

BROKEN PROMISE:

Why ObamaCare Will Force Americans to Lose the Health Care Coverage They Have and Like

Summary of Key Findings

- The Democrats’ health care law contains a number of policies that create perverse financial incentives for employers to stop offering health insurance to their employees, perhaps none more so than the employer mandate – a requirement that businesses with more than 50 full-time equivalent (FTE) employees offer “affordable” health insurance to their employees or pay a fine beginning in 2014. Because the cost of paying the mandate penalty is far cheaper than the cost of providing health insurance, employers will face a stark economic choice.
- In total, the 71 Fortune 100 companies that responded to this inquiry could save an estimated \$28.6 billion in 2014 alone by eliminating health insurance coverage for their more than 5.9 million U.S. employees (impacting more than 10.2 million employees and dependents covered by those plans) and instead paying the \$2,000 per full-time employee fine created in the Democrats’ health care law. From 2014 through 2023, these employers could save an astounding \$422.4 billion if they took this action.
- Individually, these employers could save, on average, \$402.3 million (\$4,821 per full-time and part-time U.S. employee) – on an after tax basis – in 2014 alone by eliminating their health insurance coverage and instead paying the employer mandate’s \$2,000 per full-time employee fine. From 2014 through 2023, the average employer responding to the survey could save \$5.9 billion if they dropped coverage in favor of paying the mandate penalty.
- Despite promises that the law would control health care costs, employers have overwhelmingly concluded increases in cost will accelerate in the years after the Democrats’ health care law is fully implemented. Alarming, 84 percent of responding employers expect their future health care costs will increase at rates that are greater than those they’ve experienced over the past five years. During this period, employers responded that their health insurance costs have increased 5.9 percent, on average, while they expect future health costs will grow 7.6 percent, on average.

	2014	2014-2023
Total health care spending for active employees	\$38.4 billion	\$550.6 billion
Total mandate penalty payments	\$9.9 billion	\$128.3 billion
Total savings resulting from dropping health insurance coverage for active employees	\$28.6 billion	\$422.4 billion
Average company health care spending for active employees	\$541.3 million	\$7.8 billion
Average company mandate penalty payment	\$139.0 million	\$1.8 billion
Average company’s total savings resulting from dropping health insurance coverage for active employees	\$402.3 million	\$5.9 billion
Average company savings per employee resulting from dropping health insurance coverage for active employees and paying the mandate penalty	\$4,821	\$9,999 in 2023