Health Care Reform and the Challenges Facing Employers

Jennifer Pierotti
Manager of Health Care Policy, U.S. Chamber of Commerce
The U.S. Chamber of Commerce, the world’s largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, supports health reform that gets costs under control, improves the quality of health care, and expands meaningful coverage to the uninsured.
Chamber Priorities for Health Care Reform

As the Patient Protection and Affordable Care Act (PPACA) is implemented, the U.S. Chamber of Commerce is working to reduce the burden of the new government health care law on the employer community. The Chamber believes helping businesses of all sizes offer affordable coverage to employees will result in lower cost and higher quality care, improving our nation’s health and creating a more productive workforce.

As the health care reform law is being implemented, it is critical we are engaged on the legislative and regulatory fronts, as we focus on educating our members and the public.
The Patient Protection and Affordable Care Act

Three Years Later

- Higher health insurance premiums
- $500 billion in cuts to Medicare
- New and bigger entitlement programs
- Other special interest deals
- $2.4 trillion in new spending we can’t afford
- New taxes that will hit the middle class
- Jobs-killing mandates on individuals and businesses
- Regulations that will cripple medical innovation

Obamacare Regulations
Current Chamber Concerns

• Employer mandate is harming the workforce
  – 29 ers
  – 49 ers

• Massive confusion about the law
  – FTE vs. full-time employee
  – Aggregation/common control
  – Penalty calculation
Recent Chamber Action

- Health Care Solutions Council Report
- Testified before Congress on the PPACA
- Urged transition approach, phase-ins, compliance assistance
Implementation Issues for Employers

- **Employer Mandate / Reporting Requirements**
  
  Delayed until 2015

- **Exchanges**
  
  27 states defaulting to federally-facilitated exchange; 17 states declared state-based exchange; 7 states pursuing partnership model

- **Medicaid Expansion**
  
  21 states not expanding program; 24 states expanding program; 6 states still debating
State Decisions: Texas

• Exchange:
  Federally-facilitated exchange

• Medicaid Expansion:
  Not expanding at this time
In 2015, employers may be fined regardless of whether they offer coverage or not.

WHO ….has to worry about this?
Applicable large employers

WHAT ….is required to avoid a penalty?
Minimum essential coverage

TO WHOM ….must it be offered?
Full-time employees

OR ELSE ….what will happen?
May have to pay a penalty

20 PART-TIME EMPLOYEES
x
24 HOURS A WEEK AVERAGED OVER THE COURSE OF A MONTH
(24 X 52 WEEKS ÷ 12 MONTHS)
÷
120
= 
17.3
FULL-TIME EQUIVALENTS
Applicable Large Employer

- Applicable large employer: *50 or more full-time equivalent employees (FTEs)*

- **Calculation:** \( \text{full-time employees} + \text{full-time equivalents} = \text{full-time equivalent employees} \)

  \[ \text{Full-time employees} = \text{employees averaging 30 hrs per week over a calendar month (or at least 130 hours per month)} \]

  \[ \text{Full-time equivalents} = \frac{\text{total hours worked by all part-time employees}}{120} \]
Minimum Essential Coverage

- Minimum essential coverage: *affordable coverage that provides minimum value*

Affordable:
For low-income employees, cost of self only coverage < 9.5% HHI

Minimum value:
Plan has actuarial value of 60%
Coverage for Full-time Employees

• Applicable large employers: *must offer coverage to full-time employees and their dependents*

Dependents: *children under 26 / not spouses*

Look-Back Measurement Method: *Used to determine whether variable-hour or seasonal employees must be offered coverage (measurement period of 3-12 months to measure hours of service)*
Penalty Calculation

• For employers **not offering coverage**:  
  May have to pay a penalty of:  
  $2,000 \times (\# \text{ of FT employees} - 30)$

• For employers **offering coverage that doesn’t minimum essential coverage**:  
  May have to pay the lesser penalty of:  
  $2,000 \times (\# \text{ of FT employees} - 30)$  
  $3,000 \times (\# \text{ of FT employees receiving a tax credit})$
Employer Mandate Delay

• What is Delayed:
  – Employer mandate penalties – Section 4980H
  – Employer reporting requirements – Sections 6055 and 6056

• What is not Delayed:
  – 2014 insurance market reforms
  – Reporting and payment of PCORI fee
  – Timely distribution of any MLR rebates
  – Providing a Summary of Benefits and Coverage
Ramifications of the Delay

What do you get when you combine:

1 yr. delay for the employer mandate
+ keep the individual mandate,
+ keep the premium tax credits…

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Personal attestation for individuals = huge cost increase
Looking Forward

- **Legislative Update:**
  - Employer mandate delay (H.R. 2667)
  - Definition of full-time employment

- **Regulatory Update:**
  - Rules on reporting requirements later this summer
The U.S. Chamber of Commerce, the world’s largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, supports health reform that expands access to meaningful coverage, improves the quality of health care, and gets costs under control.

The health care reform law, officially titled the Patient Protection and Affordable Care Act of 2010 (PPACA), is fundamentally flawed, impractical, and unworkable. During the health care debate, the Chamber opposed passage of the bill because it did nothing to curtail rising costs, would produce a wave of complex new regulations, and would have a chilling impact on economic growth and job creation.

The Chamber is working to reduce the burden of the health care reform law by promoting private sector strategies to advance real reform and improve the health of the country and its health care system.
For further information, contact Jennifer Pierotti at 202-463-5637 or jpierotti@uschamber.com
Seasonal Workers

Seasonal worker exception:

• If your workforce exceeded 50 FTEs for 120 days or fewer in the previous calendar year, and the employees in excess of 50 were seasonal workers* = not an applicable large employer

*Employers may apply “reasonable, good-faith interpretation” until further guidance issued