White House delays health care requirement for businesses

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On Tuesday, the White House announced it was delaying for one year implementation of a legal requirement, part of the administration's health care overhaul, for businesses to provide "affordable" health insurance to employees working full-time.

The requirement—which was set to take effect with the rest of the Patient Protection and Affordable Care Act (ACA) on January 1, 2014—would have fined companies with 50 or more employees that failed to provide health insurance to those working 30 hours or more a week. The fine was set at $2,000 per employee.

The announcement represents a further cave-in to corporate interests and underscores the pro-business and anti-working class character of the entire health care scheme that was signed into law more than two years ago. From the outset, the administration sought to craft a "reform" that would slash health care costs for businesses and the government at the expense of working people and retirees.

With this latest move, businesses will be allowed to withhold insurance from their employees and suffer no consequences, while individual workers who are uninsured will still be required to buy insurance from private companies or pay hundreds of dollars in fines under the plan's so-called "individual mandate."

The shamefaced manner in which the announcement was made reflects the transparently pro-business character of the policy move. While President Obama was on a plane returning from his tour of African countries, the windfall for business was discreetly made public in the late afternoon in the form of a blog posted by Mark Mazur, assistant secretary for tax policy at the Treasury Department.

"We have heard concerns about the complexity of the requirements and the need for more time to implement them effectively," Mazur wrote. He added, "We recognize that the vast majority of businesses that will need to do this reporting already provide health insurance to their workers, and we want to make sure it is easy for others to do so."

This was followed by a White House blog post by Obama senior adviser and real estate multi-millionaire Valerie Jarrett headlined "We're Listening to Businesses about the Health Care Law."

Jarrett wrote: "From the start, this administration has encouraged an ongoing dialogue with the leaders of our nation's businesses…In our ongoing discussions with businesses we have heard that you need the time to get this right. We are listening. So in response to your concerns… we are cutting red tape and simplifying the reporting process.

"[W]e are working hard to adapt and to be flexible in employer and insurer reporting as we implement the law."

Popular concerns about the impact of the law, reflected in opinion polls showing majority opposition, have been brushed aside by the White House and congressional Democrats. But, as Jarrett's cringing words make clear, the administration is ever ready to respond to complaints from big business.

Businesses big and small have lobbied against the reporting provisions of the law, requiring that they inform the government of every employee who is covered under their employer-provided plans. Companies have complained that the current reporting requirements are overly burdensome and costly. In the statements released by Mazur and Jarrett, the administration took pains to make clear its intention to simplify and otherwise ease the reporting requirements.

Business organizations, particularly those representing low-wage industries such as restaurant chains, retail stores and agriculture, have also targeted the 30-hour cut-off for defining employees as full-time, pressing instead for a cut-off of 35 or 40 hours. This would make it easier for companies to shift full-time workers to part-time status so as to fall below the 50-worker benchmark and escape the legal requirement to provide any form of insurance.

Business groups such as the Chamber of Commerce and the National Retail Federation praised the announcement. Others, however, criticized it for going far enough. Cynthia Magnuson, spokeswoman for the National Federation of Independent Business, was cited by *USA Today* as calling for the law to mandate coverage only for employees who work at least 40 hours a week, along with "other fixes." She told the newspaper, "We need long-term relief."

The are doubts that, with the delay in the implementation of the requirement for medium-sized businesses to provide insurance, the individual mandate will be able to proceed in 2014 as set forth in the law. Under its provisions, people who are not covered by employer-provided insurance or government programs such as Medicare and Medicaid, and are legally required to buy policies on privately-run insurance "exchanges," are eligible for government subsidies, depending on their income. If, however, companies are not required to list their insured employees in reports to the government, it is not clear how the exchanges will be able to determine who is eligible to buy their policies, who is eligible for government assistance, and who is subject to tax penalties for failure to obtain insurance.

There are growing concerns in Democratic circles, and within the insurance and pharmaceutical industries that stand to benefit massively from "Obamacare," that the entire scheme could unravel.

Should the plan proceed as stipulated in the law, the impact on the vast majority of the population will be sharp and negative. Recent reports have pointed out that millions of poor people who do not quality for Medicaid in states that have refused to expand Medicaid as called for in the law will not quality for subsidies to purchase private insurance. They will be left without any coverage. It is estimated that at least 30 million Americans will remain uninsured under the new scheme.

Moreover, health insurance costs for younger and healthier people legally required to purchase plans on the exchanges will, according to recent studies, double or triple. Unionized workers will see their benefits slashed and their out-of-pocket costs increased as a result of a tax on so-called "Cadiallac" employer-provided plans that presently cover millions of workers.

Under the "reform," Medicare, the government health care plan for the elderly, will be ravaged by $700 billion in reduced funding over ten years. Funding for safety-net hospitals will be drastically cut.

There is nothing in the law to prevent insurance companies from hiking premiums, co-pays or deductibles. Nor is there anything to prevent companies from laying off workers or shifting full-time employees to part-time status so as to fall below the 50-worker level at which they will be required to provide insurance. Major corporations may find it cheaper to end their employee coverage plans altogether and pay the $2,000 per worker fine, forcing millions to buy minimal coverage at high prices on the insurance exchanges.

The Obama plan, cynically promoted as a progressive reform to provide universal health coverage, is, in fact, a scheme formulated jointly with the health care and insurance monopolies to guarantee higher profits and lower costs at the expense of the health and economic security of millions of working people. It exemplifies the incompatibility of universal, quality health care with the subordination of health care to private ownership and corporate profit.

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