Medical Xpress

Businesses urge change to Obamacare's insurance mandate

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House panel members spar over claim that provision of health-reform law is a 'job killer.'

(HealthDay)—Beginning in 2015, U.S. businesses with 50 or more workers must provide health insurance to "full-time" employees, meaning workers who log at least 30 hours a week, on average.

Holding employers accountable for providing health insurance to full-time workers, and requiring them to pay penalties if they don't, is one way the Affordable Care Act expands coverage to uninsured Americans.

But some businesses are already skirting the law's "shared responsibility" provision by scaling back the number of hours that employees work. Some lawmakers worry that employee wages and job growth could suffer as a result.

On Tuesday, retail, franchise and community college representatives

urged Congress to replace the so-called "30-hour rule" because of the expense and difficulty implementing the requirement.

"Many employees don't fit neatly into full- and part-time categories," said Neil Trautwein, vice president and employee benefits counsel at the National Retail Federation, whose members include restaurants and other retailers that employ many hourly and variable-hour employees.

Peter Anastos, owner and co-founder of Maine Course Hospitality Group, a New England hotel operator, said the 30-hour threshold would "more than double and maybe even triple" the company's costs this year. Anastos also spoke on behalf of the International Franchise Association.

Ivy Tech Community College, Indiana's statewide community college system, estimates that implementing the unfunded mandate for all adjunct faculty members working 30 or more hours a week would cost $10 million to $12 million annually. Instead, the college has limited the number of hours that its 4,500 adjunct faculty members can teach, Ivy Tech President Thomas Snyder said.

Their testimony before the House Ways and Means Committee came just hours before President Barack Obama's State of the Union address in which he called on Congress to restore unemployment insurance for 1.6 million Americans whose benefits have expired and to raise the federal minimum wage.

The employer responsibility provision, also known as the employer mandate, was scheduled to take effect this year, but last July the Obama administration postponed enforcement of the requirement until 2015. The 30-hour rule was meant to close the insurance gap for people who don't already qualify for job-based health insurance.

But some companies are cutting workers to 29 or fewer hours ahead of

the mandate. Nearly one-third of franchises and 12 percent of non-franchise businesses have already reduced worker hours, according to an International Franchise Association/U.S. Chamber of Commerce survey.

Retail giant Target Corporation said this month that it would discontinue health insurance coverage for part-time workers on April 1. The company will send those workers to the new health insurance marketplaces created by the Affordable Care Act.

House Ways and Means Committee Chairman Dave Camp (R-Mich.) said he hoped the committee could "move past the denials that this law does not have an effect on jobs."

"Both parties should be able to come together to ensure that we remove barriers to job growth and wage increases," he said.

But Michigan Rep. Sander "Sandy" Levin, the committee's highest-ranking Democrat, countered that the hearing was nothing more than another attempt by Republicans to undermine the health-reform law.

Since most employers already provide health insurance to their employees, Levin said, only a small percentage of employers will be affected by the "shared responsibility" provision in the Affordable Care Act, also known as Obamacare. Yet the committee has yet to hold a single hearing on extending unemployment insurance, a measure that would improve the lives of 1.6 million Americans, Levin said.

Washington Democrat Jim McDermott put it more bluntly: That businesses are being forced to cut hours due to Obamacare is a "preposterous accusation."

Republicans are leading the charge to repeal the 30-hour rule. Rep. Todd Young (R-Ind.) introduced a bill last June—the Save American Workers

Act—that sets the bar for full-time health insurance coverage at 40 hours. The measure has 192 Republican co-sponsors.

A similar Senate bill, with 13 co-sponsors, including two Democrats, and a companion bill in the House with largely Democratic backing have also been introduced.

Is the 30-hour rule really a job killer? Experts disagree on its impact.

Lanhee Chen, a research fellow at the Hoover Institution and lecturer in public policy and law at Stanford University, told the House committee Tuesday that the 30-hour rule will likely make it harder for people to find full-time work. He said the rule disproportionately harms women, those without a college degree, young Americans and the poor.

Helen Levy, a University of Michigan research associate professor, cited research suggesting that concerns about employers cutting worker hours are overstated. Hawaii's decades-old employer mandate, which requires health coverage for people working 20 or more hours a week, has had no significant effect on overall employment compared with the rest of the United States, she said.

What's more, moving to a 40-hour threshold "would actually make the potential problem much worse," Levy said, because there are many more uninsured workers who work 40 hours than 30 hours.

"If you move the threshold, there are about three times as many workers who would be vulnerable at that higher level," she said.

Moving to a 40-hour threshold would harm more workers and raise federal spending on health insurance subsidies, Sherry Glied, dean of New York University's Robert F. Wagner Graduate School of Public Service, said in a recent blog for The Commonwealth Fund.

"It's probably going to backfire and cause more people's lives to be disrupted," she said.

More information: For more on the employer responsibility provision, go to HealthCare.gov.

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