

White House announces another delay in health mandate for employers

Kate Randall
12 February 2014

For the second time in less than a year, the Obama administration is granting certain employers additional time to comply with a mandate of the Affordable Care Act (ACA). Treasury Department officials announced Monday that medium-sized businesses, those with 50 to 99 workers, will be given until 2016 before they risk a federal penalty for not providing health insurance to their full-time employees.

A senior administration official told reporters that medium-sized businesses were being given “transition relief” because they “need a little more time to adjust to providing coverage.” The move is but the latest business-friendly action by the White House in implementation of the legislation popularly known as Obamacare. Last summer, all businesses were granted a year’s reprieve, until 2015, to comply with the law’s employer mandate.

Individual workers, however, have been granted no such concessions. Beginning in January 2014 with implementation of the ACA, with few exceptions, individuals and families who are not insured through their employer or a government program such as Medicare or Medicaid are required to obtain insurance or face a federal tax penalty.

Obamacare’s success depends upon a steady stream of new, cash-paying customers to purchase health coverage on the exchanges set up under the ACA, where private insurance companies are selling their policies. While the government is offering subsidies to assist low-income people in purchasing coverage, those shopping for coverage are finding that these policies carry high premiums as well as large deductibles and other out-of-pocket expenses.

In addition to the delay in the mandate for medium-sized companies, the Treasury Department announced that large companies would be getting another one-year

concession. These companies, defined as having 100 workers or more, will be required to offer coverage only to 70 percent of their full-time workers instead of the 95 percent originally stipulated by the ACA.

Treasury officials said the change in requirements for medium-sized businesses would have minimal impact, as companies with 50 to 99 employees account for only 7 percent of the private sector workforce, while those with 100 or more workers account for 66 percent. When taken together, however, the delays mean that businesses employing tens of millions of workers are under no requirement to offer health coverage to their employees.

More fundamentally, the stretching of the deadlines for coverage, and the limitations on the percentages of workers who must be covered, further demonstrate that the health care overhaul has nothing in common with providing “near-universal,” affordable health care to the vast majority of Americans, as pledged by the Obama administration.

The ACA’s continually changing jumble of regulations has been crafted in the interest of slashing costs for businesses and the government, while boosting the profits of the private insurance companies. While the law defines affordable insurance as costing no more than 9.5 percent of an employee’s income, employers are required to cover only the equivalent of 60 percent of the actuarial value of a worker’s coverage.

The ACA defines anyone who works 30 hours or more as full-time. Businesses that fail to provide insurance to these workers, according to the various requirements for different sized businesses, could eventually face fines of up to \$2,000 for employees not offered coverage.

Treasury also reiterated in documentation on Monday

that “companies with fewer than 50 employees are not required to provide coverage or fill out any forms in 2015, or in any year.” As part of the fallout from the botched rollout of the HealthCare.gov web site, the federal small business marketplace where small employers are supposed to be able to purchase insurance for their workers will not be available until some time in the fall.

The administration has yet to provide detailed information on what precisely constitutes acceptable coverage under the ACA, nor has it issued rules on how the coverage requirement will be enforced.

Monday’s announcement also attempted to grapple with what constitutes a full-time worker. The administration said that educators who work full-time during the year, but have summers off, should be considered full-time workers. Adjunct faculty members’ hours are to be calculated as working 2.25 hours for every hour in the classroom, to account for out-of-class work.

On the other hand, municipalities will not be required to offer insurance to volunteer firefighters and emergency medical technicians. And seasonal workers, such as farm workers or holiday retail staff, must work at least half the year to be considered full-time.

The response by business to Monday’s announcement was mixed, but generally favorable. Neil Trautwein, vice president of the National Retail Federation, commented to the *Washington Post*, “These final regulations secured the gold medal for greatest assistance to retailers, and other businesses, and our employees.”

Other business leaders indicated their displeasure with any costs imposed on companies in connection with complying with Obamacare. Joe Trauger, the National Association of Manufacturers’ vice president of human resources policy, told the *Post*, “What they’ve released is doing what they can to make some things that are not great policy more livable. But at the end of the day, it’s not a great policy.”



To contact the WSWWS and the
Socialist Equality Party visit:

wsws.org/contact