

HEALTH CARE

Prepare now for health care reform

By Kent Hoover

Washington Bureau Chief

Health care reform cleared a major hurdle in the Senate Nov. 21, but this long legislative battle may not end until next year.

Businesses may be tired of all the twists and turns the legislation has taken and tempted to just wait for the final verdict before figuring out how they would be affected. But that would be “a dangerous thing,” said Ken Huber, senior vice president of the employee benefit group for PSA Insurance & Financial Services in Baltimore.

There are important differences between the bill that passed the House and the version that will be debated by the Senate after Thanksgiving. Huber, who provides employee benefits brokerage and consulting services to small and medium-size businesses, said business owners need to look at these two bills and let members of Congress know what they think.

Huber personally thinks the Senate bill would be better for businesses than the House version because its employer mandate is less onerous. But he is concerned that the Senate bill's mandate for individuals to obtain insurance coverage is too weak and would lead many to wait until they were sick to get insurance.

“That really could spell increasing costs for everyone,” he said.

Businesses shouldn't make any changes to their insurance plans yet in anticipation

of health care reform, he said, but they do need to look at where they fit on coverage mandates, and whether their benefits and contribution levels meet what may be required, Huber said.

The Senate bill would reduce the number of uninsured Americans by 31 million by 2019, according to the Congressional Budget Office. It would expand eligibility for Medicaid, require individuals to obtain coverage, penalize businesses with more than 50 employees that don't offer affordable coverage, and provide tax credits to some individuals and small businesses to help them afford insurance.

The legislation also would prohibit insurers from denying coverage or charging higher premiums to individuals with pre-existing conditions and make other reforms in the insurance market. It also would create new state insurance exchanges that aim to help individuals and small businesses get better deals on insurance.

In the bill's current form, the exchanges would include a government-run plan, but states would have the right to opt out of the public plan. The CBO estimates that 25 million Americans would purchase insurance through the exchanges, and up to 4 million would enroll in the government-run plan, which would be supported by the premiums it charges.

The public option may have to be jettisoned in order for the bill to pass the Senate, however. At least two senators who voted to proceed with debate on the bill Nov. 21

said they will not vote for the legislation if it includes a government-run plan. That could leave Democrats short of the 60 votes they need to get the bill passed since all 40 Republicans oppose the bill at this point.

Most groups representing small businesses are against the public option, contending it would underpay health care providers and shift costs to private insurance plans. The Main Street Alliance, a coalition of small businesses that support President Barack Obama's vision of health care reform, strongly favors a public plan, however.

“A public option will give small business new bargaining power, put downward pressure on costs and help keep the insurance companies honest,” said Main Street Alliance member Maude Verela, owner of Kidutopia in New Orleans.

Small Business Majority also supports the legislation, contending it would reduce health care costs for small firms and their employees.

Most other business groups disagree, however, including organizations like the U.S. Chamber of Commerce and the National Federation of Independent Business that have advocated health care reform in hopes of reducing the cost of insurance. They contend both the House and Senate bills would make insurance more expensive, not less.

NFIB, however, will continue to lobby for changes in the legislation instead of moving to all-out opposition.

■ E-MAIL: KHOOVER@BIZJOURNALS.COM PHONE: 703/258-0845

Senate health bill highlights

- Insurers would be prohibited from denying coverage or setting rates based on health status and claims experience
- States would establish insurance exchanges to help individuals and small businesses obtain coverage
- A national government insurance plan would be established, but states can opt out
- Individuals with incomes between 100 percent and 400 percent of the federal poverty line would receive refundable tax credits to subsidize coverage through the exchange
- Businesses with fewer than 25 workers and average annual wages of \$40,000 or less would be eligible for a two-year tax credit that would cover up to half of premiums
- Most individuals would be required to purchase health insurance, with penalties starting at \$95 in 2014
- Businesses with more than 50 employees that don't offer coverage would have to pay a \$750-per-worker penalty if any of their employees receives a federal tax credit to help buy insurance on their own
- Businesses with more than 50 employees whose coverage is deemed unaffordable or doesn't meet minimum coverage levels also would have to pay penalties if workers receive federal tax credits
- Medicare payroll tax would be increased from 1.45 percent to 1.95 percent for individuals who make more than \$200,000
- A new excise tax of 40 percent would be imposed on group insurers that offer plans with annual premiums above \$8,500 for individuals and \$23,000 for family coverage
- Annual flat fees of \$6.7 billion would be assessed on health insurers, \$2.3 billion on pharmaceutical manufacturers, and \$2 billion on medical device manufacturers

SOURCE: THE PATIENT PROTECTION AND AFFORDABLE CARE ACT

HERITAGE

STRENGTH
TEAMWORK
COMMITMENT



Your goals. Our goals. Always the same.

At Sandy Spring Bank we believe there's only one way to effectively manage wealth – match it to your goals. That's why we take the time to listen, get to know you and make personalized recommendations.

Our approach is consultative and targeted with your unique intentions, time frames and tolerance levels in mind. So whether your goal is to safely protect principal, aggressively grow wealth or reach a specific balance of both. You can count on us for the most unbiased investment advice possible. The result is strong wealth management that's completely objective and independent.

Perhaps best of all, we assist you in the capacity that works best for you or your business: as your investment manager, trustee, guardian, power of attorney or executor. All for one all-inclusive fee – which may, in some cases, be tax deductible.

David Addison
Senior Relationship Manager
703-319-9000 ext.4106



sandyspringbank.com
Since 1868

personal | small business | commercial | wealth management | insurance