



Insight

Another Day, Another Delay

DOUGLAS HOLTZ-EAKIN | FEBRUARY 10, 2014

The administration has added an umpteenth delay to the scheduled implementation of the Affordable Care Act (ACA). The original timelines of the ACA had the law's major insurance market reforms fully phased-in by January 1, 2014. Instead, individuals, families, and businesses trying to make sense of the law have had to follow delay after delay and exemption after exemption. Certainly no one is complaining about being exempted from this poorly conceived and economically-disruptive law, but reprieve after unplanned reprieve makes it hard to plan. One of the most far-reaching reforms, the employer mandate, has now been delayed again — and effectively gutted in the near term — likely due to concerns over the damage it would inflict on the labor market.

The employer mandate, which originally required all employers with over 50 full-time employees to offer “affordable” health coverage or pay a fine, was to be implemented according to the law on January 1, 2014. [Last July](#), it was announced that the mandate would be delayed until 2015. Now it has been delayed further – for companies with 50-100 employees until 2016. Furthermore, companies with over 100 employees will only have to cover 70 percent of their full-time workforce next year.

Why the 70 percent rather than the 100 percent as the law originally required? This decision is likely a result of very real concerns (and anecdotal evidence) of employers reducing workers' hours to below the 30 per week limit to avoid the mandate.

The rule also exempts volunteer positions, student work-study, and seasonal employees from full-time classification.

But beyond the specifics of the new rule or the policy impact of these latest deferrals, it is yet another example of the administration losing credibility with the public, the insurance industry, and the business community over the implementation of the ACA.

Small business owners have been trying to understand and plan for the impact the ACA will ultimately have on their bottom line and benefit packages since the law passed in March of 2010. It has not been easy. With the administrative agencies putting out rules on delayed timelines only to reverse them, releasing new guidelines every year, making important policy changes via obscure FAQ documents, and blatantly ignoring the legislative text when making these decisions, what is left of the law is highly confusing and disruptive to companies trying to plan for the future.

This law has never been popular, making concessions here and there for certain vocal stakeholders may buoy support or limit economic disruption in the short term, but it is unlikely to fix or create long-term support for this damaging health care overhaul.