



## 2014 Payroll Fact Sheet

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### The Latest Affordable Health Care Delay: Here's What It Really Means

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This week, the Obama administration announced another delay in rolling out the Affordable Care Act, weakening the requirement to offer coverage next year for large employers and postponing it for smaller ones.

Here is what it means:

**Question:** *There have been other delays in health-law implementation. What's different about this one?*

**Answer:** This is the second big change to rules for employers. The ACA requirement for employers with at least 50 workers to offer minimum coverage – or pay a fine — was supposed to take effect in January. But after getting complaints from business, the administration said last summer it would wait until 2015 to penalize employers that didn't offer coverage. Now the administration has moved the deadlines again. Companies with 50 to 99 employees won't have to offer minimum coverage until 2016. And companies with at least 100 employees are required to offer minimum coverage to only 70 percent of their workers in 2015, down from a previous target of 95 percent.

#### The impact on employees

**Q:** *Will this affect me?*

**A:** If you work full-time for a large company, probably not. Most employers with at least 100 workers already offer a medical plan because it helps them hire and retain talent, not because of a government rule.

"For the majority of large employers... neither the employees nor the employer are going to see that much of a difference," says Steve Wojcik, vice president for public policy at the National Business Group on Health, a big-business coalition. Employers with staffs under 50 have always been exempt from the coverage requirement. (Still, many do offer health insurance.) They are likely to be untouched, although growing businesses that had been reluctant to go over the 50-worker threshold may feel freer to hire.

Companies most affected are those in the 50-to-99 employee slot and large retailers and restaurant chains, many of which don't offer coverage to many employees now.

"I imagine we'll have some employers in that space who were not offering coverage before and were gearing up to offer it in 2015," said Edward Fensholt, director of compliance services for Lockton Benefit Group. "They'll probably be delighted with the delay."

#### Damage control or reasonable delay?

**Q:** *I work a flexible schedule for a big retailer. Does this delay my access to company health coverage?*

**A:** It might. But it also might delay a cut in your hours. Once the ACA is fully implemented, large companies must offer coverage to anybody who puts in at least 30 hours a week. Analysts expect big-box chains, restaurants and hotels to offer insurance to some workers who currently lack it but also to limit hours for others to avoid coverage requirements. Shrinking the big-employer target in 2015 from insuring nearly all workers to 70 percent gives more time for those adjustments to take place, analysts say.

**Q:** *There are elections in November. Isn't this mainly about Democratic damage control?*

**A:** That's what Republicans say. Besides seeing the delay as new evidence that the law is fatally flawed, they depict it as political camouflage for vulnerable Democrats, as a way to avoid potential October stories blaming job-market disruption on the health law.

House Ways and Means Committee Chairman Dave Camp, R-Mich., said Democrats don't believe they "can survive politically if Obamacare is allowed to fully go into effect. This is just one more admission that the law is bad for hardworking taxpayers and American employers."

Democrats say the extension is about giving employers more leeway to comply with a very complex law.

**Why not a delay for individuals?**

**Q:** *Do I have to still buy coverage if my employer doesn't offer it?*

**A:** In most cases, yes. Unless you get an exemption, you must enroll by March 31 or pay a penalty.

People whose companies don't offer coverage can purchase insurance in online state and federal marketplaces. If they earn less than \$46,960 for an individual or \$78,120 for a family of three, they could qualify for a subsidy.

**Q:** *Why do employers get a reprieve from ACA requirements but not individuals?*

**A:** It's a question many are asking. Some believe the administration will yield to pressure to delay the mandate for individuals, especially since so many of the online marketplaces proved difficult to navigate.

"How are you going to penalize people who didn't make it through the system?" wonders Joseph Antos, a health care economist at the American Enterprise Institute.

Insurance companies, which need as much participation as possible to make individual coverage financially sustainable, would sharply oppose such a move. Unfortunately for Democrats, that nuance might be lost on voters.

"It's hard to explain to the electorate that [postponing the individual mandate] would subvert the risk pool," said Dan Mendelson, head of consultant Avalere Health.

**Not much impact on many companies**

**Q:** *Will this delay pacify critics?*

**A:** No. True, the National Retail Federation's Neil Trautwein said the administration should get "a gold medal" for "its agility and flexibility" in working with employers.

But the change doesn't affect that many companies. And it delivers a new talking point to opponents who say the law is unworkable.

"Employers know they have the administration on the run," said Robert Laszewski, an insurance consultant and former industry executive. "Putting this off one more year isn't going to mollify them. They are more mad now because they are more convinced they are right."

***Kaiser Health News reporters Julie Appleby, Mary Agnes Carey, and Jay Hancock contributed to this report.***

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