
Health Care & Wellness Committee

HB 1931

Brief Description: Concerning employer obligations to provide health care for employees.

Sponsors: Representatives Cody, Riccelli, Reykdal, Robinson, Walkinshaw, Moscoso, Ormsby, Fey, Gregory, Ryu, Ortiz-Self, Peterson, Tharinger, Dunshee, Bergquist, Jinkins, Moeller, Tarleton, Appleton, Gregerson, S. Hunt, Pollet and McBride.

Brief Summary of Bill

- Prohibits employers with 50 or more employees from (1) reducing the scheduled hours of employees or structuring staffing patterns to avoid federal penalties related to providing health coverage for employees; (2) engaging in staffing patterns that result in an annual increase of at least 5 percent in the number of its employees who are enrolled in Medicaid; and (3) engaging in staffing patterns that result in more than 25 percent of its employees being enrolled in Medicaid.
- Establishes penalties for violations of staffing requirements based on the least expensive silver plan in the health benefit exchange multiplied by the number of employees who would have otherwise had coverage.

Hearing Date: 2/20/15

Staff: Chris Blake (786-7392).

Background:

Federal Employer Shared Responsibility.

Through the "Employer Shared Responsibility" provisions of the federal Affordable Care Act employers with a certain number of employees must provide a minimum level of health coverage to their full-time employees and their dependents. As of January 1, 2015, the provision applies to employers with an average of 100 or more full-time employees during the preceding calendar year and, by January 1, 2016, an employer with an average of 50 or more full-time employees. The term "full-time employee" generally applies to those employees who work at least 30 hours per week.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Applicable large employers face a penalty if:

- they offer health coverage to fewer than 95 percent of their full-time employees and at least one full-time employee receives a premium tax credit to pay for coverage on the health benefit exchange; or
- they offer health coverage to 95 percent or more of their full-time employees, but at least one full-time employee receives a premium tax credit to pay for coverage in the health benefit exchange because the employer did not offer the coverage to the employee, the coverage was unaffordable, or the coverage did not provide minimum value.

The amount of the penalty varies depending upon the extent to which health coverage is offered and the number of full-time employees who work for the applicable large employer or the number of full-time employees receiving a premium tax credit.

Employed Medicaid Enrollee Reporting.

The Department of Social and Health Services and the Health Care Authority must annually report the number of medical assistance enrollees who were either employed or the dependent of somebody who was employed. The information must be reported, by employer size, for employers having more than 50 employees who are medical assistance enrollees or with dependents as enrollees. The report must also include the information in aggregate by private and government employers, by employer size, and by industry type.

Summary of Bill:

The term "covered employer" is defined to have the same meaning as "applicable large employer" under the federal Affordable Care Act, which defines that term to mean any employer who employed an average of at least 50 full-time employees during the preceding calendar year.

Covered employers are prohibited from:

- reducing the scheduled hours of employees or structuring staffing patterns to avoid federal penalties related to providing health coverage for employees;
- engaging in staffing patterns that result in an annual increase of at least 5 percent in the number of its employees who are enrolled in Medicaid; and
- engaging in staffing patterns that result in more than 25 percent of its employees being enrolled in Medicaid.

Violations of the staffing requirements will result in a civil penalty of up to three times the amount of the cost of the least expensive silver level health plan on the health benefit exchange multiplied by the number of employees who would have been covered had the employer complied with federal health coverage requirements. In addition, the covered employer may be required to submit a corrective action plan to restore the employment status of the affected employees.

A covered employer must appeal an initial order related to a violation within 30 days of issuance or else the initial order becomes a final order that is binding. A covered employer that has appealed an initial order and has subsequently been issued a final order may appeal the final order within 30 days of the issuance of the final order.

The Health Care Authority is responsible for investigating complaints, identifying improper staffing patterns, issuing initial and final orders, and collecting penalties.

Legislative findings and declarations are made regarding the need for affordable, comprehensive health insurance coverage, employer responsibilities under the federal Affordable Care Act, and the burden created by the lack of health care coverage for some workers. Legislative intent is declared to encourage employers to provide affordable employer-based health care to low-wage employees.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.