

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE

CONTACT: (202) 225-3625

January 21, 2014

No. FC-14

Chairman Camp Announces Hearing on the Impact of the Employer Mandate's Definition of Full-time Employee on Jobs and Opportunities

House Committee on Ways and Means Chairman Dave Camp (R-MI) today announced that the Committee will hold a hearing on the impact of the Affordable Care Act's (ACA) employer mandate, which defines full-time employment as 30 hours per week for the purposes of applying the employer mandate. The Committee will hear testimony from a broad cross section of industries affected by the rule. **The hearing will take place on Tuesday, January 28, 2014, in 1100 Longworth House Office Building, beginning at 10:00 A.M.**

In view of the limited time available to hear from the witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record.

BACKGROUND:

The ACA imposes a requirement that employers with more than 50 full-time employees (FTEs) offer health coverage to their workers or be subject to one of two new penalty taxes. First, employers that do not offer qualified health insurance and have at least one employee receiving a tax credit for insurance through the Exchange are subject to a \$2,000 penalty tax for each FTE in excess of the first 30. Second, employers who offer insurance that fails to meet the Federal government's standard for affordability are required to pay a penalty tax for every employee who receives a tax credit to purchase coverage through the Exchange. This penalty tax will equal the lesser of (1) \$3,000 per employee who receives subsidized coverage in the Exchange or (2) the penalty tax the employer would have to pay if it did not offer health insurance (described above).

Prior to the enactment of the ACA, it was common practice for employers to use 40 hours as the definition of a full-time employee. However, under Internal Revenue Code section 4980H, enacted by the ACA, an FTE is defined as an employee who works at least 30 hours per week. Some commentators have expressed concern that this rule has created an

incentive for employers to limit the number of employees whose hours exceed 30 hours per week because the penalty taxes applied are calculated based, in part, on the number of employees who exceed 30 hours. Industries that employ lower skill workers, and often provide entry-level opportunities for younger workers, are disproportionately affected by the 30-hour rule. For example, employers in the restaurant, franchise, home health, movie theater, retail and grocery industries have been reported to have reduced or are planning to reduce hours for their part-time workers as a result of the 30-hour rule. Additionally, school districts, community colleges and universities have reduced work hours for students, adjunct professors and support staff.

Today, more than 159 million Americans receive health coverage from their employers, making employer-sponsored insurance (ESI) the largest single source of private health coverage. Yet, not all businesses have the resources to provide coverage to their employees, and not all employees seek jobs for the sole purpose of receiving ESI.

While the Treasury Department has suspended enforcement of the employer mandate for 2014, the mandate and associated penalty taxes come into effect on January 1, 2015.

In announcing the hearing, Chairman Camp stated, “Washington should be removing obstacles to individuals finding full-time work, not creating them. Instead, ObamaCare imposes large and disproportionate costs on employers and has created a new class of employees, the ‘ObamaCare 29ers.’ Many of these people have either lost or risk losing their full-time status and are being held back through no fault of their own but instead by a misguided law. As a result, they will see fewer hours and lower wages, and that is the opposite of the direction we need to be going to make our economy stronger for families and job creators.”

FOCUS OF THE HEARING:

The hearing will focus on the employer mandate and the so-called 30-hour rule of the Affordable Care Act.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, <http://waysandmeans.house.gov>, select “Hearings.” Select the hearing for which you would like to submit, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, by the close of business on Tuesday, February 11, 2014. Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and **MUST NOT** exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available on the World Wide Web at <http://www.waysandmeans.house.gov/>.