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## Which workers are most at risk of reduced work hours under the Affordable Care Act?

The Affordable Care Act (ACA) requires employers to provide coverage or pay a penalty based on the number of employees working 30 or more hours per week. This data brief looks at which industries have a high percentage of employees working fewer than or slightly above 30 hours, placing them at risk for reduced hours by an employer wishing to avoid penalties. We also look at the distribution of hours worked by type of health coverage. While the penalty only applies to firms with more than 50 full-time equivalent employees, due to data limitations we show all results for workers in firms with more than 100 total employees. Thus, the tables may slightly understate the number of potentially affected workers.

Table 1 below shows the distribution of hours worked by industry in the United States. From this we see that 6.4 million U.S. workers, 8.9 percent of the workers in firms of 100 or more, work 30 to 36 hours a week.<sup>1</sup> An additional 3.6 million workers report that their “work hours vary” and may also be vulnerable to a reduction in work hours. The industries with the highest percentage of employees working slightly over 30 hours are Restaurants, Nursing Homes, Accommodation, Healthcare, Retail Trade, Education and Building Services. The right most columns show the number of workers who are most vulnerable to work reduction, namely, those working 30 to 36 hours, with incomes below 400% of the Federal Poverty Level and not covered by their own employer.<sup>2</sup> The industries with the highest concentration of such workers are Restaurants, Accommodation, Building Services, Nursing Homes and Retail Trade. Retail and Restaurants account for 47 percent of the most vulnerable group. While Healthcare has a higher than average share of employees working between 30 and 36 hours, most in that hours category are in higher income families and/or receive health coverage through their employer.

**Table 1. Hours worked by industry, workers in firms of 100 or more employees, U.S.**

	Number of workers (thousands)					Percent of workers				
	Hours vary	Below 30 hrs	30 to 36 hrs	37+ hrs	Most vulnerable to work reduction*	Hours vary	Below 30 hrs	30 to 36 hrs	37+ hrs	Most vulnerable to work reduction*
Agriculture, Forestry, Mining	53	15	19	661	10	6.0%	5.0%	3.4%	85.5%	1.5%
Construction	103	41	63	1,801	20	6.8%	2.3%	4.8%	86.0%	1.0%
Manufacturing	361	157	276	8,227	88	2.9%	2.4%	4.2%	90.5%	1.0%
Utilities, Transp, Communication	353	298	242	4,478	77	8.3%	5.0%	4.9%	81.8%	1.4%
Wholesale	81	51	46	1,652	19	3.4%	3.7%	7.7%	85.2%	1.0%
Retail Trade	572	1,589	1,217	5,319	570	3.8%	13.0%	10.6%	72.5%	6.5%
Financial	170	215	213	4,850	59	3.5%	5.1%	4.4%	86.9%	1.1%
Education	438	1,495	1,040	7,331	237	4.3%	14.5%	10.1%	71.1%	2.3%
Accommodation	55	72	119	574	68	6.7%	8.8%	14.5%	70.0%	8.3%
Other Services <sup>3</sup>	723	1,092	966	13,912	324	4.3%	6.5%	5.8%	83.3%	1.9%
Restaurants	314	815	719	1,328	515	11.3%	23.8%	20.7%	44.2%	16.2%
Bldg. Services	11	48	38	232	25	6.4%	14.9%	9.9%	68.8%	7.6%
Healthcare	359	872	1,280	6,094	194	5.5%	12.0%	13.7%	68.7%	2.3%
Nursing Homes	53	118	194	723	82	5.0%	9.6%	18.8%	66.6%	7.6%
<b>Total</b>	<b>3,647</b>	<b>6,876</b>	<b>6,431</b>	<b>57,182</b>	<b>2,288</b>	<b>5.3%</b>	<b>9.2%</b>	<b>8.9%</b>	<b>76.6%</b>	<b>3.1%</b>

Source: Current Population Survey month of March for 2010 - 2012; ages 19-64, hours worked at main job

\* Those in the industry working 30-36 hours, below 400% FPL and do not have insurance through their own employer.

Table 2 shows the distribution of worker health coverage by the number of hours worked. While 68.8 percent have insurance through their employer, this only holds for 23.5 percent of employees working fewer than 30 hours a week. For this part-time group, 33.5 percent have insurance through a family member, 10.7 percent have public coverage, 10.3 percent purchase coverage through the individual market and 21.9 percent are uninsured. Slightly more than 50 percent of those working between 30 and 36 hours do not have coverage through their own employer, though only slightly more than one quarter are uninsured or purchase coverage in the individual market. These workers are the most likely to receive subsidized coverage through the Exchanges.

**Table 2. Hours worked by health coverage, workers in firms of 100 or more employees, U.S.**

Coverage type	Hours vary	Below 30 hrs	30 to 36 hrs	37+ hrs	Total
Employer-sponsored insurance thru employer	52.1%	23.5%	49.4%	77.5%	<b>68.8%</b>
Employer-sponsored insurance thru family member	17.1%	33.5%	17.4%	9.8%	<b>13.0%</b>
Public	6.5%	10.7%	7.4%	2.3%	<b>3.7%</b>
Individual Market / Other	5.3%	10.3%	4.8%	2.0%	<b>3.2%</b>
Uninsured	19.1%	21.9%	20.9%	8.5%	<b>11.3%</b>
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Current Population Survey month of March for 2010 – 2012, ages 19-64, hours worked at main job

The 2.3 million workers identified as at greatest risk for work hour reduction represent 1.8 percent of the United States workforce. This is consistent with the research on the impact of Hawaii’s health care law on work hours. Hawaii requires firms to provide health insurance to employees working 20 hours a week or more, so the cost to employers for full-time workers are much greater in Hawaii than under the ACA, while the hour threshold is lower. Buchmueller, DiNardo and Valetta (2011) found a 1.4 percentage point increase in the share of employees working less than 20 hours a week as a result of the law.<sup>4</sup> In Massachusetts, where the employer penalty is smaller than in the ACA (\$295 per year), there was no evidence of a disproportionate shift towards part-time work compared to the rest of the nation.<sup>5</sup>

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<sup>1</sup> In addition there are 960,000 working 30-36 hours for firms with 25-99 employees. We estimate about half of these work for employers with greater than 50 FTEs. Thus, in total around 7.4 million workers work 30-36 hours for firms that will be subject to penalties if they do not provide health coverage.

<sup>2</sup> The Current Population Survey does not allow us to distinguish between employees of firms that offer coverage to at least some of their employees and would face a \$3,000 penalty for each full-time worker who receives subsidized coverage through an exchange, and non-offering firms who would pay a \$2,000 penalty per full-time worker, regardless of income level as long as at least one employee receives subsidized coverage in an exchange. The vast majority of workers in large firms are in firms that offer coverage to at least some of their workers, so it is reasonable to use 400 percent FPL as a threshold in identifying vulnerable workers.

<sup>3</sup> Other Services includes professional, technical and administrative support services, along with arts, entertainment, recreation, repair, maintenance, laundry, and all personal services.

<sup>4</sup> Buchmueller TA, DiNardo J, and Valletta RG. The Effect of an Employer Health Insurance Mandate on Health Insurance Coverage and the Demand for Labor: Evidence from Hawaii. *American Economic Journal: Economic Policy*. Volume 3, Issue 4, Pages 25-41, 2011.

<sup>5</sup> Dubay L, Long SK and Lawton E. Will Health Reform Lead to Job Loss? Evidence from Massachusetts Says No. Urban Institute. June 2012.