

Employers anxious about possible health care bill mandates

South Florida Business Journal - by [Oscar Pedro Musibay](#)

South Florida insurance brokers, attorneys, accountants and their employer-clients are on the edge of their seats about proposed federal health insurance mandates.

Proponents of health care reform including President Barack Obama argue in part that mandates are the only way to get enough people in the system to lower costs.

The House bill under consideration includes a requirement that mid-sized to large employers cover nearly 73 percent of insurance premiums for full-timers and 65 percent for family policies. They would also be required to pick up at least part of the tab for insuring part-timers.

The penalty for not meeting the requirements would involve paying the federal government a fee based on 8 percent of the company's payroll.

Carrie B. Cherveney, an associate in the West Palm Beach office of **Schwarzberg & Associates**, said that her clients are anxious about the possibility that a government-backed system could be inefficient and more costly.

She said health care mandates combined with other proposals, that are under consideration or already approved, could increase costs at a time when the economy is listing along.

"I don't think people are putting all the pieces together about what's happening," said Cherveney, who specializes in labor and employment litigation.

She said the Employee Free Choice Act, which would make it easier for unions to organize in companies, could drive up costs for employers because union campaigns usually involve promises of better benefits. Additionally, on Jan. 1 employees regained rights to sue employers under a list of disabilities the **U.S. Supreme Court** had struck down previously.

COBRA move added to costs

As of February, the Obama administration through the American Recovery and Reinvestment Act, began requiring employers to cover the bulk of COBRA benefits for laid off employees until reimbursed by the government.

The new regulations require employers with 20 or more employees to cover 65 percent of costs for the Consolidated Omnibus Budget Reconciliation Act (COBRA) for nine months. The provisions in the stimulus legislation affect those who were and will be involuntarily terminated between Sept. 1, 2008, and Dec. 31, 2009.

"Most of the legislation that is out there is increasing the cost, overhead and risk for employers," Cherveney said.

Howard Lucas, managing partner of Coral Gables-based accounting firm **Goldstein Schechter Koch**, said despite the concerns, most employers are already used to covering health care premiums as part of the cost of doing business, so possible reforms may not shock the system as much as some worry. But the timing of changes could be a problem.

"I don't think the timing is right," he said. "The economy is so weak and now they are talking about additionally costs being forced on employers. It's going to be difficult to convince or get them behind something like this."

State chamber open minded

Doug Wheeler, the vice president of grass-roots advocacy for the **Florida Chamber of Commerce**, said his organization is keeping an open mind as long as costs don't increase for employers.

The bottom line for Gail Spears, HR administrator for Naples-based **Beasley Broadcasting**, is that larger companies – of between 600 and 800 employees – should cover both full and part-time employees. Mandates are especially important in light of actions by employers to shift more and more employees to part-time status with few or no benefits.

"They are terming their full time employees and turning around and hiring part-time employees so they don't have to pay health insurance," she explained. "They are doing it at the expense of Americans that need health insurance."