

# Health Care Reform: What Should I Do Right Now?

May 2010

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The 2,700-page bill. Unanswered questions on individual mandates and insurance exchanges. Thousands of summaries, seminars, and workshops. But still no answer to the question: What do you do right now?

Do you sit tight, since most provisions don't take effect for a few years? Do you wait until the regulations are issued? What about the provisions that take effect immediately?

In fact, there are two simple things that employers can do right now to prepare themselves for health care reform.

## **1. Get yourself some breathing room.**

If you already have a health plan in place, your plan may be exempt from many (but not all) of the bill's provisions, as long as you don't change it. For example, existing plans could be exempt from the following changes that are due to take effect by October:

- Repeal annual limits
- Eliminate cost sharing for preventive care
- Meet new reporting and disclosure requirements
- Change the appeals process

Avoiding or delaying the effective date of these changes can save you money. So don't sign any renewal forms, amendments, or updates to your plan until you analyze whether keeping your plan as is –“grandfather status” – makes more sense for you.

## **2. Position yourself for tax relief.**

Certain small employers that provide health insurance are eligible for tax credit equal to up to 35% of their health insurance premium costs for 2010. Today, the IRS released guidance to make it much easier to evaluate whether a business qualifies, and how large a credit it may receive.

The credit generally is available to small employers that pay at least half the cost of single coverage for their employees in 2010. There are limits and restrictions based on the number of full-time equivalent employees you have and the average annual wages you pay. Eligible small businesses can claim the credit as part of the general business credit starting with the 2010 income tax return they file in 2011.

The guidance reviews each of the criteria and includes over a dozen examples to help you determine if you are eligible for a credit and, if so, how much of a credit you can take. It also answers some outstanding questions, such as whether small businesses receiving state health care tax credits may still qualify for the federal credit (Yes!), and whether the federal credit applies not just to regular health insurance but also to certain dental and vision coverage (Yes!).

Health care reform is complicated. More will be revealed in the next weeks and months. But these two small actions can help you address the immediate changes facing you right now.