

**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 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 ***Employer-provided health insurance.*** Currently, employers in Colorado are not
13 required by state or federal law to provide health insurance for their employees. About
14 half of employers provide insurance as an employee benefit. For those employers
15 that offer health insurance, there is no state or federal law that requires the employer
16 to contribute to the cost of the insurance.

17 While information is not available on employer-provided health insurance for
18 employers with 20 or more employees, federal data shows that 96 percent of the
19 employers in Colorado with 25 and more employees offered health insurance to their
20 employees in 2005. The remaining four percent, approximately 1,260 employers with
21 about 20,000 employees, did not offer health insurance, but would be subject to the
22 requirements of Amendment _.

23 Employers currently offering health insurance may need to adjust their plans to
24 meet the requirements of Amendment ___ to: (1) offer dependent insurance, (2) pay
25 80 percent of the cost of the health insurance for the employee, and (3) pay
26 70 percent of the cost of insurance for the employee's dependents.

27 ***Health care coverage in Colorado.*** According to a state study, about 58 percent
28 of Coloradans obtain health insurance through their employer or through a family
29 member's employer. Other sources of coverage include government programs such
30 as Medicare and Medicaid (21 percent) and individually purchased health insurance
31 (4 percent). The remaining 17 percent of Coloradans are uninsured.

32 Of the 785,000 people who are uninsured, approximately 550,000 have jobs or are
33 dependents of people with jobs. Even though these individuals work, they may not
34 work for an employer that offers health insurance, they may be ineligible for the

1 employer's plan because they work part-time, or they may choose not to participate
2 due to cost or other reasons.

3 **Other employer mandates for health insurance in the U.S.** Federal law
4 generally prohibits states from requiring employers to provide health insurance. Thus,
5 few states have such laws. Congress granted an exception for a Hawaii law that
6 requires employers to choose one of three ways to provide a specified level of
7 coverage to employees. Recently, an ordinance was implemented in the City of San
8 Francisco requiring employers to provide health insurance to employees or pay a fee;
9 it has been challenged in federal court. A court found that a Maryland law, which
10 would have required private employers with at least 10,000 employees to spend at
11 least 8 percent of their payroll on health insurance benefits, was not allowed by federal
12 law. Massachusetts and Vermont require employers who do not to provide health
13 insurance benefits to pay a fee to the state, but neither of those laws has been
14 challenged in court.

15 **Arguments For**

16 1) Businesses are likely to benefit from higher productivity and fewer days lost to
17 illness when more employees are insured. Individuals with health insurance tend to
18 be healthier because they have access to preventative care and are more likely to
19 seek medical attention for minor illnesses and injuries before they become serious.
20 The measure helps businesses be more productive and continue to contribute to the
21 growth and strength of Colorado's economy.

22 2) Amendment _ increases access to affordable health insurance for working
23 people and their families. When individuals and families have health insurance, they
24 are protected from the financial burden of catastrophic medical events. By
25 establishing cost-sharing requirements between the employer and the employee,
26 more workers will have a viable option to obtain health insurance.

27 3) Employers in the state share in the responsibility for solving the problem of
28 affordable access to health care. While a majority of Colorado employers offer health
29 insurance to employees, employers that do not offer insurance receive an unfair
30 competitive advantage and create a financial burden on those that do. The costs of
31 treating the uninsured are passed on in the form of increased insurance premiums,
32 which in turn, raise the cost of health care for everyone.

33 **Arguments Against**

34 1) Mandating that employers with 20 or more employees provide access to health
35 insurance increases the cost of doing business and could damage Colorado's
36 economy. Because the amendment adds an additional financial obligation on
37 businesses, it may hinder business growth within the state and discourage out-of-state
38 companies from relocating to Colorado. Companies may choose to downsize in order
39 to control costs, which could result in an increase in unemployment. The measure

1 removes the flexibility employers currently have to offer benefits that are within a
2 company's budget and to meet the needs of their employees.

3 2) Amendment _ may hurt employees. Businesses may decrease employees'
4 wages, bonuses, or other benefits in order to offset increased health care costs. Due
5 to the requirement that employers pay 70 percent of the costs for family health
6 coverage, the measure could result in discrimination against hiring individuals with
7 families.

8 3) The measure does not solve the problem of the uninsured in Colorado. Under
9 the measure, a company is required to offer health insurance to its employees, but
10 employees are not required to purchase health insurance. In addition, a significant
11 portion of Colorado's businesses employ less than 20 people and, therefore, are
12 exempt from the measure. Because the measure leaves the details regarding specific
13 benefits to the state legislature to determine, it is not clear what type of health
14 insurance plan may be required.

15 **Estimate of Fiscal Impact**