

Understanding Healthcare Reform



Dave Villar, President
Pacific Coast Benefits LLC,

Dave Villar is the President of Pacific Coast Benefits LLC. He was a founder and partner of PDI Insurance Services. Dave is an active member of the National Association of Health Underwriters and a member of the Anthem Blue Cross Agent Advisory Council. He has specialized in Employee Benefit Planning for businesses since 1987. To find out more about Pacific Coast Benefits and upcoming Healthcare Reform Seminars, visit www.pacbenins.com or call (408) 847-1000.

THE PATIENT PROTECTION AND AFFORDABLE CARE ACT has cleared its final hurdle with the re-election of President Obama for a second term. Since its inception this legislation has survived a year in congress, a potential catastrophic Senate seat defeat, more than a dozen legal challenges and a Supreme Court ruling. Much has been debated on both sides of the isle regarding the Pro's and Con's of this ground breaking legislation, but one thing is for certain, the law is now here to stay.

In January of 2014, most of the significant components of the new law will be fully implemented. In the meantime, employers and individuals alike should be educating themselves on the law and its impact on how healthcare is delivered and administered.

One of the largest misconceptions of the new law is that all employers are mandated to provide health insurance to their employees, not true. Employers with fewer than 50 employees are not required to provide health insurance to their employees. However employers with more than 50 employees must offer minimum essential coverage to all eligible employees or face a fine of \$2,000 for each employee beyond the first 30 employees. For example: a company with 75 employees would pay a fine of $\$2,000 \times (75-30) = \$90,000$ if they didn't offer a plan with minimum essential benefits. Employers with more than 50 employees that do offer coverage but require an employee cost share in excess of 9.5% of their household income, will be assessed a fine of \$3,000 per employee that receives a subsidy through the California Health Benefit Exchange, now called Covered California.

Covered California, the new state run marketplace for both individual and group health insurance will begin enrollment in October of 2013. This new marketplace has been established to help insure the estimated

6 to 8 million Californians who are currently uninsured. With targeted federal funding, enrollees whose earnings are below 400% of the poverty line will be eligible for subsidies through the exchange. Those with family earning below 200% of the poverty line may

receive coverage at no cost at all.

As I write this column, Covered California is in negotiations with several insurance companies for a place in the new state run exchange.

This new delivery

system will offer multiple Insurance Carriers and health plan designs for individuals and businesses. The exchange expects to have selected the Insurance Carriers and plans by June of 2013. When the exchange is up and running individuals and employers will be able to purchase plans directly through the exchange or their broker for the same price. By utilizing a Professional Broker you will have access to many additional value added services such as COBRA Compliance, HR Administration, Online Eligibility, and Claims Assistance.

As an employer or consumer of healthcare, now is the time to learn about PPACA and its impact on how your healthcare will be delivered in the future. Pacific Coast Benefits is here to help you navigate healthcare reform. If you would like to attend one of our upcoming Healthcare Reform Seminars, please contact our office.

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