

health care reform how does it affect you?



as we hear in the media, the health care reform debate changes daily. Regardless of your political views, we are closing in on ‘make it or break it’ time for your voice to be heard. As with many things, the devil is in the details. In this case, those details can significantly impact you. Let’s review some of the core principals contained in the bills.

Government-Run Public Plan Whether or not reform should include a government-run health insurance option to compete with private health plans is probably the most debated item. Proponents believe a government option will force a reduction in cost of the private options. Would a government plan be subject to the same financial solvency rules or required to pay taxes as private health insurance companies are required to do? The current proposed government plan would be undercapitalized to an extent never allowed in the private market. This combined with probable lower provider reimbursements and no income tax requirement would make the government program less expensive and therefore more attractive than a private option to most. However, over the long run, would this structure result in a total lower cost for you? Government programs like Medicare and Medicaid already reimburse providers at a reduced rate. In turn, providers shift more of their costs to the private side. Studies show that this cost-shift is currently costing the average American family of four over \$1,788 per year in higher health insurance premiums. With a larger number of people enrolled in government-run plans, this cost shifting would increase exponentially on privately insured individuals and businesses, essentially pricing the private option out of the marketplace. In Canada and Great Britain, this government run type of program has resulted in waiting lines and rationing. It is a possibility this could become the norm in the United States if this plan becomes a reality. **Would this really work for you?**

Shared Responsibility - Employer and Individual Mandates Another idea receiving congressional attention is sharing responsibility for obtaining coverage among employers, individuals and the government. At first glance, this sounds like a great idea. Increasing the number of individuals in the insurance pool helps spread the risk and a good portion of employers already offer coverage to their employees. All of the bills under active consideration contain provisions requiring people to obtain health insurance coverage, which is also known as an individual mandate. Some proposals require employers with greater than 25 employees to provide group coverage. The employer mandate could also require a significant minimum contribution to the employee’s premiums, coverage for part-time employees and substantial minimum benefits – all of which would increase the employer’s cost. Employers that fail to comply with these requirements could be subject to a penalty of eight percent of the company’s payroll.

Will You Really Be Able "To Keep the Coverage You Have" If You Like It? The promise has been made that if an employer or individual likes the coverage that they currently have, they will be able to keep it. The question is - for how long? Some proposals include a phase-in of the mandated requirements of reform in five years. Eventually, all private options would be subject to the mandated changes, resulting in changes to the way group policies are rated, the plan designs offered and inclusion of certain mandatory benefits. As we close in on this ‘make it or break it’ time, take the time to ponder these issues and make your voices heard by your respective legislators.

For more Information, please contact your trusted advisor at Swartzbaugh-Farber – Client Centered – Client Advocates™.

