

Health care's uncertain future

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Higher deductibles that curb higher premiums, more employee health savings accounts and cost-driven pay-or-play insurance choices will be in the mix for businesses coping with the uncertain transition in health care as the federal Patient Protection and Affordable Care Act takes effect.

So a Westchester County Association audience heard from panelists at a recent luncheon presentation on the health care reform bill and its impact on business decisions.

Dan Caffey, business development director at New Jersey-based Compensation Solutions Inc., said the federally mandated change in a health care system that accounts for one-fifth of the national economy will be marked by “a lot of jockeying for position” by stakeholders, including physicians, hospitals, insurance carriers, patients and employers. “I think it remains to be seen, how intricately is the federal government going to be involved in private business profits?” he said.

That jockeying already has been seen among health insurers, who this year have raised plan premiums by 25 percent to 35 percent, Caffey and business owners said. Insurance companies “are building their hope chest because they have no idea what it all means,” said Caffey.

Martin Rego, president of The King Organization in Mount Vernon, said his company for now will continue to offer health care coverage to its 25 employees. Companies like his, though, “sooner or later will have to face the choice of whether we can afford health insurance for our employees any more. ...I don't see us being able to continue with these double-digit price increases any longer.”

J. Sadler Hayes II, president of Sadler Hayes Associates Inc. in New City, said employers need to look at employee health savings accounts – HSAs – and high-deductible group plans to control health premium costs. For long-term cost savings, wellness and prevention must be a focus of health programs even in smaller companies, he said.

Tara Meenan Larsen, president of Compufit Inc. in White Plains, said her company's health insurance rates rose 35 percent at the start of 2010. To rein in health care costs, the IT company in recent years has created HSAs and set a higher plan deductible.

For a company such as Compufit with predominantly young and healthy employees, when buying higher-premium plans, "What are you really paying for?" she said.

Larsen said employees who 15 years ago paid 5 percent to 10 percent of their group premium cost now contribute about 65 percent for their individual coverage and fully pay the additional cost of family coverage.

Hayes and Caffey predicted some employers with more than 50 employees will choose to pay federal penalties rather than provide group health insurance coverage as required by the new law.

"The penalties are not severe enough" both for employers and individuals, who will be required to buy insurance on an open exchange if not insured by an employer, said Hayes. "I think there will be conscious decisions made that the fine is cheaper and I choose not to pay for the whole package."

"There's going to be a lot of employees that are left high and dry" and forced to buy health plans on the new exchange as employers opt not to provide health insurance, said Caffey. For smaller companies, the federal tax credit for providing employee insurance is not enough of an incentive, he said.

For larger employers, "At the end of the day, depending on how health care goes, I think it will be cheaper to pay the fine," Caffey said.