

Understanding health care reform



Dr. Dan Diaco, a Tampa-based plastic surgeon, consults with a patient.

Experts available to help understand new laws

By Justin Treece, Insurance Advisor, Connelly, Carlisle, Fields & Nichols

It's a question you may be asking: How are the changes in the nation's health care system going to affect my medical practice? Many of the details of what's commonly known as "healthcare reform" or "Obamacare" will become more clear over the next several years as the program is fully implemented. But in the meantime, there are a number of changes that are already rolling out, and some things that business owners in the medical field should be aware of.

There's a good chance that the changes may affect your medical practice in two areas that raise important questions. One, how will the changes in the healthcare system affect what your practice is being reimbursed or paid for your services? And two, how will healthcare reform affect how you offer benefits for employees?

"Everywhere, there is pressure to reduce the cost of healthcare," said Dr. Dan Diaco, a well-known Tampa-based plastic surgeon. "This is going to impact doctors everywhere, and there is a lot of anxiety right now about what the changes could

mean. It's important that people in the medical profession start planning now for what's coming."

Doctors and medical directors we talk to in our work as insurance advisors worry about the complexity of the new law, which consists of several thousand pages of information, and the difficulty in figuring out how changes will impact the medical industry.

With this in mind, here are five things to think about as you prepare your business for the coming sea changes in medical care:

1. UNDERSTAND THE DIFFERENCES IN REQUIREMENTS FOR COVERAGE IF YOU HAVE FEWER THAN 50 FULL-TIME OR "FULL-TIME EQUIVALENT" EMPLOYEES VS. MORE THAN 50.

To explain the term "full-time equivalents," an elementary example would be if two workers are each working 20 hours a week, that would be equivalent to one full-time equivalent when it pertains to the new healthcare law.

The differences in requirements are substantial. And no matter the size of your practice, the key is to determine how best to help your employees obtain adequate coverage, while keeping costs at a level you can live with.

For some companies, it may be worth it to simply pay the penalties involved for not offering employee coverage. But bear in mind that with more and more employers cutting health coverage, offering quality health insurance can be a major factor as you work to attract and retain good employees.

2. RATES MAY INCREASE FOR COVERING YOUR PRACTICE'S EMPLOYEES, BUT THERE ARE MANY FACTORS THAT GO INTO THAT EQUATION.

We expect many considerations to come into play that didn't before. For example, while someone's geographic location will continue to be important in determining the cost of coverage, lifestyle choices like smoking will be more important.

In particular, the impact on smaller groups may be significant, due to changes in how insurance carriers underwrite these groups.

It will be interesting to see how rates for certain groups change due to these factors. In the small group market we might see a younger, heavier male populated group getting discounted rates; this will likely not be the case anymore, as gender is no longer factored in.

As we track all the changes, we have to also consider that healthcare reform was not built state by state, but on a federal level. While it isn't uncommon to currently see deductibles over \$2,000 in Florida, a number of other states average much lower deductibles. This will change, because the new federal law requires plans to have certain caps on deductibles and out-of-pocket expenses.

Due to these changes, some groups that have used higher deductible plans to help control costs may be forced to make the decision to shed benefits all together.

3. HEALTHCARE REFORM'S POTENTIAL IMPACT ON YOUR REVENUES AND PROFITABILITY MAY BE HARD TO PREDICT AT THIS POINT, BUT THE NEED FOR FINANCIAL AND BUSINESS PLANNING IS A CERTAINTY.

In a nutshell, it's important to do some risk planning. What if healthcare reform-related changes cause your business' revenues to fall by, say, 10 percent? What would you do? Are there efficiencies you should look at now as you prepare for the possibility of a negative impact on the business?

Also, for many medical professionals, business and personal finances are tied closely together. For instance, if you own your medical office facility, that may be directly connected to your personal finances.

So don't only think about consulting with an insurance professional. Think about talking to bankers, wealth management professionals or others who could help you do the proper planning now.

ABOUT THE AUTHOR

Justin Treece is a Benefits Advisor with Connelly, Carlisle, Fields & Nichols, one of the top insurance agencies in Florida. CCF&N helps a wide range of customers with both business and personal insurance needs, and has a particular focus on helping doctors and other medical professionals.



CCF&N is a division of USAmeriBank, a full-service, independent bank based in Tampa Bay, with 11 branches and over \$2.6 billion in assets. USAmeriBank helps businesses and individuals with a wide range of banking and wealth management needs.

4. WE EXPECT THAT AUDITS WILL INCREASE IN THIS NEW SYSTEM, SO IT WILL BE IMPORTANT TO BE COMPLIANT WITH ALL APPLICABLE LAWS.

It's expected that the Department of Labor will be doing more audits on employee benefit programs, and we find that many businesses are not 100 percent compliant when it comes to following government rules.

We are often asked, "Do we really need all these documents that are supposedly required?" Our short answer is yes, and an insurance professional can help your staff walk through what will be a maze of regulations and paperwork.

Consider getting outside help that you can see as an extension of your team. This is critical because most smaller practices don't have a specialist for human resources or benefits issues. Often, there is one administrator in charge of everything related to the office, so it's important to have other people helping you who have specialized knowledge in these areas.

5. WORK THROUGH AN EXPERIENCED, LICENSED INSURANCE ADVISOR AS YOU FIGURE OUT YOUR OPTIONS AND WHAT VARIOUS COVERAGES AND COSTS MIGHT BE.

For many medical practices, benefits and insurance questions have been rather simple. But that is about to change dramatically, and it may be time to seek out more knowledgeable help.

Find an advisor who is taking the time to truly understand healthcare reform, which is quite a challenge. This could bring significant value as you prepare for the changes ahead.