



Written by [Raven Clabough](#) on January 2, 2015

Employer Mandate Takes Effect

The New Year has ushered in ObamaCare's insurance mandate on employers, marking the end of the unilateral delays that were passed one year ago by the White House. The delays provided ammunition to Republicans who argued that Obama was improperly providing administrative fixes where legislative ones were required.

With the mandate taking effect, companies with more than 100 employees will now have to provide affordable insurance to at least 70 percent of their workers or pay heavy fines. Companies with 50-100 workers will have until 2016 to start complying with the same mandate, though by 2016, at least 95 percent of the employees must be insured.

Companies that employ less than 50 full-time people are exempt.

The *Washington Times* reports, "Employers who flout the mandate by offering no coverage must pay a fine of \$2,000 per employee if at least one worker takes advantage of a tax credit on the Obamacare insurance exchanges. In calculating the fine, companies can subtract 80 workers in 2015 and 30 workers in 2016."

Companies that offer health insurance that does not meet the law's compliance requirements must pay the lesser of the \$2,000 per employee fine or \$3,000 for each employee who seeks subsidized coverage.

Some claim that the mandate should not pose a significant problem for large companies, as they typically offer compliant insurance.

Caroline Pearson, vice president of Avalere Health, said, "For most large companies, it's not going to be a major problem."

Issues are expected to arise, however, as human resources departments must report to the Internal Revenue Service on companies' compliance in order to avoid penalties.

The Hill notes that the penalty has been revised to involve less paperwork for employers, but most contend that the paperwork process will remain an expensive hassle for most businesses.

"The record keeping is a bit of a nightmare," said Greg Maras, vice president of human resources at Meadville Medical Center, a hospital in Pennsylvania that employs 1,400 full- and part-time employees.

Companies are expected to keep track of the hours of seasonal and part-time workers to determine how the law applies to them. According to TribLive.com, "For example, a company with 90 full-timers will have to offer coverage to those workers if the number of hours worked by part-timers is the equivalent of 10 full-time employees."

For industries that rely heavily on part-time and seasonal employees, the task of keeping track of employee hours will be taxing.





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“Especially in a retail setting, it’s going to be a huge task.... It’s an unbelievably complicated formula,” said Diane McClune, vice president of operations for Pittsburgh Business Group on Health, based in Ambridge, Pennsylvania.

Some companies, such as Walmart, that fear the cost of complying with the law, are dropping coverage for part-time employees and increasing premiums. Others have reduced employee hours to less than 30, moved low-wage workers to Medicaid, and reduced their full-time workforce to below 100.

With Republicans in the majority of both chambers, it is likely that the employer mandate will become a prime focus for lawmakers. Republican leadership will be holding votes to change the mandate’s definition of “full-time” work from 30 to 40 hours, a move that is supported by some Democrats.

According to Pearson, such a move would not hurt employers who would likely “happily adjust” their reporting, but would significantly reduce the number of penalty payments the government can collect.

Critics continue to lobby against the employer mandate, asserting that it will result in layoffs, reduced employee hours, and significant headaches for those responsible for the paperwork.

But the employer mandate is not the only ObamaCare provision to cause concern for 2015. This will mark the first year that Americans will have to pay a penalty during tax season if they did not have health coverage in 2014. Each uninsured person will have to pay the higher of \$95 or one percent of their income.

Likewise, primary care physicians accepting Medicaid patients will be effectively facing pay cuts as they will see, on average, a 43-percent drop in Medicaid payments from the federal government.

Furthermore, Medicare doctors will be hit with penalties if they have not met new the government requirements for electronic medical records. While many healthcare providers across the country have moved to this system, the significant investment costs — approximately \$165,000 for an average five-person practice — have proven to be burdensome.



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