

Second wave of health plan cancellations looms



A new and independent analysis of ObamaCare warns of a ticking time bomb, predicting a second wave of 50 million to 100 million insurance policy cancellations next fall -- right before the mid-term elections.

The next round of cancellations and premium hikes is expected to hit employees, particularly of small businesses. While the administration has tried to downplay the cancellation notices hitting policyholders on the individual market by noting they represent a relatively small fraction of the population, the swath of people who will be affected by the shake-up in employer-sponsored coverage will be much broader.

An analysis by the American Enterprise Institute, a conservative think tank, shows the administration anticipates half to two-thirds of small businesses would have policies canceled or be compelled to send workers onto the ObamaCare exchanges. They predict up to 100 million small and large business policies could be cancelled next year.

"The impact I'm mostly worried about is on small young, entrepreneurial firms that will suddenly face much higher health insurance premiums if they want to offer health insurance to their employees," said AEI resident scholar Stan Veuger. "I think for a lot of other businesses ... they can just send their employees to the exchanges or offer them a fixed subsidy every month to buy health insurance themselves."

Under the health care law, businesses with fewer than 50 workers do not have to provide health coverage. But if they do, the policies will still have to meet the benefit standards set by ObamaCare.

[As reported by AEI's Scott Gottlieb](#), some businesses got around this by renewing their policies before the end of 2013. But the relief is temporary, and they are expected to have to offer in-compliance plans for 2015. According to Gottlieb, that means beginning in October 2014 the cancellation notices will start to go out.

Then, businesses will have to either find a new plan -- which could be considerably more expensive -- or send workers onto the ObamaCare exchanges.

For workers, their experience could mirror that of the 5 million or so on the individual market who already received cancellation notices because their plans did not meet new standards under the Affordable Care Act.

President Obama announced last week that insurance companies could offer out-of-compliance plans for another year. But that only means the cancellation notices will resume late next year.

The business community has already been hit with another side effect from ObamaCare. Because the law will require businesses with more than 50 full-time workers to offer health coverage, there are reports that companies are shifting employees to part-time status to avoid hitting the threshold.

Though the administration describes these accounts as anecdotal -- and has already delayed the employer mandate by a year -- studies suggest otherwise.

The International Franchise Association and the U.S. Chamber of Commerce have studied the impact and say the president's health care law has resulted in higher costs and fewer full-time positions.

A survey showed 31 percent of franchise businesses, and 12 percent of non-franchise businesses, have already reduced worker hours. It also showed 27 percent of franchise businesses, and 12 percent of non-franchise businesses, have replaced full-time workers with part-time employees.

Fox News' Mike Emanuel contributed to this report.