



Pay or Play: Holding Costs Down, Leveling the Playing Field

What we are asking for: As a part of getting to universal health coverage, employers must be required either to offer coverage to their workers or pay into a fund to finance coverage for uninsured workers. And employers that contribute to pre-Medicare retiree benefits should get relief.

Health reform must build on what works, which for 160 million Americans is the employer-based system.

- A pay or play requirement will build on the current employer-based system by encouraging more employers to offer coverage and penalizing those that do not.
- The vast majority of the uninsured are in families with at least one full-time worker. Making employer-based coverage stronger will help cover more uninsured workers.
- Pay or play will shore up employer-based coverage and minimize disruption for those who now have coverage and want to keep it.

An employer requirement will hold down costs and bring in needed revenue.

- Pay or play holds down federal costs by keeping employers from dumping low-wage workers into new subsidized plans.
- Pay or play generates revenue to help fund subsidies for low-income individuals and the uninsured.

An employer requirement will level the playing field.

- Pay or play at fair and reasonable levels will level the playing field so free-rider firms can't shift costs to employers that offer good benefits.
- A recent study found more than \$1,000 of every family plan premium goes to cover the cost of care for the uninsured, most of whom are workers.

Businesses and their allies will argue they can't afford to meet this requirement in such a bad economy.

- The vast majority of firms that currently offer health coverage will not see any new costs. They will see their costs go down when we eliminate cost shifting and make reform more sustainable.
- The only firms that may see their costs increase are those that don't offer benefits or offer benefits that are too inadequate to meet a reasonable test.
- The vast majority of firms that don't offer health coverage are small and mostly low-wage. Health care reform will give small firms more affordable options for providing

their workers with health benefits, probably in combination with additional subsidies for those with low-wage workers.

- Any new costs can be offset by gains in higher productivity and a healthier workforce. Comparable increases in the minimum wage have not led to the economic dangers predicted.

Relief for employers that provide benefits for pre-Medicare retirees.

- Employers that contribute to retiree health benefits for workers ages 55 to 64 deserve relief. This population generally has higher health care costs, and people in this age bracket who don't have employer coverage cannot find affordable coverage on their own. Policy options include allowing this group to buy into Medicare, using reinsurance aimed at higher-than-average costs to spread those costs more broadly, and expanding Medicare eligibility to begin at age 55.