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Health insurance reform requires strategic planning

By Jim Kendall | Columnist



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Published: 5/6/2010 12:05 AM



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Buzz up!

Bet you never thought your health insurance adviser would be a key member of your strategic planning team.

That may be the case, however, if you follow Jim Patrician's advice. The type of sales-are-up-we'd-better-hire-some-new-employees reaction to growth could cost you more than just those new salaries. The healthcare reform legislation, which at this stage is mostly health insurance reform, has significant tax break and mandate triggers at 25 and 50 employees. Requirements, opportunities and dollars change at those levels, Patrician says.

Patrician is senior vice president at Coordinated Benefits Co., LLC, a benefit advisory firm in Schaumburg.

With partisan rhetoric still raging on both sides of health reform, Patrician's first bit of advice is "not to panic. There's a long time between now and when many of the employer mandates come into play." At the same time, the insurance veteran suggests that "Making sure your business is scalable - flexible and

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versatile - should be part of your long-term strategy."

Although it's true that many of the health insurance changes don't kick in until 2014 or later, one of the key benefits for small business is effective now: A Small Business Health Care Tax Credit of up to 35 percent of the premiums a small business pays to cover its workers.

To qualify for the tax break, the small business must have fewer than 25 full-time employees (or FTEs). In addition, average wages must be below \$50,000, and the business must cover at least half of the cost of employee health care coverage.

Have 24 employees? You may want to think twice about adding that production worker, because doing so could cost you a tax break. On the other hand, more production could generate enough additional profit that the tax break becomes immaterial.

It's that type of decision that leads Patrician to suggest that your health insurance adviser perhaps should have a role in strategic planning.

"If I have 26 employees, how can I get under 25 to get the tax credit?" Patrician asks. "If I'm at 49 and need to grow, how can I add (employees) without incurring a new penalty?"

In 2014, for example, businesses that have more than 50 full-time employees and do not offer health coverage will be fined - which leads to another Patrician insurance-and-strategy thought: You might decide to pay the higher cost of offering health insurance to employees rather than a lower cost in fines. Your company's willingness to offer health insurance coverage to employees could be an important competitive edge in the work marketplace, Patrician says.

Whether you're in favor of reform or hate it, the one thing that's clear is that health insurance is going to take more management time. You might want to get to know your health insurance adviser.

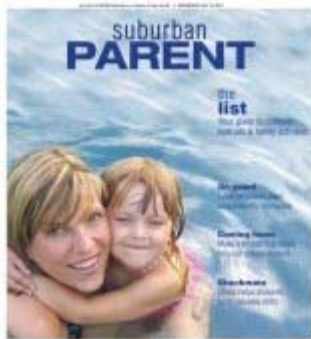
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