

**Initiative #92**  
**Employer Responsibility for Health Insurance**

1 **Amendment \_ proposes amending the Colorado Constitution to:**

- 2       ♦ require every private employer with 20 or more employees to provide  
3       health insurance for both employees and their dependents;
- 4       ♦ limit the amount the employee must pay to 20 percent for employee-only  
5       coverage and to 30 percent for dependent coverage;
- 6       ♦ provide an option for employers to pay insurance premiums to a new state  
7       authority, which would contract with private companies for employee health  
8       insurance; and
- 9       ♦ require the state legislature to implement the measure, including establishing  
10      minimum standards for health insurance.

11 **Summary and Analysis**

12       Currently, employers in Colorado are not required by state or federal law to  
13      provide health insurance for their employees. Federal data shows that most  
14      employers in Colorado with more than 25 employees offer some type of health  
15      insurance to their employees, but employers with fewer employees are less likely to  
16      offer health insurance than larger employers. For those employers that offer health  
17      insurance, there is no state or federal law that requires the employer to contribute to  
18      the cost of the insurance.

19       ***Health care coverage in Colorado.*** According to a state study, about 58 percent  
20      of Coloradans obtain health insurance through their employer or through a family  
21      member's employer. Other sources of coverage include government programs such  
22      as Medicare and Medicaid (21 percent) and individually purchased health insurance  
23      (4 percent). The remaining 17 percent of Coloradans are uninsured. Of the 785,000  
24      people who are uninsured, approximately 550,000 have jobs or are dependents of  
25      people with jobs. Even though these individuals work, they may not work for an  
26      employer that offers health insurance, they may be ineligible for the employer's plan  
27      because they work part-time, or they may choose not to participate due to cost or  
28      other reasons.

29       ***Requirements of Amendment \_.*** Amendment \_\_ requires every private  
30      employer in Colorado with 20 or more employees to provide health insurance to  
31      employees and dependents. Those that currently provide insurance may need to  
32      adjust their plans to meet the requirements of Amendment \_\_ to: (1) offer dependent  
33      insurance, (2) pay 80 percent of the cost of the health insurance for the employee,  
34      and (3) pay 70 percent of the cost of insurance for the employee's dependents.

1 In the alternative, employers may choose to pay premiums to a newly established  
2 state authority. The authority must contract for health insurance for employees whose  
3 employers do not directly provide coverage. Amendment \_ requires the legislature to  
4 enact laws to implement its provisions, including determining the types of plans that  
5 must be offered by employers and the sources of revenue for paying the  
6 administrative and health insurance costs of the authority.

7 **Other employer mandates for health insurance in the U.S.** Federal law  
8 generally prohibits states from requiring employers to provide health insurance. Thus,  
9 few states have such laws. Congress granted an exception for a Hawaii law that  
10 requires employers to choose one of three ways to provide health insurance to  
11 employees. Recently, an ordinance was implemented in the City of San Francisco  
12 requiring employers to spend a certain amount on health care for employees; it is  
13 being challenged in federal court and has been upheld to date. A court struck down a  
14 Maryland law that would have required private employers with at least 10,000  
15 employees to spend at least 8 percent of their payroll on health insurance benefits  
16 because it effectively required employers to change their employee health insurance  
17 plans. Massachusetts and Vermont require employers who do not to provide health  
18 insurance benefits to pay a fee to the state; neither of those laws has been challenged  
19 in court.

## 20 **Arguments For**

21 1) Businesses are likely to benefit from higher productivity and fewer days lost to  
22 illness when more employees are insured. Individuals with health insurance tend to  
23 be healthier because they have access to preventative care and are more likely to  
24 seek medical attention for minor illnesses and injuries before they become serious.  
25 As a result of the measure, affected businesses may have more insured employees,  
26 allowing them to be more productive and contribute to the growth and strength of  
27 Colorado's economy.

28 2) Amendment \_ increases access to affordable health insurance for working  
29 people and their families. When individuals and families have health insurance, they  
30 are better protected from the financial burden of catastrophic medical events. By  
31 establishing cost-sharing requirements between employers and employees, the  
32 measure provides more workers with a viable option to obtain health insurance.

33 3) Employers in the state share in the responsibility for solving the problem of  
34 affordable access to health care. While a majority of Colorado employers offer health  
35 insurance to employees, employers that do not receive an unfair competitive  
36 advantage and create a financial burden on those that do. The costs of treating the  
37 uninsured are passed on in the form of increased charges for health care services and  
38 increased insurance premiums, which in turn, raise the cost of health care for  
39 everyone.

1 **Arguments Against**

2 1) Mandating that employers with 20 or more employees provide access to health  
3 insurance increases the cost of doing business and could damage Colorado's  
4 economy. The amendment adds an additional financial obligation on businesses,  
5 which may hinder business growth within the state and discourage out-of-state  
6 companies from relocating to Colorado. Some companies may choose to downsize in  
7 order to control costs, which could result in lost jobs. The measure removes the  
8 flexibility employers currently have to offer benefits that are within a company's budget  
9 and to meet the needs of their employees.

10 2) Amendment \_ may be detrimental to employees. Businesses are likely to  
11 decrease employees' wages, bonuses, or other benefits in order to offset increased  
12 health care costs. Due to the requirement that employers pay 70 percent of the costs  
13 for family health coverage, the measure could result in discrimination against hiring  
14 individuals with families.

15 3) Amendment \_ does not solve the problems associated with the high cost of  
16 health insurance. Often the reason that employers do not offer health insurance is  
17 because they cannot afford the premiums. Furthermore, under the measure,  
18 employees may remain uninsured because they cannot afford their share of the  
19 premiums or choose not to purchase health insurance. The measure does nothing to  
20 make health insurance more affordable and available for people who work for small  
21 businesses. A constitutional amendment is an inflexible approach to dealing with the  
22 complex issue of health insurance.

23 **Estimate of Fiscal Impact**

24 Beginning in budget year 2010, both state revenue and spending are expected to  
25 increase. Total revenue from premiums depends upon the number of employers and  
26 employees selecting health coverage through the authority. Total spending depends  
27 on the specific administrative responsibilities of the authority.