



## BE INFORMED: Employer Mandate

Also Known As: Pay or Play  
“Employer” or “Shared” Responsibility

Congress is considering an “Employer Mandate” to purchase health care coverage as part of health care reform. Legislation in both the House and the Senate includes a requirement for all employers to purchase coverage for their employees (Kennedy/Dodd Senate HELP Proposal and the House Tri-Committee Health Reform Proposal). As discussions move forward, it is important for employers to understand how this mandate may impact them and their employees.

*An employer with 30 employees and an average annual payroll expense of \$1.2 million, will pay **\$96,000 in additional taxes each year** if they do not provide health care coverage*

### WHAT YOU SHOULD KNOW:

#### Costs appear irrelevant:

- The required mandate fails to address the fundamental problem faced by all purchasers – soaring health care costs
- Employers choosing not to provide coverage will pay an assessment of up-to 8% of their payroll costs in additional taxes
- **Paying the assessment is not the same as purchasing coverage!** The tax assessment will not be an allowable IRS tax deduction – claims that the assessment is a wash financially or that employers will “save” money paying the assessment fail to acknowledge the extra tax benefit of employer purchased health care coverage

[LINK HERE TO AN EMPLOYER TAX CALCULATOR TO DETERMINE HOW YOU WILL FAIR UNDER A MANDATE REQUIREMENT](#)

#### Both employer and employee choice, flexibility and innovation are severely restricted:

- Both proposals establish minimum coverage levels that will force employers to change coverage plans regardless of employee satisfaction with existing coverage, and the newly required coverage will be more expensive than what employers are currently paying
- Choice of health plans will be restricted – high deductible plans are considered “substandard” or “underinsured” policies. To meet minimum standard requirements employers will be forced to drop these plans and purchase more expensive coverage

#### Economic recovery and growth will suffer:

- Mandatory cost increases will force choices between job growth, wage increases, and business expansions, slowing recovery and growth in our economy
- Seasonal employers and those hiring temporary or short-term employees will significantly reduce the number of annual hires, forcing further contraction of struggling industries

*An economic analysis by the National Federation of Independent Business predicts **the loss of 1.6 million jobs nationwide, with more than one million of those losses from employers with fewer than 500 employees** ( NFIB Fact Sheet: Small Business Impact of a National Employer Healthcare Mandate: [http://www.nfib.com/Portals/0/PDF/AllUsers/NFIBStudy\\_HealthcareMandate.pdf](http://www.nfib.com/Portals/0/PDF/AllUsers/NFIBStudy_HealthcareMandate.pdf))*