

Some businesses use part-time to meet health law

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Many businesses in low-wage industries have hired more part-time workers and cut the hours of full-timers recently to soften the impact of new health law requirements that take effect Thursday, some consultants say.

The strategies have had only a modest impact on job growth, which has accelerated substantially this year, but could take a somewhat bigger toll next year as firms gear up for an expanded [health care](#) mandate in 2016.

A majority of small businesses say the Affordable Care Act already has hurt their profits, forcing them to reduce or postpone investment, withhold raises or trim other types of benefits, according to a new survey by the top small-[business](#) trade group.

Under the [health care law](#), businesses that employ at least 100 full-time workers—or full-time equivalents, including part-time workers—must offer health benefits to at least 70% of those working at least 30 hours a week by Thursday, or pay a penalty.

By Jan. 1, 2016, those companies must provide insurance to 95% of their workers, and firms with 50 to 99 employees must offer coverage as well.

The health coverage mandate for individuals took effect last January, but the Obama administration pushed back the effective date for businesses in 2013.

Ninety-four percent of businesses with at least 100 workers and 55% of all firms already offer health benefits to at least some employees, according to Kaiser Family Foundation and the Health Research and Educational Trust.

Still, some firms are taking steps to avoid the mandate.

Businesses in low-wage sectors, such as restaurants, retail and warehousing, are feeling bigger effects because health insurance represents an outsize share of their total employee costs, says Rob Wilson, head of Employco, a human resources outsourcing firm. Many of those with just fewer than 100 staffers have hired more part-timers in recent months, while those with at least 100 are reducing the hours of existing employees, he says.

Michelle Neblett, senior director of labor and workforce policy for the National Restaurant Association, says many restaurants are being more cautious about boosting the workweek of part-timers to 30 hours or more, doling out such increases to reward top performers.

Those strategies have not had a noticeable impact on the labor market. Monthly [job growth](#) has averaged 240,000 this year, up from 194,000 in 2013. And full-time employment has increased at about twice the rate of part-time payrolls, Labor Department figures show.

Still, the number of part-time workers who say they'd prefer full-time jobs has remained stubbornly high. That can at least partly be traced to the inclination of the restaurant, retail and hotel industries to hire more part-time workers to sidestep the ACA mandate, Royal Bank of Scotland wrote in a recent report.

Businesses with fewer than 100 employees also already have felt some impact from the [health law](#), says a new survey by the National

Federation of Independent Business, a small-business trade group. Those that provide [health insurance](#) now must offer coverage for mental health and other services—unless they're grandfathered under existing plans—boosting premiums, says Kevin Kuhlman, NFIB director of federal policy.

Forty-two percent of the 900 firms surveyed say their [health](#) plan costs have risen at least 10% this year. As a result, 37% are delaying or postponing investment, and 26% are freezing or reducing wages.

Mike DeVoge, owner of a 12-employee marina in Conneaut Lake, Pa., says costs for the six workers who are eligible for insurance recently increased 40% and are set to rise another 60% in 2016. That, he says will likely force him to freeze wages and drop [health benefits](#) in a year.

Dan Mendelson, CEO of consulting firm Avalere Health, downplayed the impact of the law on [small businesses](#), saying many can reduce their costs by offering plans with high deductibles or co-payments.

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