



SETTING THE RECORD STRAIGHT ON EMPLOYERS AND HEALTH REFORM

Less Than 0.2% of All Firms Might Face Fee for
Not Offering Health Insurance under Reform

Health Reform Benefits America's Businesses – Both Small and Large

- Without reform, health care costs will continue to crush America's businesses.
- A new Commonwealth Fund report estimates that premiums for employer-provided coverage will be **9.2 percent lower** in 2019 than they would be without reform – saving employers and employees thousands of dollars.
- Health reform provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage – if they choose to do so. More than 60 percent of small employers, or more than 4 million firms, will be eligible for these credits.
- In 2014, reform creates Health Insurance Exchanges, where small businesses and their employees can purchase affordable coverage. For the first time, small businesses will be able to pool their buying power and have access to the same quality plans only available to larger firms today.

Under Health Reform, Only 4% of Firms Have Any Employer Responsibility Requirement

- Beginning in 2014, under health reform, if an employer with 50 or more employees does not offer coverage and any employee obtains premium tax credits through the new Exchanges, the employer would pay a maximum of \$2,000 per full-time employee.
- **This is the “no free rider” requirement. It ensures that large companies aren't off the hook if taxpayers are subsidizing health insurance coverage for their employees.**

- **Health reform exempts 96 percent of all firms** (those that have fewer than 50 employees) **from any employer responsibility requirements.** (See attached table for percentage in your state.)
- Only the remaining 4 percent of firms (firms with 50 or more employees) have any responsibility requirement.
- **Of those firms that have 50 or more employees, 96.5 percent of them already offer health insurance to their employees.** (See attached table for percentage in your state.)
- **That means that less than 0.2 percent of all firms might have to make a payment for not offering health insurance under health reform.** These payments are designed to help support the cost of the premium tax credits being provided to their workers.
- There is also a “no free rider” requirement for large firms that offer unaffordable coverage. If the insurance provided by an employer with 50 or more employees would cost an employee more than 9.5% of their income, that insurance is considered unaffordable and the employee has a new option: purchase affordable coverage on the Exchanges and receive a premium tax credit to help them get the coverage they need. Under this scenario, employers would no longer be paying to provide benefits to their employee. Instead, they would contribute \$3,000 to help support the cost of the tax credit.
- Once again, the principle is the same. We need to ensure that large companies aren’t off the hook if taxpayers are subsidizing health insurance coverage for their employees.

Health Reform Succeeds in Strengthening Our Employer-Based System

- Health reform is designed to stabilize our current system in which most people get their insurance at work, which has been eroding in recent years. **And according to CBO, it will be successful in doing so.** In 2010, there are 150 million Americans enrolled in employer-provided health insurance. And CBO estimates that, under reform, there will be 159 million Americans enrolled in employer-provided coverage in 2019 – 9 million more. Health reform strengthens our current system – building on what works now.

VAST MAJORITY OF FIRMS ARE EXEMPT FROM RESPONSIBILITY REQUIREMENT UNDER HEALTH REFORM

State	<i>Percentage of Firms <u>Completely Exempt</u> from Any Responsibility Requirement (Having Fewer than 50 Employees)</i>	<i>Percentage of Firms Subject to Responsibility Requirement That <u>Already</u> Offer Health Coverage to Employees</i>
Alabama	92.4%	97.8%
Alaska	93.3%	98.5%
Arizona	92.5%	96.7%
Arkansas	92.7%	96.4%
California	95.1%	95.4%
Colorado	94.0%	98.4%
Connecticut	92.7%	97.4%
Delaware	88.1%	92.3%
DC	84.8%	96.4%
Florida	95.8%	96.4%
Georgia	93.4%	97.0%
Hawaii	92.0%	98.8%
Idaho	93.7%	92.9%
Illinois	93.7%	97.2%
Indiana	92.5%	96.8%
Iowa	92.8%	97.5%
Kansas	92.1%	96.8%
Kentucky	91.9%	96.5%
Louisiana	92.7%	96.6%
Maine	93.7%	99.6%
Maryland	92.9%	98.8%
Massachusetts	93.4%	99.8%
Michigan	94.0%	96.3%
Minnesota	93.4%	95.3%
Mississippi	92.2%	96.1%
Missouri	93.2%	95.9%
Montana	94.8%	96.2%
Nebraska	92.4%	97.0%
Nevada	90.3%	93.9%
New Hampshire	92.0%	99.8%
New Jersey	94.6%	99.4%
New Mexico	91.5%	93.5%
New York	95.5%	97.5%
North Carolina	93.7%	98.1%
North Dakota	91.8%	96.3%
Ohio	93.2%	97.4%
Oklahoma	93.1%	94.2%
Oregon	93.8%	95.6%
Pennsylvania	93.7%	96.6%
Rhode Island	92.1%	98.1%
South Carolina	92.8%	97.6%
South Dakota	92.4%	93.7%
Tennessee	92.0%	96.5%
Texas	94.2%	91.6%
Utah	92.9%	92.9%
Vermont	93.0%	99.3%
Virginia	93.3%	99.0%
Washington	94.2%	97.1%
West Virginia	91.9%	95.6%
Wisconsin	93.1%	98.6%
Wyoming	92.8%	94.0%
UNITED STATES	96.0%	96.5%

Sources: Census Bureau; Kaiser Family Foundation