



Written by [Steven J. DuBord](#) on July 13, 2009

Senate Would Mandate Employee Insurance

There would be a \$750 assessment against a company for each full-time employee who is not covered, while \$375 would be assessed for each part-timer who is not covered. In order to qualify as covering an employee with health insurance, a business would have to pay at least 60 percent of that employee's premiums. At least for now, companies with fewer than 25 employees would be totally exempt.



Some businesses are welcoming government intervention as the great equalizer, a way to force competitors to play at their level. The *Journal* article mentions Lynn Schurman, the owner of Cold Spring Bakery in Cold Spring, Minnesota. She provides health insurance coverage to about 60 full- and part-time employees, but is finding it increasingly difficult to pay the \$100,000 annual cost. Her reasons for providing the coverage are admirable: "It's part of my value system — I want to treat employees fairly."

Yet Schurman's value system also includes calling on Uncle Sam to make competitors abide by her values. "They should have some responsibility to provide insurance to their employees also," she declared. While it is understandable that Schurman would like a level playing field with her competitors, promoting government coercion to obtain that equality may get her more than she is bargaining for.

The same mandate that would force her competitors to provide insurance would also control the insurance coverage she offers. She might be forced to provide coverage that is even more expensive than what she provides now. It is possible that Schurman would be unable to afford coverage with her current private carrier, and she would have to change to the potential public option that is favored by President Obama.

No wonder then that Schurman is a member of the Main Street Alliance, a coalition of small businesses that supports a government-run health insurance plan. Her sense of fair play with her employees apparently extends to making the switch from private coverage to a government plan whether her employees like it or not. Some of them may be very unhappy, in which case she could lose workers with valuable experience. But at least she would have obtained her goal of bringing everyone — competitors and employees alike — down to the same level under Uncle Sam's thumb, where everyone can be equally uncomfortable.

The Congressional Budget Office has concluded that the Senate bill would not significantly change the number of Americans receiving employer-based insurance. The *Journal* article references a study



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conducted by the Kaiser Family Foundation and the Health Research & Educational Trust that explains this. According to the study, about 90 percent of businesses with 25 or more employees were already providing health insurance coverage in 2008. Schurman is either unfortunate enough to be facing competition from the 10 percent who don't provide coverage, or her competitors have fewer than 25 employees, in which case the Senate's mandate would only backfire on her. Schurman would be locked into providing coverage while her smaller competitors would be exempt.

Neil Trautwein, vice president and employee benefits policy counsel for the National Retail Federation, said he thinks "it's about raising revenues" rather than expanding coverage. The mandate would force employers to pay the government if they fail to provide coverage or if their employees get insurance somewhere else. Trautwein said that the National Retail Federation is "really disappointed" and will probably have to fight the Senate bill in the end.

Amanda Austin, director of federal public policy, Senate, at the National Federation of Independent Business, said her organization favors market reforms to make coverage more affordable, but an employer mandate will do more harm than good: "We still believe it's a job killer and it will absolutely harm businesses."



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