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CAPITOL Watch

NJBIA Forms Coalition to Stop the Healthcare Tax

Do you spend enough on your health insurance? According to some state legislators, the answer is no. Although health insurance premiums are increasing at about 10 percent a year for most companies, these legislators have set aside thoughts of controlling healthcare costs in favor of finding ways to make businesses pay even more.

In March, the Senate Labor and Health Committees held a joint hearing on whether employer health benefits are generous enough to keep their employees out of government programs. Legislation has already cleared the Senate that would require the commissioner of human services to report any company with 50 or more employees enrolled in FamilyCare, New Jersey's subsidized health insurance program for low income families. The bill, S-539 (Buono, Coniglio)/ A-932 (Gusciora, Van Drew), is nothing more than an attempt to harass businesses.

And as if that's not enough, some legislators are floating a proposal for what amounts to a healthcare tax on large employers. It would require any business with 1,000 or more employees to spend at least \$4.17 per hour for health benefits on each employee (\$8,673 annually, assuming a 40-hour work week), or pay the difference to the State of New Jersey. Coverage for single employees typically costs about \$5,000 per year, so companies would have to pay a per-employee tax of \$3,673.

Companies would even be forced to spend \$4.17 an hour for health benefits to part-time workers (those working more than 15 hours a week), as well as the health benefits their independent contractors pay. Also, don't think this bill won't impact your business. Its proponents want this tax to be applied to all businesses.

The \$4.17 per hour, per worker is NOT an average, but a minimum amount to be spent for each and every worker. In other words, no matter how much a company spends on its overall health benefits package, it would be taxed if it spends less

than \$4.17 per hour for even one employee. Even when it is the employee's voluntary decision not to enroll in a company's health plan, the company would still be taxed. Companies would be taxed about \$30 per day, per employee if they require a waiting period before new employees can enroll in their health benefits programs.

Make no mistake, this bill is not about increasing access to healthcare. The businesses it targets already provide some of the most generous employee healthcare benefit programs to be found in the private sector, and the money will be used to fund the existing FamilyCare program, not expand it.

In response to the proposed healthcare tax, NJBIA formed the Coalition for a Competitive New Jersey, which will work to stop the healthcare tax. Anyone interested in joining should contact NJBIA Vice President Christine Stearns at 609-393-7707, ext. 245 or visit the Coalition Web page at www.njbia.org.

What's even more disturbing than the specific bills is the fact that legislators are no longer making a serious effort to control healthcare costs. The rising cost of health insurance is the biggest threat to insurance access. Insurance costs for most New Jersey companies, like those around the nation, are rising at 10 to 20 percent a year. According to our Health Benefits Survey, health insurance costs have risen by 55 percent over four years. The survey also indicates that double-digit rate increases have resulted in a drop in the percentage of employers offering health insurance for the first time in the survey's 12-year history.

Some employees elect not to enroll in their company's health-care plans because they are younger, relatively healthy, and do not want to pay for even a small percentage the cost. Of course, the skyrocketing cost of health insurance is the primary reason they are asked to share the cost in the first place. Reining in health insurance costs would likely reduce the amount companies ask employees to contribute to their health insurance and cut the number of people who opt out of their company's health benefits program. But reducing the rate of health insurance inflation is a lot harder than just socking it to business, and right now, some legislators seem content on taking the easy route.