



Construction Industry Round Table

Legislative News

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9/22/09 – What will be the Cost to Companies for the So-Called “Health Care Reform”?

It seems like every day another claim is made about how health care will be “reformed” by different versions that appear to be competing between: the Obama Administration desires (as expressed by the President in a speech to the joint session of Congress), the House views, and now the Senate Finance Committee Chairman Baucus proposal – not to mention the less ambitious alternatives being floated by the Republicans. In all of this we keep being told that “nobody is talking about” taking away anyone’s current coverage or doctors. But is that true? There is no question that the types of “reform” being discussed are filled with mandates on insurance companies and employers, all of which will drive the cost of insurance up for companies that purchase policies for their employees.

These costly requirements include such things as: (1) mandating “pay-or-play” rules that would require employers to either cover their workers or pay as much as an 8% payroll tax; (2) mandating plans have a “guaranteed issue” provision which is a rule requiring insurers to sell to anyone who wants to buy a plan regardless of the buyer’s health (in other words insurers would have to sell policies to people who didn’t buy a policy until they were sick); and/or (3) force “community rating” on insurers – a practice whereby everyone pays the same premium without regard to health status or risk. Clearly, any one of these mandates or requirements will drive up the cost of insurance that will then be passed along to the consumer (either the individual or the employer who is purchasing the insurance).