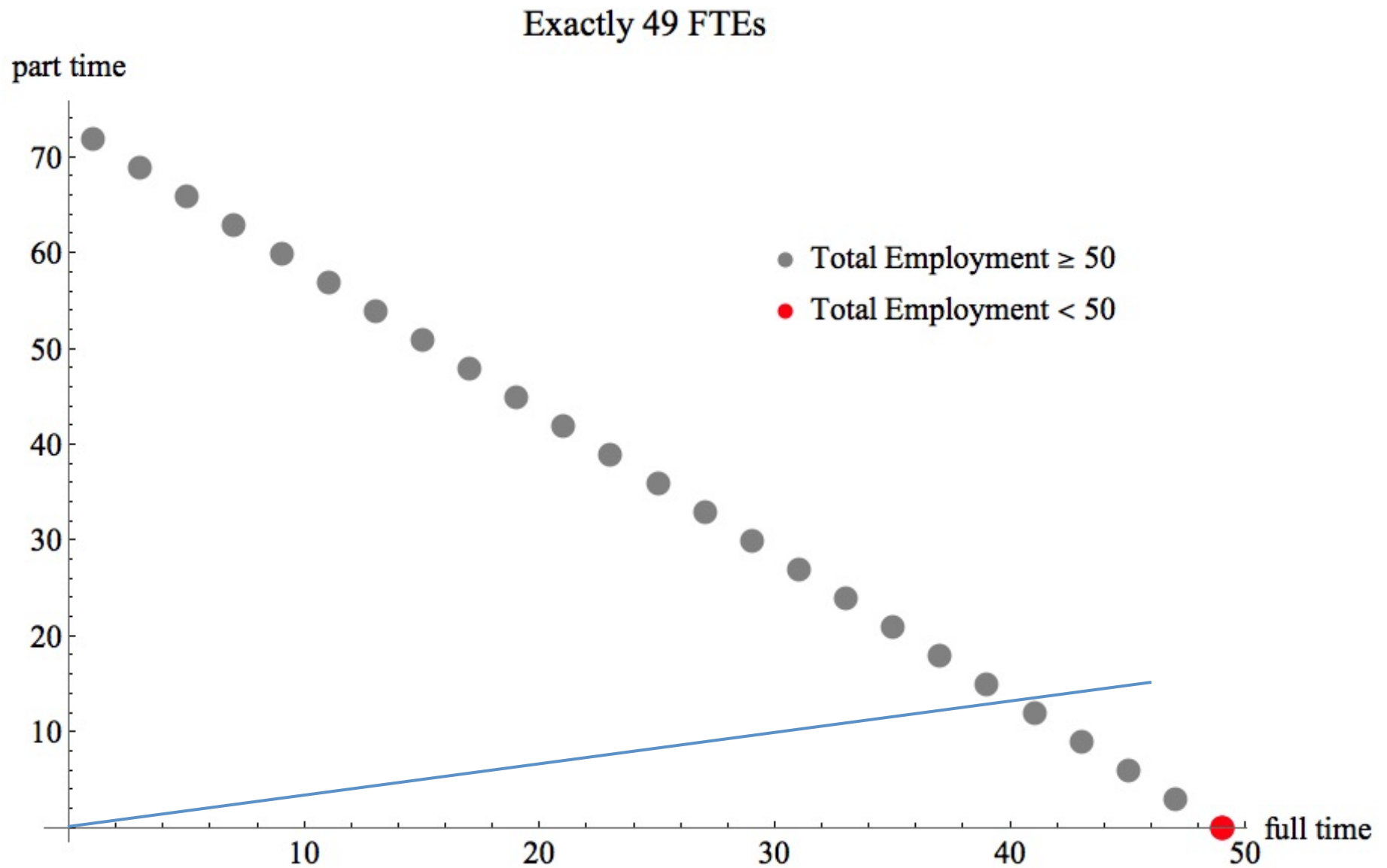
Source: Garicano et al. Year is 2003.

**Figure 1. Share of private-sector MEPSnetIC firms sized 25-99  
with fewer than 50 employees**  
(FT and PT counted equally)





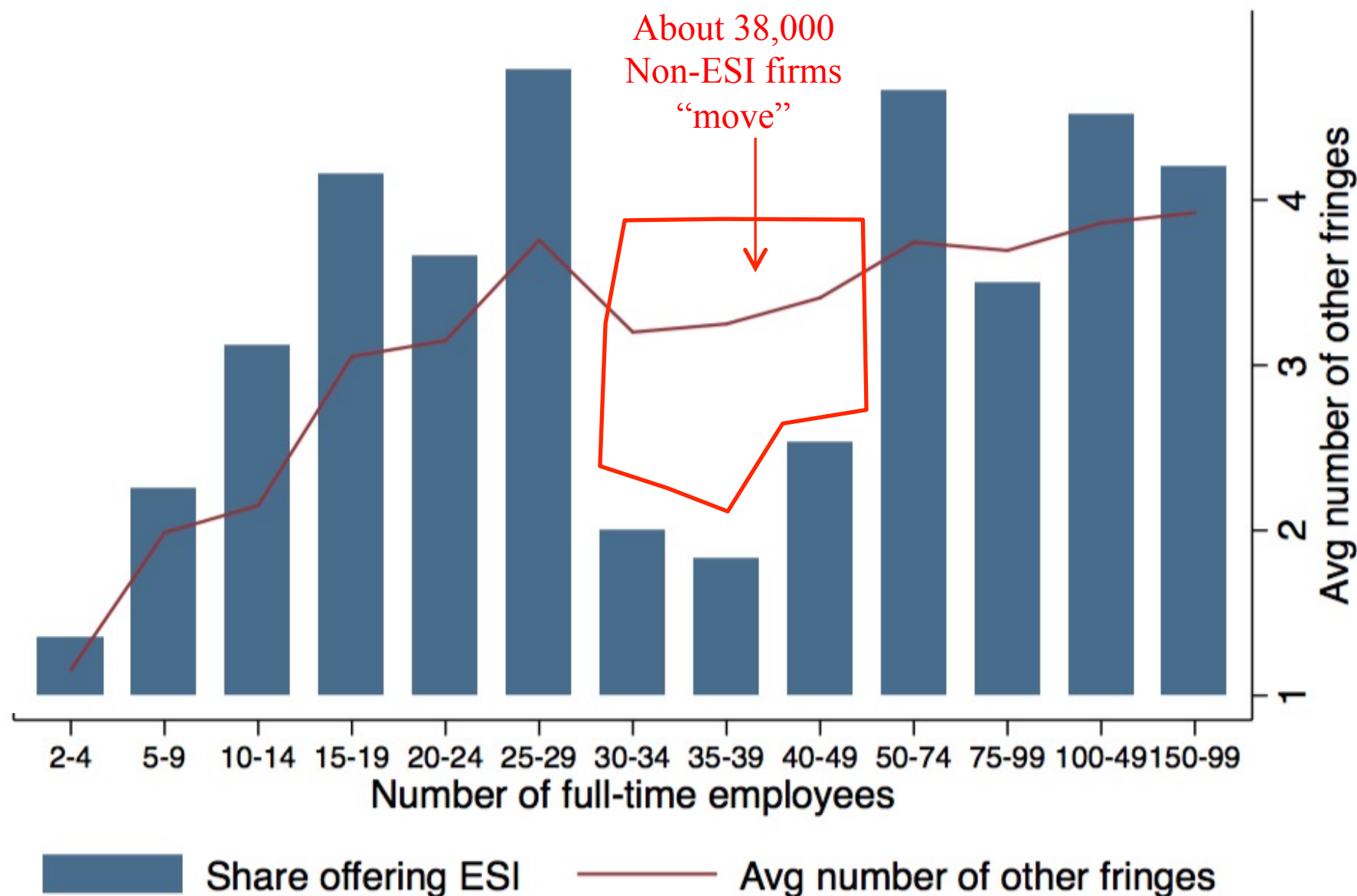
# MEPS suggests that most 49ers have less than 49 FTEs



# Hanover survey subscription

- One year of unlimited surveys = \$45k
  - Only one survey at a time
- Variable cost per respondent
  - Related to the respondent value of time
  - E.g., business managers cost more than generic household
  - Mercatus paid \$19k for 745 respondents
- i.e., our respondents got about \$100 per hour
  - Survey took 10-15 minutes
  - Reward system (e.g., sporting tickets, hotel, airline tickets)
- Other purchase plans would also be about \$40k

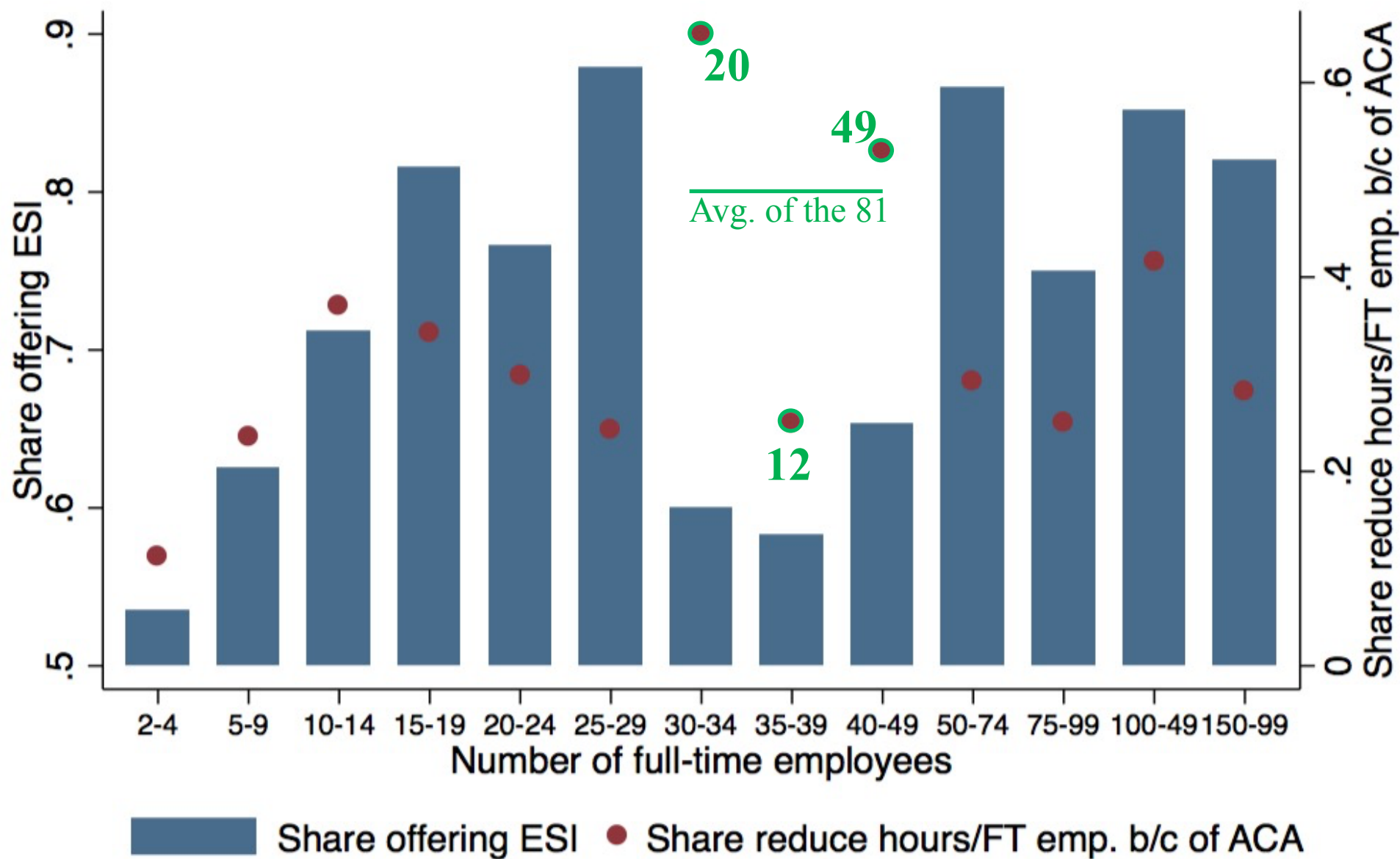
**Non-ESI firms stay below 50**  
March 2017 national sample of 745 employers with 2-199 FT employees  
ESI firms do not



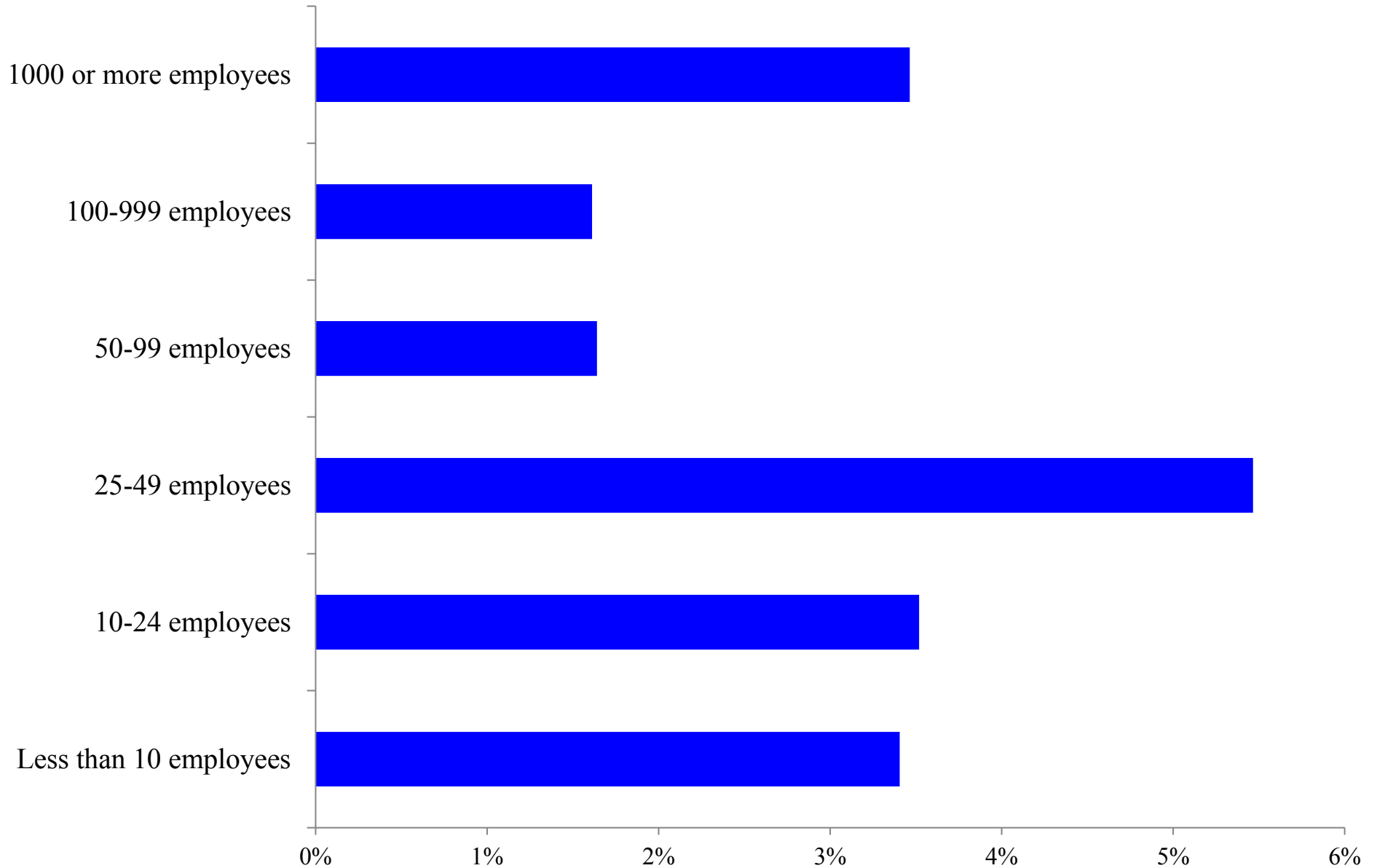
# Non-ESI firms stay below 50

ESI firms do not

Num. obs. in green



**Growth in the number of businesses, by size  
from 2013-14 to 2015-16**



## Duggan, Goda, Jackson

- Their regression table shows that the ACA reduced the labor force by 349,190 on average 2014-15
- Their regional-comparisons study is not designed to measure labor market effects of the employer mandate
  - The employer mandate is federal
  - The prevalence of 49ers is similar in Medicaid expansion states as in the other states
- Their regional comparisons do not measure labor market effects on near-elderly people
- Need to add these effects to their 349,190