



**FAMILY FORWARD**  
**OREGON**

*Smart policies for today's families.*

April 8, 2015

Testimony in Support of SB 845: Health Care Accountability Act  
Submitted by Kate Newhall, Family Forward

Thank you for the opportunity to provide testimony in support of SB 845, which will create a disincentive for large employers to evade their responsibility to provide healthcare under the Affordable Care Act. We see this as a simple accountability measure to ensure that large employers are held to the standards set in the Affordable Care Act rather than manipulating employees' hours to avoid penalty. We also believe that large employers who pay such low wages that their employees qualify for medical assistance programs should shoulder some of the financial burden they are currently shifting to taxpayers. SB 845 resolves both problems with an innovative solution.

Family Forward is an organization committed to advancing policies that support families and help them succeed, both in the workplace and at home. Our mission is to create a family-forward Oregon where all families can be economically secure and have the time it takes for work and family responsibilities. Today, too many families are forced to sacrifice one or the other. Family Forward supports policies, like protecting employment-based health insurance benefits, that make economic stability and work-life balance more achievable for Oregon families.

Under the Affordable Care Act (ACA), employers of 50 or more employees face penalties if they do not provide healthcare coverage for their employees. While this set a good standard, some large employers have sought to avoid the penalties imposed by reducing the hours an employee works to avoid paying healthcare costs; employers do not have to offer health care coverage nor do they face penalties if they don't employ more than 50 full-time employees or a combination of full-time and part-time employees that is equivalent to 50 full-time employees. As an unintended consequence of this provision of the ACA, some large employers have used this as an incentive to keep their employees on part-time hours (often just below full-time), thus avoiding the requirement to provide health insurance.. In 2013, over one million Oregonians were enrolled in SNAP or received Oregon Health Plan benefits. Some large employers are boosting their profits by making taxpayers subsidize the basic health care needs of their low-wage workforce.<sup>1</sup>

**This is a loophole in the ACA that needs to be addressed.**

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<sup>1</sup> Labor Education and Research Center, University of Oregon. (January 2015) *The High Cost of Low Wages in Oregon*, available at: <http://lerc.uoregon.edu/wp-content/uploads/2015/01/2014-Oregon-Workforce-Report-The-High-Cost-of-Low-Wages-in-Oregon.pdf>



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The practice of reducing hours to avoid ACA requirements hurts low-income workers in several ways. Most obvious, the employee loses healthcare coverage they and their children would have otherwise been able to count on. In addition, many low-wage workers depend on full-time hours, or at least a predictable number of hours, to make ends meet and pay the bills on time. An arbitrary reduction in their hours means a reduction in their wages, which low-wage workers simply cannot afford. As a result, a worker can be faced with both a reduction in hours and a need to purchase their health insurance independently.

This can be particularly problematic for women (and the families who depend on them) who make up 64% of part-time workers and 60% of minimum wage workers in Oregon. Nearly 24% of households in Oregon are headed by single mothers<sup>2</sup> and women make up almost 54% of all Oregon Health Plan participants. Forty-one percent of all participants are children under 18 years old.<sup>3</sup>

By creating a penalty for large employers with workers on medical assistance programs, SB 845 will help ensure that employers are providing health care benefits to their employees as required under the ACA; it will also help the state recover some of the cost of medical assistance programs if these employers do not provide health insurance.

Family Forward urges your support of SB 845. No employee should be faced with a reduction in their hours just so their employer can avoid ACA requirements. And large employers who rely on taxpayer subsidies to keep their wages low and profits high should share the cost of this poor employment practice with the state.

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<sup>2</sup> NWLC, *Women and Poverty, State by State* (Sept. 2014) available at <http://www.nwlc.org/resource/women-and-poverty-state-state>

<sup>3</sup> Labor Education and Research Center, University of Oregon. (January 2015) *The High Cost of Low Wages in Oregon*, available at: <http://lerc.uoregon.edu/wp-content/uploads/2015/01/2014-Oregon-Workforce-Report-The-High-Cost-of-Low-Wages-in-Oregon.pdf>