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AB842 Waives the Requirement to Pay Health Care Benefits Twice

SACRAMENTO, March 20, 2015 /PRNewswire-USNewswire/ -- Assembly Bill 842, by Assemblyman Jim Patterson, addresses the current problem of construction contractors paying twice for healthcare. The bill, sponsored by the Associated Builders and Contractors, will ensure that Affordable Care Act (ACA)-compliant health plans provided by employers are accepted by State Government Standards.

Many construction companies provide ACA-compliant health insurance coverage for their employees and these plans include all of the ACA essential health benefits (EHBs). However, there are situations where contractors are mandated to pay for health insurance a second time. For example, contractors who work on public works projects covered by a project labor agreement (PLA), must pay into union trust funds for health insurance regardless of the fact that they already provide health insurance for their employees.

"We need to stop this expensive and unnecessary practice," said Assemblyman Jim Patterson. "My bill is simple. AB 842 lets the contractor show proof he has ACA-compliant health insurance coverage for his employees. A plan that has the required ACA benefits should be sufficient. Companies should not be forced to pay a second time into a separate health plan."

An employer can expect to pay well over \$5,000 dollars per employee under a group health policy according to recent Kaiser Family Foundation and National Small Business Association studies. Requiring a contractor to pay that amount twice for all employees dispatched to jobs with PLAs just doesn't pencil out. For every ten employees dispatched to a year-long job, he will pay at least \$50,000 in duplicate health benefits. These dollars could be used to provide higher wages, create new jobs, or upgrade tools and equipment.

"Whether purchased individually or provided through an employer-paid group plan, healthcare coverage is likely the most expensive item in a family or a business budget, after rent or mortgage," said James Fitzgerald, President of the Associated Builders and Contractors (ABC) of California and Principal at MarketOne Builders, Inc. in Sacramento. "Health insurance is expensive enough to buy the first time. No one should have to pay it twice."

ABC of California is an association representing the various ABC training and workforce development centers in California. Each ABC chapter operates a workforce development training center that educates the construction workforce of tomorrow. Our employer members are united in achieving the goal of a skilled and safe construction workforce in California.

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