

White House Again Delays Health Care Mandate for Employers

The **Obama administration** on Monday again delayed a contentious health care law requirement that all but the smallest employers provide coverage to full-time workers, this time by giving medium-sized businesses another year to comply.

The so-called employer mandate, which has been opposed by businesses, was originally supposed to take effect in January under the Patient Protection and Affordable Care Act, known as **Obamacare**. But the administration granted a one-year delay in July.

The latest change, published in a 227-page final rule, allows medium-sized businesses with 50-99 full-time workers to avoid a tax penalty until 2016 for failing to offer health insurance. It also allows larger employers to phase in coverage by offering a health plan to 70 percent of their full-time workforce next year, rising to 95 percent in 2016.

Firms with fewer than 50 full-time workers are not required to provide coverage under Obamacare, but could qualify for federal subsidies through new health insurance marketplaces established under Obamacare.

The regulation had been the subject of intense business lobbying and drew a largely upbeat response from employer groups.

"I am quite pleasantly surprised," said Neil Trautwein of the National Retail Federation, a Washington-based trade group. "This is beginning to look more like something the business community can live with."

But the change triggered another wave of Republican calls to postpone Obamacare's mandate for individuals, which requires most Americans to enroll in coverage by March 31 or pay a penalty in their 2014 income taxes.

"Much like the individual mandate, the business mandate is bad for middle-class families and it will harm economic growth. But the answer to this problem is not random unilateral changes, stoking uncertainty," House Republican Majority Leader Eric Cantor said in a statement.

"It's time to stop creating more chaos and delay Obamacare for all Americans."

Analysts said the change could help vulnerable Democrats in November's midterm elections battle for control of Congress by delaying a potential crescendo of complaints from small-business leaders, a theme Republicans also picked up on.

"It is clear Democrats don't think they can survive politically if Obamacare is allowed to fully go into effect," said Dave Camp, Republican chairman of the powerful House Ways and Means Committee.

Medium-sized businesses employ about 7.9 million people in the United States, according to data provided by the Treasury Department. That number is dwarfed by the 31.3 million employed by firms with fewer than 50 full-time workers and another 74.3 million who work for companies with 100 employees or more.

Not all business reaction was positive.

Thomas Donohue, president and chief executive of the powerful U.S. Chamber of Commerce, said other steps were necessary to reduce, "the significant harm this law is inflicting on businesses of all sizes."

"This short-term fix also creates new problems for companies

by moving the goal posts of the mandate modestly when what we really need is a time-out," Donohue said.

Treasury officials described the mandate's two-year phase-in for larger employers as a gesture to help companies cope with a new definition of full-time employment that begins with an average of 30 hours a week rather than the traditional 40 hours. The regulation also allows employers to determine whether an employee is full-time by averaging work hours over a period of up to 12 months.

President Barack Obama's signature domestic policy aims to extend health coverage to millions of uninsured Americans by allowing individuals and smaller employers to purchase subsidized private health insurance in new marketplaces set up in all 50 states.

The rules finalize draft proposals issued in December 2012 and took into consideration comments from businesses and congressional members, the Treasury Department said.

The regulations clarify that government volunteers, such as firefighters and emergency responders, are not considered full-time employees, an uncertainty that worried state and local governments.

Teachers and other education employees will not be treated as part-time for the year even, although their schools are closed or their work hours are limited in the summer, the rules said.

Additional safe harbors in the rules aim to make it easier for businesses to determine whether the coverage they offer is affordable to employees.

For adjunct college teachers, who were struggling with how to count all the hours they work, they can include 2 1/4 hours of work outside the classroom for each hour of classroom teaching they have a week.

For coverage of an employee's spouse and children, the final rules spare businesses from dependent coverage in 2015, as long as businesses are taking steps to offer this coverage in 2016.

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