April 1, 2013 • An Advertising Supplement to the San Fernando Valley Business Journal

Insurance for Your Business

The Clock is Ticking: Is Your Business Ready for the Coming Changes to Health Care?

By STEVEN DRISS

I know we're just barely getting to the end of tax season, but that means that we're also well into the second quarter of 2013. Consequently, that means that we are less than 9 months from ringing in the Affordable Care Act (ACA) along with the New Year. So while I hate to be the bearer of bad news, it's my duty to remind you there are a lot of decisions your firm will need to make in terms of health care coverage in order to be in compliance by the December 31, 2013 deadline.

Indeed, effective January 1, 2014, massive changes as a result of the ACA, aka "ObamaCare" will become our new reality. To put it simply, if you haven't begun hammering out how your company will handle these changes, now is the time to get started.

Businesses with less than 50 employees have fewer adjustments to make. However, each month new rules and regulations are coming out, including penalties for failing to comply, so regardless of the size of your company, if you haven't sat down with an expert in transitioning to ObamaCare yet, make that appointment now.

If your business has more than 50 employees, you're on the hook for making a number of critical decisions. Are you going to provide coverage? Or are you considering eliminating coverage and leaning towards paying penalties? Let's face it, paying for employee health care isn't cheap. In some cases, paying the penalties for not providing health care may be more cost effective than offering coverage to all employees.

Whether you decide to continue to offer health care coverage, or to send employees to the exchanges; if you haven't yet met with a broker to examine the advantages and disadvantages of each option, there is no time to waste. (By way of example, I've been meeting with some clients since late 2012 to begin the transition process, and continue to meet regularly with them as new updates and requirements are rolled out.)

To date there are four major considerations that you'll need to weigh before the end of the year. Here's how they break down:

Assessing Penalties

Firms with 50 or more full-time equivalent employees that don't offer health coverage will be subject to penalties (excluding the first 30). That means that if you have 60 employees, failure to

Continued on page 20

Each month new rules and regulations are coming out, including penalties for failing to comply, so regardless of the size of your company, if you haven't sat down with an expert in transitioning to ObamaCare yet, make that appointment now.

Continued from page 19

provide coverage may result in a penalty of up to $60,000 ($2,000 penalty on 30 employees).

However, in certain cases, it may make sense for employers to opt out of offering coverage, due to the 9.5% cap on employee contributions. For example, consider an employee who earns $20,000 a year. The maximum contribution towards his health coverage that you can require him to pay is $1,900 a year, or about $158 a month. The balance is your responsibility. In this case if his policy is $400 a month your annual cost will be $2,904. When compared to a $2,000 penalty, it easy to see why many firms may consider to opt out. Before you make a decision, have a broker calculate your direct and indirect costs, just to confirm that you've assessed your potential penalties properly.

If your company has always offered coverage, but you're considering opting out, and paying penalties instead, you'll have to consider what this message may send to existing and potential talent. While paying penalties may save money in the short term, in the long term will refusing to offer health coverage limit your company's growth?

Tax Implications

Companies that choose not to offer health care coverage to employees will almost certainly miss out on tax breaks. Your contributions to health care coverage which are currently tax deductible will remain deductible after the new laws go into effect.

How To Count Employees

Counting full time employees is no longer as simple as counting the heads of those in your office who work 40 or more hours. It is dangerous to assume that you have less than 50 full time employees if you employ a large number of part time workers. Last summer, the IRS issued 18 pages of rules as to what constitutes a full-time employee, and the truth is; even that didn't answer the question. If you are unsure as to how to tally up your employees, make sure you talk with an insurance broker who understands and can explain the process of counting part-timers.

Reporting Requirements Are Unaffected By Offering Coverage

Regardless of whether or not you offer health care coverage to employees, you will still face federal reporting requirements so as to determine what your penalty will be. There's no getting around this requirement. If you were hoping to save yourself the time or hassle of having to deal with federal reporting, by opting to pay penalties, you're out of luck on this one. The federal government mandates that you report either way.

What Will Opting Out Do To Your Ability To Attract And Retain Talent?

If your company has always offered coverage, but you're considering opting out, and paying penalties instead, you'll have to consider what this message may send to existing and potential talent. While paying penalties may save money in the short term, in the long term will refusing to offer health coverage limit your company's growth? Will you be able to attract the rising stars that companies who do offer coverage are able to attract?

Clearly, the decision to continue to provide health coverage, to begin providing health coverage, or opting to pay penalties is not one to be taken lightly. Because each business is unique; your solution to the new laws will be entirely unique.

Whether or not you decide to change your existing policies is something you'll need to discuss at length with an insurance broker who can illuminate the obligations and implications of deciding to pay penalties, or provide coverage. But you need to begin the discussions now. Because of the complete overhaul of our health care system; changes and new requirements will continue to roll out as the months pass, and you'll be in better shape to roll with the punches if you've already begun working towards your new plans.

Steven Driss is President of Lifeline Employee Benefits in Southern California. Lifeline Employee Benefits was established in 1985 to help businesses identify and purchase affordable health insurance, life, disability and other group insurance. Steve has dedicated the last year to helping businesses of all sizes begin the transition to ObamaCare. For additional information visit www.health-quotes.net or contact Steven directly at 800-328-1557 or via email at steve@health-quotes.net.

Travel Insurance: Financial Rx for the Flu

The widespread flu activity reported earlier this year opened many a business' and individual's eye regarding the need to protect themselves from the highly contagious illness that hospitalizes more than 200,000 people yearly.

According to the U.S. Centers for Disease Control and Prevention, a healthy adult can be contagious even a day before showing signs of illness, and up to seven days after getting sick.

Here are some basic ways travelers can help protect themselves:

- Get a flu shot,
- Avoid close contact with people who are sick,
- Wash hands often either with soap and water or a hand sanitizer,
- Avoid touching eyes, nose, or mouth.
- Also, preparing for a trip can be stressful, so it's important to get plenty of sleep and exercise before traveling.

Travel insurance can provide a measure of comfort and security to travelers whose plans have to be cancelled or delayed because they, a family member, or traveling companion have contracted the flu or other illness.

Recognizing Flu Symptoms

Flu symptoms often come on suddenly, reports the CDC. It is primarily a respiratory illness whose symptoms may include fever, cough, sore throat, runny or stuffy nose, muscle or headache, and fatigue. As the flu is highly contagious, it's advisable to avoid contact with other people as much as possible, and to always cover your nose and mouth when sneezing or coughing, get plenty of rest, and stay home, if possible.

Travel Insurance to the Rescue

Cancelled or Delayed Trips: Travel insurance can provide a measure of comfort and security to travelers whose plans have to be cancelled or delayed because they, a family member, or traveling companion have contracted the flu or other illness. The insurance can help reimburse such nonrefundable payments as airline tickets, cruise, tour and hotel arrangements.

Interrupted Trips: If a traveler becomes ill during a trip, and has to cut their tour or cruise short, some travel insurance policies will reimburse for any unused, non-reimbursable days remaining in the trip. And. if additional expenses are incurred, such as extra hotel nights, meals, etc., some policies will reimburse these costs up to a set amount. Should a traveler need medical treatment, the assistance service that comes with many travel insurance policies can help locate an accredited local doctor or medical facility, as well as help cover emergency costs and hospitalization. In case of hospitalization, the travel insurance service will also help ensure that the traveler arrives safely home.

In case of illness: Here is what travelers need to know in case of flu or other illness, should they need to file a travel insurance claim.

- Understand your travel insurance policy prior to leaving home, and know what is covered.
- Travel insurance and assistance services provide a 24 hr. hotline, so travelers should carry their policy number and hotline number with them.
- Keep all records. Receipts such as payments for airline or other travel arrangements are needed in order to file a claim.
- Medical proof in the form of a doctor's statement and/or medical records are needed to substantiate a medical claim for travel insurance.

Information for this article was provided by UStiA. UStiA promotes fairness, integrity, and a commitment to excellence in the travel insurance industry. With a mission to educate the public on travel insurance while maintaining high industry standards, UStiA is a non-profit association of insurance carriers and allied businesses involved in the development, administration and marketing of travel insurance and assistance. Travel insurance and assistance services are available from travel agencies, airlines, tour operators, hotels and resorts, and insurance brokers, as well as through the Internet. For more information, consumer advice on how to shop for travel insurance, and a listing of UStiA member companies, visit the UStiA website, ustia.org.