Health Care Reform

HR 3590 – the Patient Protection and Affordable Care Act

Earlier this year Congress passed landmark legislation for health care reform. The Patient Protection and Affordable Care Act was signed into law March 23, 2010. In reality the legislation had little to do with health care and was, in actuality, mostly about health insurance reform. Few legislators actually read the bill before voting on it, however we are now finding out about some of the numerous provisions and how they will affect health insurance plans for small to medium size businesses.

The immediate impact is that many employers are being hit with 20-50% increases in health care premiums on their annual renewals. This may be due to the provisions in the act causing health care costs to increase significantly for insurers which they are then passing on to their customers. Most of us realize now that "free health care" was really not plausible – someone, somewhere is going to have to pay for the increased benefits. This someone appears to be business owners, who are suffering with higher than normal increases in health care insurance premiums, and employees, as the increased costs are, in turn, passed on down to them. Unfortunately the new legislation included no provisions to help address the increasingly higher health care costs that are driving up insurance premiums. It is not unreasonable to expect that health insurance premiums will continue to increase in subsequent years until and if the health insurance industry becomes comfortable with the new economics created by health care (health insurance) reform.

Another feature that was touted was that employers may keep their current "grandfathered" plan (being in effect as of March 23, 2010) if certain criteria is met. Not mentioned was that it may cost significantly more to do so. If an employer makes any of the specified changes to their plan in order to try to control costs then they lose their "grandfather" status and come under the full jurisdiction of the new law. Also affected then would be the executive carve-outs plans for Highly-Compensated (HCE) employees which would come under new, more stringent, discrimination rules. The key date is **September 23, 2010** for compliance of plans that will not be grandfathered. Overlooking the requirements of the new law could be very costly, fines (or excise taxes) are $100/day per incident (employee). So for a company with 100 employees, this could be up to $10,000/day until the plan is in compliance.

For more information please see www.healthcare.gov or, for a full review of your current health insurance plan, please contact:

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