

Will Healthcare Reform Be A Job Killer?

October 30, 2009 - Yesterday, House Speaker Nancy Pelosi (D-CA) dropped a 1,900 page healthcare reform bill at the feet of the American people. The bill is more expensive than previously predicted - more than \$1 Trillion according to the CBO - and it contains a number of controversial amendments including a "public option". The bill also contains a provision that requires many employers to offer health insurance to their employees. That provision is likely to be a job killer and lead to many companies outsourcing to third parties and shifting more of their operations overseas.

The healthcare reform bill is on the fast-track to a vote in the House of Representatives sometime next week. Those writing the bill are still trying to deal with some of the most contentious items associated with the issue. Among these are covering the healthcare costs of illegal aliens and providing a public option for the purchase of health insurance. The lies being told about these two issues are appalling. A number of members of Congress have said that the bill won't provide coverage to illegal aliens, but language which could make that true has actually been removed. And as late as yesterday, Nancy Pelosi was telling the media that the public option would not use tax payer money to cover the cost of a public option. If that is true, why does the bill make huge cuts to Medicare and impose new taxes on upper income earners? It is obvious that we are being lied to!

Are you angry about this? If your answer is "yes", that may be the very thing that Congress is counting on to slip another provision into the bill while you are not looking. And that provision could cost you your job or, if you are currently unemployed, make it much more difficult for you to find a new job.

Page 268 of the bill marks the beginning of a section called "Employer Responsibility". This section is onerous for employers. Any business that has more than \$500,000 in payroll expenses annually will be required to pay for health insurance for its employees or face fines. Those fines can go as high as 8% of total payroll costs each year. And the employees that must be covered include part-timers.

Along with the mandate to provide healthcare comes a mandate to comply with stringent reporting requirements to the government. And those reporting requirements will also be very costly to employers.

An estimate by the National Federation of Independent Business says that in the first five years, this provision of the bill will reduce GDB by \$200 Billion and cost the country 1.6 million jobs. And since the way that the bill is written, many of its costs are deferred by more than ten years, these costs are only going to increase.

The logical solution for businesses faced with this choice is to outsource. They can do this in a number of ways. Instead of using full time employees, then can use private contractors. In cases when this won't work, they can contract with other small companies to provide certain services. Most notably, companies that can move some or all of their operations off-shore will be strongly incented to do so.

All of this is bad news for jobs. The companies that will be most impacted by this are small businesses. And small businesses generate more than 70% of all jobs in the United States.

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