

Health Care Reform: What Should I Do Right Now?

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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 up to a 35% credit of their health insurance premium costs for 2010. You may qualify if:

- You employ fewer than 25 full-time equivalent employees (FTE). Since the test is FTEs, not actual number of employees, businesses that use part-time help may qualify even if they employ more than 25 individuals.
- The average annual wages at your company less than \$50,000 per employee.

- You pay at least 50% of the cost of an individual plan for your employees.

If you meet the first two parts of the test, but pay less than 50% of the premium cost, you may want to analyze the overall potential savings for the credit vs. the cost of changing the plan (i.e. increasing premium contribution and loss of grandfather status).

Health care reform is complicated, and 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.