

[Health care](#)

## Delta warns ObamaCare will drive \$100 million spike in health care costs

By [Judson Berger](#) Published August 23, 2013 FoxNews.com



Oct. 24, 2012: Delta Airlines passengers check in at BWI Thurgood Marshall International Airport near Baltimore. Reuters

Delta Air Lines has issued an urgent warning about the impact of ObamaCare, claiming the law's implementation will contribute to a roughly \$100 million increase in health care costs next year alone.

The astonishing figure was included in a letter from Delta executive Robert Kight to officials in the Obama administration. The [website RedState.com](#) was the first to obtain and publish the letter earlier this week.

A representative with Delta confirmed the authenticity of the letter to FoxNews.com.

"Like many large companies, Delta faces significantly increased healthcare costs in 2014 and beyond," the company said in a statement on Friday. "Delta will absorb the vast majority of those increased costs so that we can continue providing a high value, high quality health plan. Consistent with our culture, Delta will always keep the best interests of our people in mind in connection with the healthcare and other benefits we provide."

In the original letter, Kight disputes the notion that the law -- the biggest parts of which take effect at the start of 2014 -- will mean "business as usual" for big employers. A combination of factors, he claimed, will "mean that the cost of providing health care to our employees will increase by nearly \$100,000,000 next year."

Part of that is normal medical inflation and the phase-out of an assistance program tied to the health care law. But a large chunk of it, the exec claimed, comes from various fees and costs associated with the implementation of the health care law.

One of the costly items pertains to an annual fee of \$63 per "covered participant" next year. The company estimates this means a more than \$10 million expense in 2014. The catch for Delta is that, because many of their employees insure through Delta, the fee meant to help subsidize the health care law's coverage amounts to a "direct subsidy" from the company that provides "zero direct benefit to our participants," Kight said.

Another added cost comes from the requirement to cover children and young adults on parents' plans until they're 26 years old. Kight reports that the change led to 8,000 more people being added to their rolls, at an annual cost of \$14 million.

Further, the individual mandate -- or the requirement on individuals to obtain health insurance -- is expected to drive more people into the company plan and drive up their costs by another \$14 million.

The letter, which was dated June 13, is among the latest warnings to emerge about the looming costs to businesses from the health care law.

The administration and other supporters of the law argue that it will expand coverage to millions, and use subsidies to help those in need purchase insurance.

But in the process, employers claim they are being forced to change or downsize policies, and reduce worker hours. The latter change is being made because a provision in the law, eventually, will mandate insurance coverage for employees working 30 or more hours -- some are trimming their staff to avoid crossing that threshold.

[Inside Higher Ed reported on Friday](#) that Southern Illinois University was the latest to move in that direction, reportedly by limiting the workload of graduate assistants.

Other employers like UPS this week announced that they were planning to end coverage of workers' spouses in part over concern about ObamaCare-tied costs.

<http://www.foxnews.com/politics/2013/08/23/delta-warns-obamacare-will-drive-100-million-spike-in-health-care-costs/>