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Attorneys outline health insurance reform for business

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Despite more than 2,400 pages of mandates, it remains unclear exactly how certain provisions of health insurance reform will affect employers.

That was the message presented to a group of nearly 50 local business owners and human resources professionals Thursday morning. The crowd gathered at Ramada for a free presentation offered by Great Bend-based Benefit Management Inc. and Wichita law firm Hinkle Elkouri.

Similar events have taken place throughout the region; the Hays presentation was sponsored by Insurance Planning.

"This law is big. It's long. It's complicated. It's difficult to read. And as we go through it, you're going to see that it's surprisingly short on details as well," said Wichita attorney Steven P. Smith. "What Congress really did is they enacted a bunch of concepts, but they didn't take the time to actually enact rules."

Various government agencies, Smith said, have been charged with the task of filling in those "gaps" in the Patient Protection and Affordable Care Act. While eight sets of regulations have been issued, many more will follow in the near

future, as several of the largest changes are not mandated until 2014.

The bottom line, however, is employers will either have to offer "minimum essential coverage" or pay a penalty. It has not yet been defined what amount of coverage is considered minimally essential, Smith said.

Those penalties, referred to as the "sledgehammer" and "tack hammer" penalties, will take effect in January 2014 and increase each year. The most significant penalty will apply to employers with at least 50 full-time employees and consist of \$2,000 per full-time employee.

The penalty is calculated based on an employer's total number of full-time employees, even if a business's failure to comply only affected a small number of employees, Smith said, noting he hopes that provision will be amended.

"One consequence of that is the penalty for an employer that tried really hard and made a single mistake is going to be the same as the penalty for an employer that made no effort at all to comply with the new law," he said.

The "tack hammer" penalty of \$3,000 per year applies if employers offer coverage, but a full-time employee receives subsidized

coverage or tax credit on a future health care exchange system, which will be established in each state.

Full-time employees are defined as employees who average at least 30 hours of work per week in a given month.

Coverage also must be made available for employees' adult children until the age of 26. That mandate officially takes effect Thursday.

Other changes include several new filing requirements, new rules for flexible spending accounts and a mandate that information regarding the insurance policy must be provided to employees.

Heather Ross, a human resources professional with La Crosse Furniture Co., said she has a better idea of what regulations the company needs to be looking for in coming years.

"The biggest concern is how it's going to affect our relationship with our employees," Ross said of health insurance reform. "Health insurance, to most employers, is a huge benefit to them. And trying to continue to provide that and make sure that we have everything that the law requires also."