

Web Briefing for Journalists: How the ACA's Employer Requirements and Related Provisions Affect Businesses and Workers

Thursday, December 18, 2014

Presented by the Kaiser Family Foundation

Released Today: December Kaiser Health Tracking Poll

View the poll findings at kff.org/health-reform.

The screenshot shows the Kaiser Family Foundation website's 'Health Reform' section. The main headline is 'Poll: Majority Favors ACA's Employer Mandate, But Opinion Can Shift'. Below this is a horizontal bar chart titled 'Percent Who Say They Have a Favorable View of These ACA Provisions:'. The chart lists five provisions with their respective favorable percentages: Exchanges (78%), Subsidy assistance to individuals (76%), Medicaid expansion (75%), Employer mandate (60%), and Individual mandate (35%). To the right of the chart are links to 'Read Poll', 'Read the News Release', and 'Health News Index: Recent ACA news stories didn't attract attention of most Americans'. The right sidebar features 'THE LATEST' and 'PERSPECTIVES' sections. 'THE LATEST' includes links to 'Medicaid Expansion in Red States', 'Kaiser Health Policy Tracking Poll: December 2014', and 'Kaiser Health Policy News Index: December 2014'. 'PERSPECTIVES' features an article titled 'Open Enrollment: Insights from Medicare for Health Insurance Marketplaces' by Tricia Neuman, dated October 2014.

Health Reform Search Graphics & Interactives Polls

Home Health Reform

Poll: Majority Favors ACA's Employer Mandate, But Opinion Can Shift

> Read Poll

Percent Who Say They Have a Favorable View of These ACA Provisions:

Exchanges	78%
Subsidy assistance to individuals	76%
Medicaid expansion	75%
Employer mandate	60%
Individual mandate	35%

> Read the News Release

> Health News Index: Recent ACA news stories didn't attract attention of most Americans

THE LATEST

- > Medicaid Expansion in Red States
- > Kaiser Health Policy Tracking Poll: December 2014
- > Kaiser Health Policy News Index: December 2014

> See More

PERSPECTIVES

October 2014 | Policy Insight

Open Enrollment: Insights from Medicare for Health Insurance Marketplaces

Tricia Neuman draws on the experiences of Medicare

Understanding Health

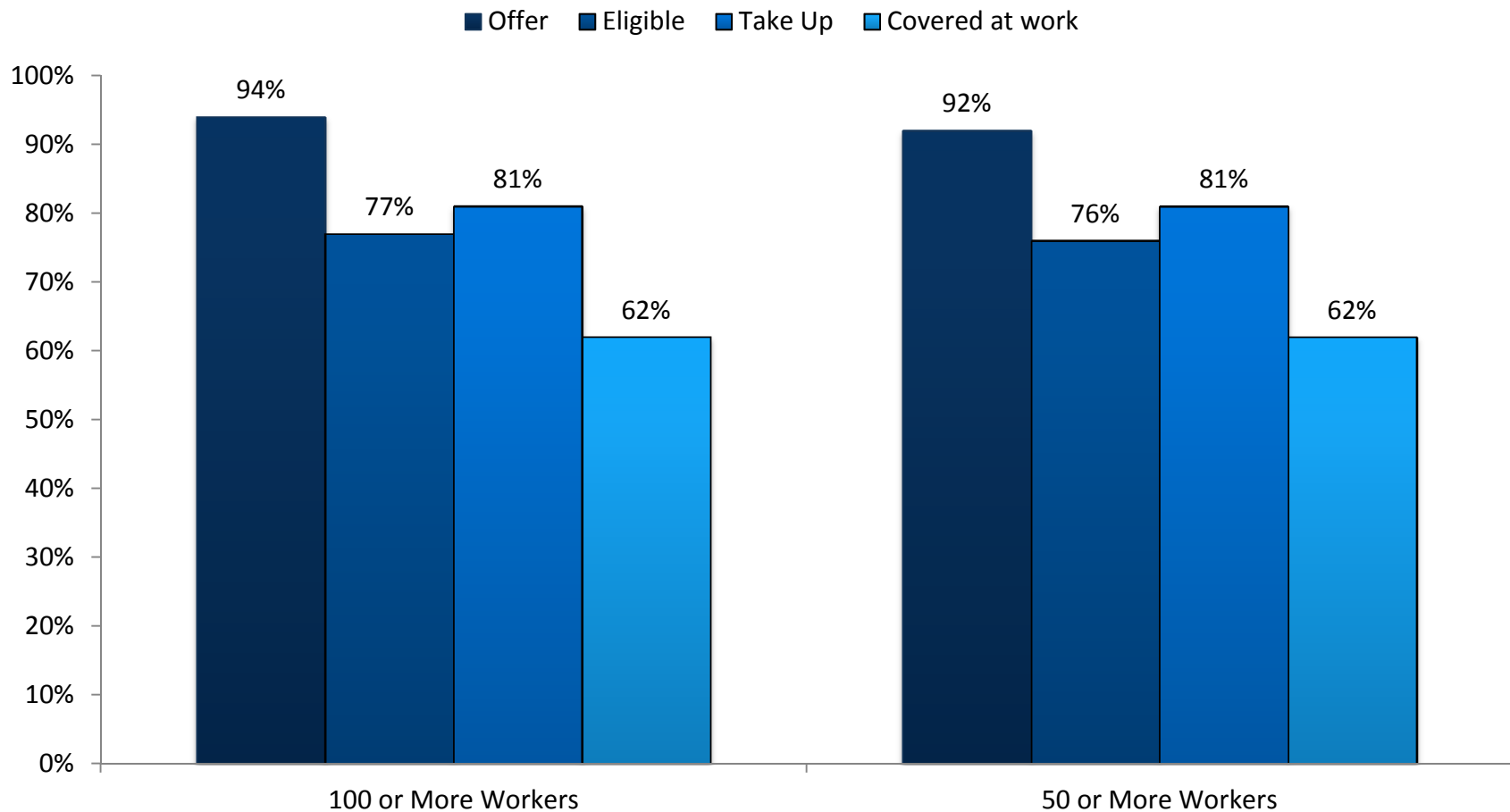
Gary Claxton



Co-Executive Director
Program for the Study of Health
Reform and Private Insurance

Kaiser Family Foundation

Percentage of Firms Offering Health Benefits and the Eligibility, Take-Up, and Coverage Rates, by Firm Size, 2014

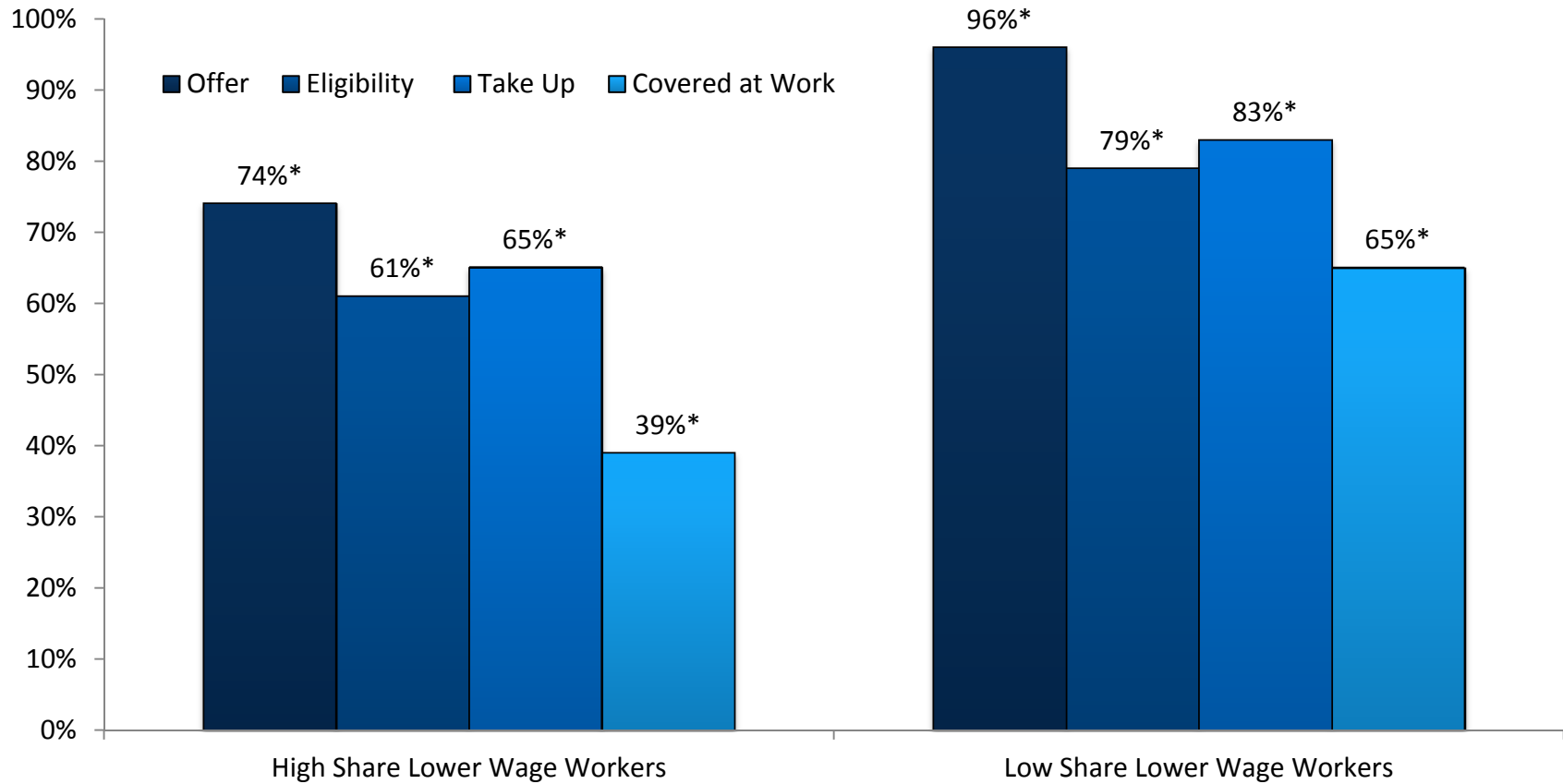


NOTES: Tests found no statistical differences between categories for 50 or more workers vs. 100 or more workers ($p < .05$). Eligibility refers to the percentage of workers offered benefits by their employer, take-up is the percent of eligible workers who enroll in that coverage, and the coverage rate is the percentage of workers who are covered by their employers' health benefits.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Low-wage Firms are Less Likely to Offer and Have Lower Eligibility, Take-Up and Coverage Rates, 2014

Among Firms with 100 or more employees



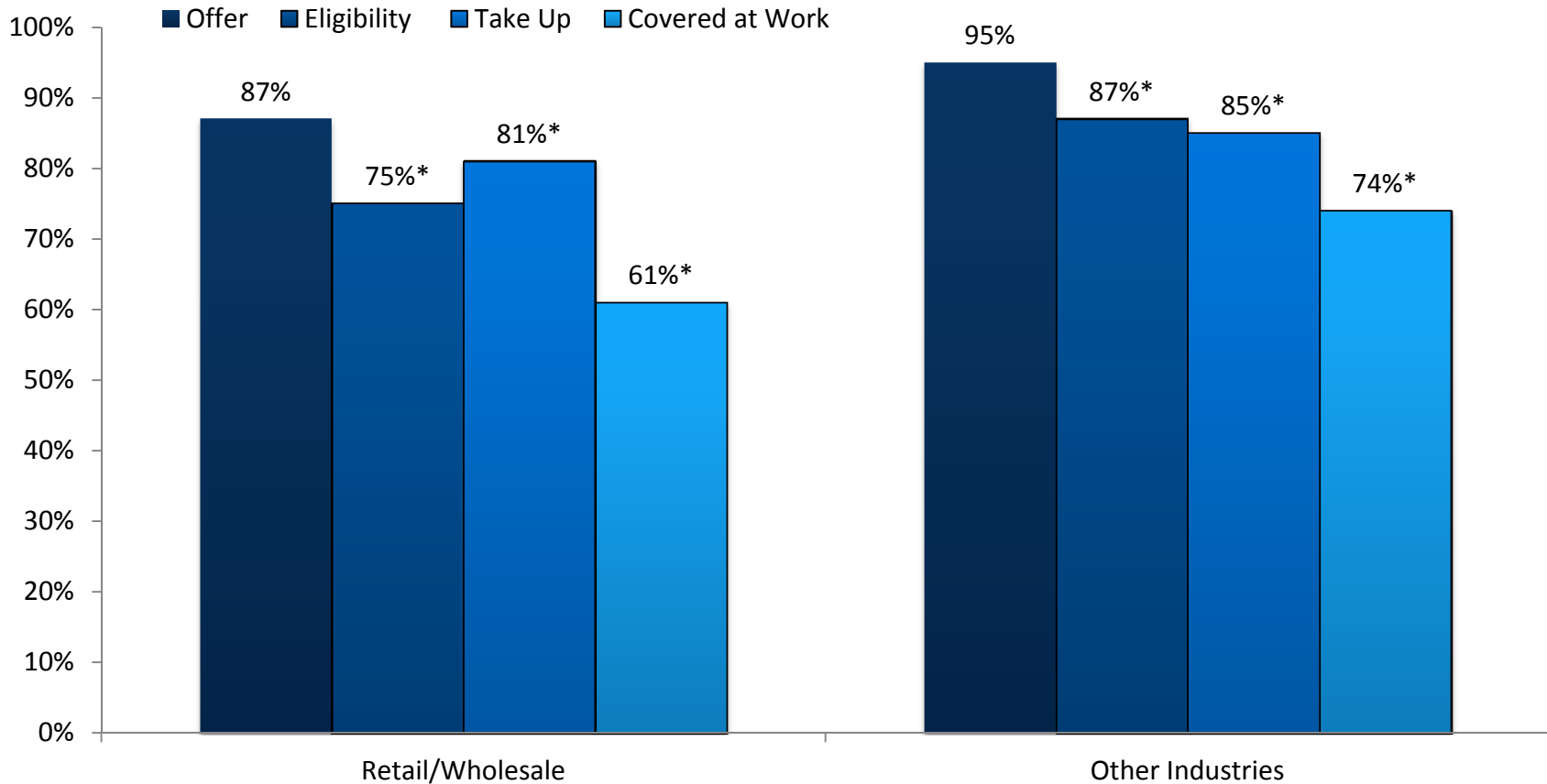
* Estimates are statistically different for firms with a high share of low wage workers vs. firms with a low share of low wage workers by category ($p < .05$).

NOTES: Firms with a higher share of low wage workers refers to firms where 35% or more workers earn \$23,000 a year or less. Firms with a lower share of low wage workers refers to firms where less than 35% of workers earn \$23,000 a year or less.

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Retail/Wholesale Firms have Similar Offer Rates but have Lower Eligibility, Take-Up and Coverage Rates, 2014

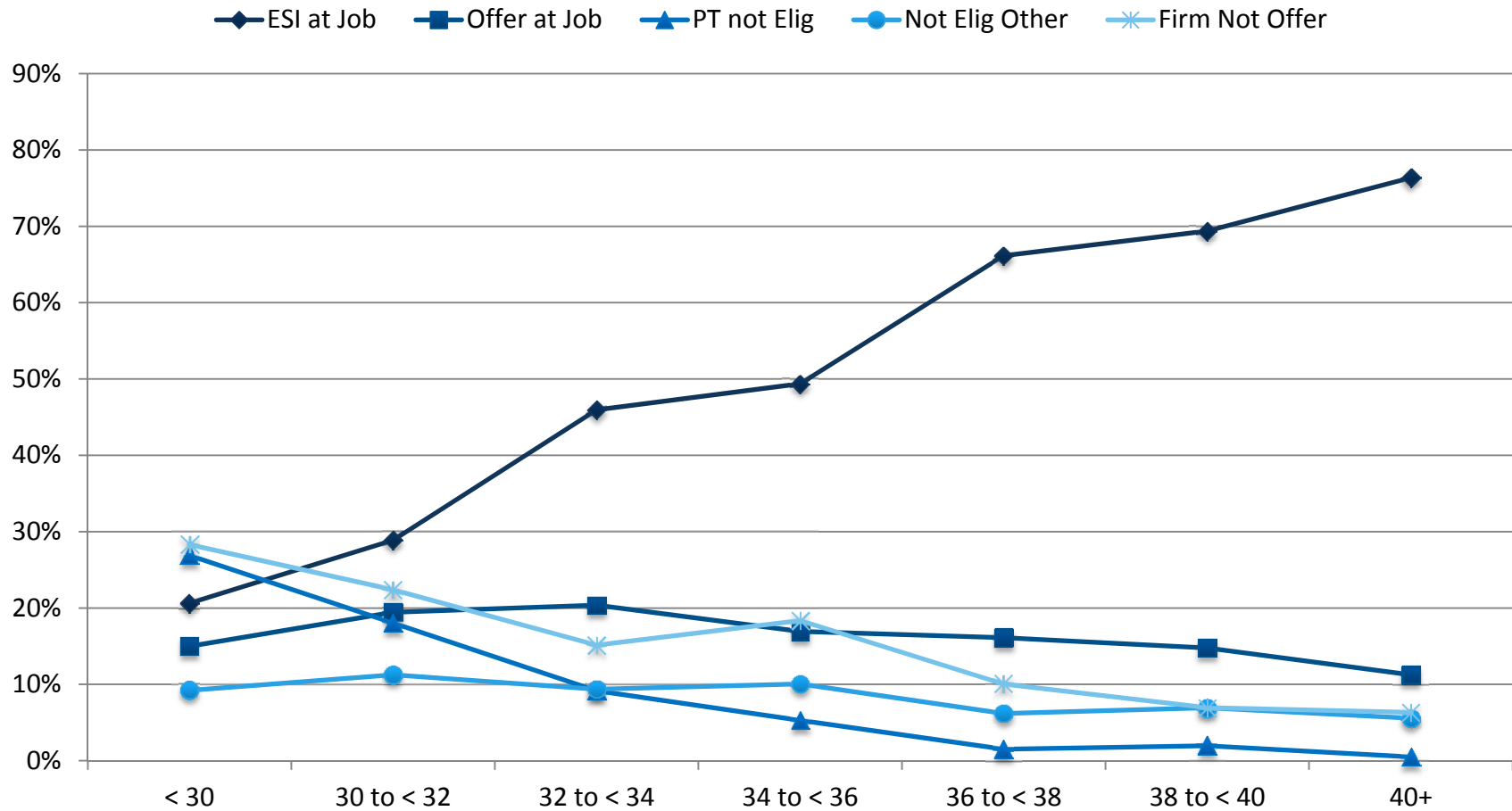
Among Firms with 100 or more employees



* Estimates are statistically different for Retail/Wholesale vs. Other Industries by category (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

Employer-Sponsored Insurance Availability Distribution, by Usual Hours Worked, 2010



NOTES: Workers are limited to nonelderly adults with non-varying hours at firms with 100 or more employees.

SOURCE: KFF analysis of the Survey of Income and Program Participation, April-July 2010.

Larry Levitt



Co-Executive Director
Program for the Study of Health
Reform and Private Insurance

Kaiser Family Foundation

@larry_levitt

The penalty for not offering coverage (“a” penalty)

Applies to business with 100+ FTEs in 2015 and 50+ FTEs in 2016

Does the employer offer coverage to 70% [95% in 2016] of full-time employees (30+ hours) and dependent children?

YES → No penalty

NO ↓

Did any one employee receive a marketplace tax credit?

NO → No penalty

YES ↓

Penalty/month = # of FT employees – 80 [30 in 2016]
x
\$2084 divided by 12
[indexed to premium growth]

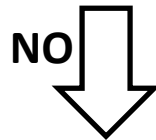
The penalty for not offering coverage meeting minimum requirements (“b” penalty)

Applies to business with 100+ FTEs in 2015 and 50+ FTEs in 2016 that offer coverage

Does the employer offer coverage that meets minimum requirements:

- Worker payment for single coverage is no more than 9.56% of wages
- A 60% actuarial value

YES  **No penalty**

NO 

Worker can apply for marketplace tax credits if otherwise eligible

**Penalty/month = # of workers receiving tax credits
x
\$3126 divided by 12
[indexed to premium growth]**

Up to a maximum of the “a” penalty

How might employers respond?

- Offer coverage that meets minimum requirements to avoid the “a” and “b” penalties.
- Offer “skinny” coverage with little or no worker contribution to avoid the “a” penalty (hoping many workers will not apply for marketplace tax credits and trigger the “b” penalty).
- Minimize exposure by reconfiguring hours for part-time workers.
- Do not offer coverage and allow workers to apply for marketplace tax credits (though giving up the tax benefit for employer-sponsored health benefits).
- Drop coverage for spouses, allowing them to apply for marketplace tax credits.

Potential effects on employer coverage and the federal budget

- The Congressional Budget Office (CBO) projects 7 million fewer people with employer coverage in 2016 under the ACA (a 4% decline). Net effect of:
 - Fewer employers offering coverage.
 - More workers taking up employer coverage due to the individual mandate.
 - Some people switching to other coverage.
- CBO projects \$139 billion in penalty payments by employers over the next 10 years.
- CBO estimates that changing the threshold for full-time workers to 40 hours per week would increase the budget deficit by \$57 billion over 10 years.

Related Resources

- 2014 Employer Health Benefits Survey
kff.org/ehbs
- Flowchart: Employer Responsibility Under the ACA
kff.org/infographic/employer-responsibility-under-the-affordable-care-act/

Contact Information

Rakesh Singh, Vice President of Communications

Phone: 650-854-9400

Email: RSingh@kff.org

@raksingh

Craig Palosky, Communications Director

Phone: 202-347-5270

Email: CPalosky@kff.org

@CraigPalosky

Thank you!

Until next time, keep up with the Kaiser Family Foundation online:

Twitter: [@KaiserFamFound](https://twitter.com/KaiserFamFound)

Facebook: [/KaiserFamilyFoundation](https://www.facebook.com/KaiserFamilyFoundation)

LinkedIn: [/company/kaiser-family-foundation](https://www.linkedin.com/company/kaiser-family-foundation)

Email Alerts: [kff.org/email](https://www.kff.org/email)