



The Affordable Care Act, Not Yet a Mandate - Continued Legislative Initiatives May Impact Employers

Insights

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While the United States Supreme Court decides whether to allow corporations to be exempt from the Affordable Care Act (ACA) mandate requiring employer paid coverage for contraception, legislation is winding its way through the House of Representatives that could, if passed, significantly impact the implementation and execution of ACA.

H.R. 2575 otherwise known as the Save American Workers Act was introduced by Representative Todd Young (R)IN and co-sponsored by 210 others. If passed, it would alter the calculation of the number of full-time equivalent employees for the purposes of determining which employers are subject to penalties under the Affordable Care Act (ACA) for not offering health insurance for their employees or for offering insurance that does not meet certain criteria specified in the law. In addition, the legislation would change the definition of “full-time employee” used for the calculation of those penalties. Specifically, the bill would raise the threshold that defines full-time employment from 30 hours per week under current law to 40 hours per week.

Those changes to the employer responsibility requirements of the ACA would reduce the number of employers assessed penalties and lower the penalties assessed against employers that do not offer insurance (or offer insurance that does not meet certain criteria) and that have at least one full-time employee receiving a subsidy through a health insurance exchange. As a result, the largest budgetary effect of H.R. 2575 would be to reduce the amount of penalties collected from employers.

As a result of those changes in who would pay penalties and what amounts they would have to pay, The Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT) estimate that enacting H.R. 2575 would change the sources of health insurance coverage for some people. Specifically, in most years over the 2015-2024 period, CBO and JCT estimate that the legislation would:

- Reduce the number of people receiving employment-based coverage—by about 1 million people
- Increase the number of people obtaining coverage through Medicaid, the Children’s Health Insurance Program (CHIP), or health insurance exchanges—by between 500,000 and 1 million people; and
- Increase the number of uninsured—by less than 500,000 people.

The Bill was referred to the House Ways and Means Committee and was moved to the full House in February for a vote which is expected as early as this week. Business organizations have been lining up to show support.

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