H.R. 3590 – "Pay or Play" Mandate

With unemployment currently at almost 10 percent, H.R. 3590 imposes a federal tax on employers offering health insurance coverage. Specifically, the bill taxes employers who have more than 50 employees up to $600 per full-time employee if they wait 30 days on coverage eligibility. The bill also taxes large employers who do not offer coverage as well as employers who offer coverage but whose employees must obtain subsidies because the offered coverage costs more than 9.8 percent of modified gross income. The penalty? At least $750 per employee. The result? These penalties would adversely affect the same workers that health "reform" is intended to help.

The bill also places a tax on individuals who do not purchase "minimum essential coverage," as defined by the bureaucratic standards in the bill. This means 2 percent of adjusted gross income. To put in perspective, for individuals with incomes of under $100,000, the cost of complying with the mandate would be under $2,000. Exactly how this tax will encourage people to purchase a health insurance policy when in many cases, they can now purchase a health insurance policy for less remains to be determined. As then-Senator Barack Obama pointed out in a February 2008 debate in Massachusetts, the one State with an individual mandate, "there are people who are paying fines and still can't afford [health insurance], so now they're worse off than they were. They don't have health insurance and they're paying a fine."

Congressman Todd Akin's "Quick Takes" are a brief look at an aspect of a current hot topic. March 18, 2010