Employer Mandate

An employer mandate typically takes one of three forms:

- A requirement to sponsor and fund a plan
- A pay-or-play provision - either offer health insurance coverage or pay a fee
- A payroll tax

Regardless of the approach, all mandates have the same outcomes: depressed wages and lost jobs.

Employers and employees are affected by an employer mandate:
- A mandate typically affects both employers and employees.
  - A mandate impacts those employees who can least afford it – low-income workers.
  - There is a consensus among most economists that the cost of an employer mandate to provide health insurance will be passed on to workers in the form of lower wages and reduced job opportunities.
  - Small employers who are most affected by a mandate are owners making little to no profit, and are often uninsured because they cannot afford to offer coverage.

An employer mandate would cost the economy over 1.6 million jobs.[1] **Small business would account for approximately 66 percent – 1 million – of all jobs lost.**

An employer mandate is exceptionally devastating for new businesses:
- According to the Medical Expenditures Panel Survey:
  - Small employers in the first five years of operation are less likely to offer health insurance than older firms.
  - Only 26 percent of small firms with less than 50 employees that have operated their business for less than five years offer health insurance.

Five reasons why an employer mandate will reduce wages and job creation
According to analysis by Applied Economic Strategies, five factors affect the degree to which the mandate will reduce wages and job creation:

1. The cost of the mandated health insurance.
2. Employers will decrease productivity to offset the new cost.
3. Employers are forced to reduce the growth of workers' wages or other benefits.
4. Many unskilled low-wage workers are affected by the mandate.

[1] *Small Business Effects of a National Employer Healthcare Mandate*, The NFIB Research Foundation, Jan. 26, 2009.