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# Employers try to get ahead of health law

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**Will the Affordable Care Act lead many companies to trim employee benefits?**

- Yes. Companies will cut wherever they're able to save money.
- No. It won't have much impact on most companies.
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By Ken Alltucker

The Republic | azcentral.com  
Fri Aug 23, 2013 11:25 PM

Even though the Obama administration has granted large companies a one-year reprieve under the Affordable Care Act, some employers are scrambling this year to prepare for the nation's health-care overhaul.

United Parcel Service cited the law as one reason it's dropping health insurance for about 15,000 spouses who have coverage options elsewhere. Maricopa Community Colleges started classes this week with strict annual-hour limits for about 1,300 temporary workers, to comply with the law's data-collection requirements.

The national health-care law, referred to by some as "Obamacare," requires companies with 50 or more employees to provide affordable health insurance or pay a penalty. The mandate applies to employees who work at least 30 hours per week. It initially was to take effect Jan. 1, 2014, but the Obama administration in July delayed the requirement one year.

Still, some employers are already making changes. A few large companies, like UPS, have allowed plans to trickle out, but most have not publicly disclosed their intentions.

Business groups, such as the Arizona Chamber of Commerce and Industry, said companies are struggling to interpret the law's regulations.

"Companies are trying to adjust and figure out how they will adjust to the new mandates and requirements," said Glenn Hamer, president and CEO of the Arizona Chamber of Commerce and Industry. "The law is a real challenge for businesses across America, universities, schools and even labor unions."

Hamer predicts that more large companies will follow the lead of UPS by trimming benefits where the law allows.

Others say the health-care overhaul will have little impact on large companies because 94 percent of employers with 50 or more workers already offer health benefits.

"For large employers, the Affordable Care Act will not have much of an impact at all," said Ron Pollack, executive director of Families USA, a Washington, D.C.-based advocacy group for health consumers. "The overwhelming number of large employers are already providing health-care coverage, and they are doing so without any compulsion about doing it."

United Parcel Service's new policy applies to non-union employees whose spouses are eligible for health insurance through their own employer. The Affordable Care Act allows companies to limit coverage for spouses but not eligible dependents.

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Corporations have increasingly made employees pick up a larger share of their health benefits by charging higher deductibles, copayments and other cost-sharing mechanisms. But in a letter to employees, the Atlanta shipping and delivery company cited fees associated with the law.

In an interview, company spokesman Andy McGowan said the law is just one of many factors. "We have seen our health-care costs nearly double over the last eight years," McGowan said.

Maricopa Community Colleges cited the Affordable Care Act for its decision to limit the hours of about 700 part-time adjunct professors and 600 employees to 1,300 hours each year. That equates to an average of 25 hours each week.

Spokesman Tom Gariepy said the 10-college system made the change because the federal law requires a "look-back" period to track and document labor records.

Arizona State University has changed some job classifications among part-time instructors, but university officials say the change will not reduce their hours or benefits. ASU made the change to document who is eligible for health benefits, a requirement of the law.

ASU spokeswoman Sharon Keeler said the changes were made to distinguish between full-time professors and part-time instructors, who are contract employees limited to teaching two classes per semester and are not eligible for benefits.

Keeler would not say how many instructors were impacted by the new classification, but she said that no part-time instructor's hours were reduced in the reclassification.

"Nobody is losing any benefits and the number of people receiving benefits is likely to increase," Keeler said.

While some businesses warn of peril because of the law, others see opportunities.

Temporary staffing agencies are preparing for more companies to seek help filling positions rather than take on more full-time staff.

Michael Hayes, who owns Momentum Specialized Staffing in Phoenix, said he anticipates a surge in employers looking for ways to add manpower without adding full-time workers.

Hayes' company places unskilled workers in industries such as warehousing, production, sorting and textiles. He said these jobs often pay \$10 to \$12 an hour, and employers will be required to pay an extra \$1 to \$1.50 per hour to add health insurance.

While the employer mandate has been delayed one year, most consumers will still be required to purchase health insurance or pay a penalty in 2014.

Hamer said that he expects Arizona residents will see an increase in premiums next year when the new marketplaces for consumers and small businesses launch.

"It's simple economics," Hamer said. "As you require more benefits, you drive up premiums. ... I don't call it the Affordable Care Act because it is not (affordable)."

Unlike many states that have already disclosed rates for health-insurance plans that will be sold over state-based marketplaces, no information has been made available in Arizona. The federal government will run Arizona's health-insurance marketplace, called an exchange.

The Center for Consumer Information and Insurance Oversight, an arm of the federal agency that oversees Medicare and Medicaid, is now reviewing the insurance providers who have applied to market plans to Arizona consumers. The federal agency expects to complete the review by early September.

More than 1 million Arizona consumers are expected to shop for health insurance on the individual marketplace and a related exchange for small businesses. Those who earn up to 400 percent of the federal poverty level — \$94,200 for a family of four — will be eligible to purchase government-subsidized health insurance from these marketplaces.

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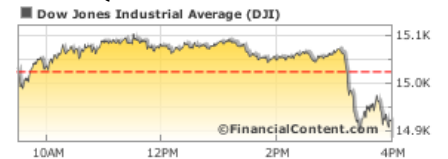
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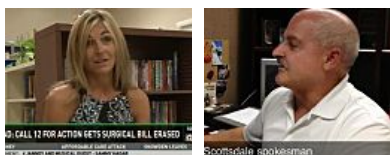
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