



**FREE** webinar series  
*for* business owners

# The Impact of Healthcare Reform on Your Small Business

**Speaker:** **Heidi O'Brien, Partner**  
Financial Benefit Services

**Moderator:** **Bob Schwartz, Vice President**  
NW Insurance Agency

# What do we know?

- Massive Bill (over 3,000 pages)
- Implementation will take at least 8 years and will likely stretch into the next decade.
- While many reforms impact group health plan market, far more are aimed at reforming Medicare and Medicaid and expanding coverage to the uninsured.
- Regulations have yet to be written, many provisions of the Bill are unclear and lack any practical guidance on how to comply.

# “Grandfathered” Health Plans

“Grandfather” – plans that existed March 23, 2010 can remain intact

- Cannot “Significantly” Cut or Reduce Benefits
- Cannot “Significantly” Raise Co-Insurance Levels
- Cannot “Significantly” Raise Co-Payment Charges
- Cannot “Significantly” Raise Deductibles
- Cannot “Significantly” Lower Employer Contributions
- Cannot Add or Tighten an Annual Limit on What the Insurer Pays
- Cannot Change Insurance Companies

# 18 Month Timeline of New Healthcare Reform Legislation

## In 2010,

- Businesses with fewer than 25 employees to receive tax credits covering up to 35% of their health care premiums - increases to up to 50% by 2014
  - 35 % credit for 10 or fewer employees and less than \$25,000 average salary
  - Lesser credit for 11-25 employees and less than \$50,000 average salary
- Dependents can stay on parent's plan until age 26, if no other employer coverage is available
- Prohibition on pre-existing exclusions/limitations for children under age 19
- Lifetime limits on benefits and restrictive annual limits prohibited
- Insurance carriers are required to cover preventive services at 100% without co-pays – all plans must comply by 2018

# Healthcare Reform Timeline (Cont'd)

## In 2011,

- Employers are required to report plan value on W2 statements
- 80% Medical Loss Ratio requirement for small group market
- Penalty tax to increase from 10% to 20% for health savings account withdrawals, before age 65, for nonqualified medical expenses
- Over the counter drugs no longer Section 125 (FSA) qualified

# Small Business Benefits

# Small Group Medical Guidelines

## Maryland

- 2-50 Employees
- **Average Age**
- No Underwriting
- Rates filed with State
- State Mandated Designs
- Plan Types
  - HMO
  - POS
  - PPO
- Carriers
  - BCBS
  - UHC
  - Aetna
  - Kaiser
  - Coventry

## No. Virginia

- 2-25 Employees
- **Average Age**
- Full Underwriting
- Rates Negotiable
- Limited Plan Designs
- Plan Types
  - HMO
  - POS
  - PPO
- Carriers
  - Assurant
  - Principal
  - CLIC
  - BCBS, Aetna, UHC, Kaiser

## Washington, DC

- 2-25 Employees
- **Average Age**
- Full Underwriting
- Rates Negotiable
- Limited Plan Designs
- Plan Types
  - HMO
  - POS
  - PPO
- Carriers
  - Assurant
  - Principal
  - CLIC
  - BCBS, Aetna, UHC, Kaiser

# Approaches to Reduce Premiums

- Broker Negotiation with Underwriter
- **Average Age**
- Health Reimbursement Arrangement (HRA)
  - Employer v. Employee funding
- Health Savings Account (HSA)
  - Employer v. Employee funding
- Employee Payroll Deductions % of Salary v. Flat Dollar Amount
- Wellness Campaign
- Plan Design (co-pays, deductibles, etc.)

Employee Benefits & Insurance Services  
provided to business members by  
**NW Insurance Agency,**  
a subsidiary of Northwest Financial LLC and NWFCU  
*in partnership with*  
**Financial Benefit Services, LLC**

# Overview of Employee Benefits Package

- Medical / Prescriptions
- Executive Health Plan
- Voluntary Health Plan
- Dental
- Vision
- Group Life / AD&D
- Group Short Term Disability
- Group Long Term Disability
- Supplemental Buy-Up LTD
- Group Wellness Plans
- COBRA/HIPAA Administration
- Employee Assistance Program
- 529 College Savings Program
- Emergency Back-up Day Care
- Group Long Term Care
- Flexible Benefits Account
- 401(k) Retirement Savings Plan
- Voluntary Products  
(life, dependent life, disability, cancer, hospital cash, etc.)

# Account Management

## Daily

- Communication Materials
- Billing Support
- Claims Support
- Eligibility Support
- Benefit Questions
- Continuing Education
- Individual Insurance & Financial Planning

## Monthly/Quarterly

- Wellness Campaigns
- Market Trends
- Open- & Re-enrollment Support
- Healthcare Reform and Legislative Updates
- Health Fairs
- Review Claims

## Annually

- Insurance Renewal and Market Check
- Enrollment Meetings (Group, One-on-One, Conf. Calls, Webinars)
- Amendments and Summary Plan Review
- Employee Deductions



**FREE** webinar series  
*for* business owners

**Questions?**



**FREE** webinar series  
*for* business owners

**Thank you for joining us.**

**Contact :**            **Bob Schwartz, Vice President**  
                              **NW Insurance Agency**  
                              phone: 703-810-1072, ext. 130  
                              email: [rschwartz@nwflc.com](mailto:rschwartz@nwflc.com)

**Register for future webinars at:**  
[www.nwflc.com](http://www.nwflc.com) or [www.nwfcu.org](http://www.nwfcu.org)