

Firms Drop, Rather Than Upgrade, Cheapest Health Plans

News

9.26.13

The *Wall Street Journal* article “Firms Drop, Rather Than Upgrade, Cheapest Health Plans” included a quote from Sheldon Blumling, a partner in the Irvine office and a member of the firm's Employee Benefits Practice Group.

The article reported that several large companies have announced plans to discontinue the lowest-cost health plans currently being offered to their employees.

These so-called “mini-med” plans are bare-bones health plans that some employers offer to part-time or low-wage workers. These types of plans must be phased out beginning January 1 under the new healthcare law.

On July 2013 the Obama administration imposed a yearlong delay on penalties for employers that don't offer health insurance.

This action has prompted many employers to drop these types of plans and direct those employees to the Health Insurance Marketplace, also called the exchange, for the government subsidized healthcare plans offered under the new law.

Sheldon noted that the subsidies mean that many workers will find themselves better off financially if their employer doesn't offer coverage. Some workers would pay less to buy insurance through the exchanges than through their employer.

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