



The Top 15 Reasons the “Affordable Health Care for America Act” (H.R. 3962) Increases Costs, Limits Choices and Kills Competition

1. Employer Mandate

The bill includes an employer mandate that will require employers to offer healthcare to **full-time and part-time employees**. An employer mandate does not address the No. 1 issue facing small businesses: unsustainable costs.

2. Payroll Tax Penalty

Payroll taxes are an especially onerous tax because they tax labor. No matter how profitable or unprofitable a business might be, they are forced to pay this tax. The legislation requires that all employers with a payroll of \$500,000 or more pay a payroll tax of up to 8 percent if they do not provide “qualified” health insurance to their employees.

3. Pay-or-Play, Pay-and-Pay and Offer-and-Pay

The legislation establishes a confusing multi-part test that hits both employers who do and do not offer health insurance.

A **non-offering employer** will pay a payroll tax of either 2, 4, 6 or 8 percent.

Offering Employers must meet all of the following:

- A. Offer “qualified” individual and family coverage
- B. Meet premium contribution requirements of at least
 - a. 72.5% for individuals and
 - b. 65% for family plans
- C. Offer a “qualified” plan as defined by a government-appointed board

- ❖ If an employee declines coverage from their employer, and are able to obtain coverage in the exchange, then the employer must pay a payroll tax penalty of up to 8 percent.
- ❖ If an employer (unknowingly) offers coverage other than the “qualified” plan, they can be assessed a penalty of up to \$500,000 a year (\$100 per employee per day).

4. A “Minimum” Plan with a Big Price Tag and New Mandates

Today, among businesses with less than 50 employees, 82 percent who offer coverage offer only one plan. H.R. 3962 gives a political board the power to define “coverage” and will determine whether an employer plan is “acceptable.” The bill does nothing to ensure that the new plans will be less costly than what small employers are paying today and even requires some small employers to cover benefits that are not currently mandated under federal law.