



Health Care Reform

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As your Authorized General Agent, Dickerson Employee Benefits is your source for Health Care Reform information. While the final legislation is still uncertain, there is an opportunity to share information that is actionable. The following is produced to help you make informed decisions on behalf of your business and to guide the clients you serve. Full implementation is not expected until 2014.

The effect of recently passed legislation depends on the size of the company.

Companies with fewer than 50 employees wouldn't face any penalties if they didn't offer insurance. Companies could get tax credits to help buy insurance if they have 25 or fewer employees and a workforce with an average wage of up to \$50,000. Tax credits of up to 35% of the cost of premiums would be available this year and would reach 50% in 2014. The full credits are for the smallest firms with low-wage employees; the subsidies shrink as companies' workforces and average wages rise. Beginning in 2014, eligible small businesses that purchase coverage through exchanges run by each state, could receive a tax credit for their contribution employee coverage. Opinions differ about whether the new law will help or harm small groups.

Beginning in 2014, employer groups with more than 50 employees that don't offer coverage will pay a penalty (\$750 or \$2,000 depending on what is in the final version) per year per full-time employee.

Changes Within Six Months:

1. No lifetime limits on health plan coverage.
2. Raises the age of a dependent for health plan coverage to 26.
3. Restricts rescissions of health plan coverage in all insurance markets.
4. Creation of a high-risk pool coverage for people who cannot obtain current individual coverage due to preexisting conditions.
5. Elimination of preexisting condition exclusions for children.

For a comprehensive list of changes and proposed implementation timeline go to:

http://images.magnetmail.net/images/clients/NAHU_2/attach/timeline_for_hiu.pdf

Look for Dickerson Employee Benefits to continue to bring you health care reform information, commentary and advice.



Dickerson Employee Benefits
Insurance Services

AUTHORIZED GENERAL AGENT

Impact on Costs

What is uncertain is whether the Healthcare Reconciliation Bill will reduce healthcare costs. In the next 10 years, health spending is projected to rise 6.1%, reaching \$4.5 trillion, or nearly 20% of the economy. Most believe it won't do enough to slow down that trend. In the short term, it remains to be seen how carriers will react in terms of pricing.

Impact

1. A large expansion of the health care marketplace will occur, providing many yet unknown opportunities.
2. Employer based health care system remains largely in place.
3. Business owners will continue to benefit from tax advantages.
4. The role of the agent will likely change over time as will the calculus for compensation.
5. The question about insurance exchanges and the role of the agent remains open. Carl Dickerson believes, "Insurance companies will turn to sophisticated brokers to distribute even more complex products and educate both employers and their employees. The need for a human interface is unshaken."

Broker/Client Communications

The following is a list of useful talking points to calm and reassure your clients and position yourself as a trusted advisor:

1. Talk about the big picture: Health care reform legislation was geared primarily to address the needs of the uninsured and to make needed changes to the system.
2. Legislation affirmed the tradition of employer based and financed health care, including tax advantage benefits. Other returns on investment include coverage increased productivity, decreased absenteeism and attracting good employees. An important opportunity still exists to take advantage of company based benefits as a way to build and maintain good employee relations and morale.
3. Change will be incremental and not complete until 2014.
4. You will stay on top of events and communicate throughout the change process.
5. Significant tax advantages will continue.
6. Reinforce the picture that you will continue to research the market and recommend cost effective solutions, provide customer service and play the role of advocate and negotiator.

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