

The HR Mentor

Health Care Reform

President Obama and Vice President Biden have proposed a plan that they feel strengthens employer coverage, makes insurance companies accountable and ensures patient choice of doctor and care without government interference. According to the Obama-Biden administration, their plan provides affordable, accessible health care for all Americans, builds on the existing health care system, and uses existing providers, doctors, and plans. Employers have a voice.

[More on Health Care Reform](#)

Recent Changes to COBRA: The American Recovery and Reinvestment Act (ARRA)

On February 17, 2009 President Obama signed The American Recovery and Reinvestment Act into law. Since 1986, COBRA has given workers who lose their jobs, and thus their health benefits, the right to purchase group health coverage provided by the plan under certain circumstances. The ARRA expands eligibility for COBRA coverage and provides a premium reduction to certain qualified individuals.

[More on COBRA](#)

Training: *A good snowball fight always helps!!*

If you like me, you are always looking for a way to gain insight to employee feelings, needs and suggestions. A good snowball fight always helps. Here's how...

[More on Training](#)

To remove your name from our mailing list, please [click here](#).
Questions or comments? E-mail us at pgodfrey@thenewfaceofhr or call 314/607-5329.

Volume 1, Issue 3, March 2009



Newsletter Spotlight

- Health Care Reform
- Changes to COBRA
- Training Tips

To sign-up for our monthly newsletter click here.

Health Care Reform Continued...

Regional Forum on Health

On Thursday, March 12th, 2009 the first regional forum on health reform was held. White House Domestic Advisor, Melody Barnes, was in attendance. Wisconsin and Michigan Governors hosted the Midwest event. The purpose of the forum was to gain input from everyone on what issues needed to be brought to the health care reform table. Congressman John Conyers, Jr. stated, "Today we are looking at all issues affecting healthcare." The audience included congressmen, insurance company CEO's, health care facility

John Conyers, Jr. stated, "Today we are looking at all issues affecting healthcare." The audience included congressmen, insurance company CEO's, health care facility representatives, patient advocates, concerned citizens and more.

"I promised to bring down the crushing cost of health care – a cost that bankrupts one American every thirty seconds, forces small businesses to close their doors, and saddles our government with more debt. This budget keeps that promise, with a historic commitment to reform that will lead to lower costs and quality, affordable health care for every American. "

Remarks of President Barack Obama, Weekly Address, Saturday, February 28th, 2009, Washington, DC

As employers we need to be aware of what is happening in healthcare reform. This reform will touch all Americans and all businesses in some way. Many comments made at the forum echoed each other, but some of the thoughts the participants wanted our leaders to take forward were:

- For everyone to share the cost
- Change the financial incentive to stay healthy
- Infrastructure - government should exercise policy of leadership
- Our current system is for the bottom line, not health
- Solve the workforce crisis in nursing.
- Primary Care needs to include Advance Practice Nursing
- Ban advertising and use funds for research
- Lower the age for Medicare
- Loosen the ERISA requirements
- Take the profit out of the system - make healthcare non-profit
- Because of incentives to operate in more affluent areas, poorer areas struggle
- Inspire people to take personal accountability
- Educate individuals how to use the system properly
- Healthcare reporting should better reflect small ethnic groups currently left out.
- Do not allow private insurance carriers to direct who does and does not get care.
- Remove financial harm from those that have no insurance
- Look at the programs that are already out there and working. Help to promote these programs
- Look at evidence-based ideas - look around the world at what does work.
- Only reason to maintain current system in campaign finance.
- Focus shouldn't be healthcare reform, it should be insurance reform

As you can see, there are a lot of ideas and suggestions out there. This is just a sampling. The majority of comments I heard focused on **Wellness, Healthcare technology, Best practices and a National coordinator or single payer system.**

A few questions I've heard and will pass along are:

- Is there any requirement for Insurance Companies to cover **RECOMMENDED TREATMENT OPTIONS** for patients?
- What provisions are there to provide coverage for **PREVENTATIVE / EARLY DIAGNOSIS** procedures for A.) high risk patients with B.) life threatening illnesses?
- Why isn't there a tax credit / incentive to encourage **HEALTHY LIFESTYLE / PREVENTATION MEASURES.**
- If we limit the amount insurers can charge for **malpractice insurance**, would there be a corresponding limit to the awards given for malpractice. If not, how would we prevent insurers from raising premiums in other areas to cover losses?
- What would be the criteria for "needing" a tax credit for premiums. It's easy to say guarantee that everyone gets a tax credit that needs it but the details are critical.
- "Require hospitals to collect and report health care cost and quality data." Easy to say, not so easy to implement.
- The \$250,000 seems unfair to some citizens considering the cost of living extremes we have in the United States. \$1 in Idaho Falls ID, \$1 in Los Angeles, CA and \$1 in Liberty, MO are very different in the amount of purchasing power they have.

COBRA and ARRA (continued)

The ARRA provides for a 65% reduction in COBRA payments for certain eligible individuals for up to 9 months.

ARRA treats assistance eligible individuals (AEI's) who pay 35% of their COBRA premium as having paid the full amount. The premium reduction (65% of the full premium) is reimbursable to the employer, insurer or health plan as a credit against certain employment taxes.* *

The ARRA also provides an additional election opportunity for employees terminated involuntarily between September 1, 2008 and February 16, 2009 who did not elect COBRA when it was first offered or who did elect COBRA, but are no longer enrolled.

As the employer, you are responsible for notifying all potential Assistance Eligible Individuals within 60 days of the enactment of the Act. Employees are then allowed 60 days from the date of notice to enroll.

Plan administrators must provide notice about the premium reduction to individuals who have a qualifying event during the period from September 1, 2008 through December 31, 2009, whether they have COBRA coverage or not.

EMPLOYER NEXT STEPS

| | |
|--|--|
| <p><u>Determine AEI's</u></p> <ul style="list-style-type: none">• Is eligible for COBRA continuation coverage at any time during the period beginning September 1, 2008 and ending December 31, 2009;• Elects COBRA coverage (when first offered or during the additional election period), <i>and</i>• Has a qualifying event for COBRA coverage that is the employee's involuntary termination during the period beginning September 1, 2008 and ending December 31, 2009. <p><u>NOT eligible:</u> those who are eligible for other group health coverage (such as a spouse's plan) or Medicare.</p> <p><u>High income individual:</u> will be charged a 'recapture tax' on personal income tax if the subsidy is utilized</p> | <p><u>Provide notice</u></p> <ul style="list-style-type: none">• To all individuals, whether they have COBRA coverage or not, who had a qualifying event between September 1, 2008 and December 31, 2009;• This notice must be provided within 60 days following February 17, 2009;• www.dol.gov is required to have model notices available within 30 days following February 17, 2008. |
| <p><u>Allow 2nd election opportunity</u></p> <ul style="list-style-type: none">• AEI's can enroll from March 1, 2009.• AEI's are allowed to elect anytime from the Act's effective date to 60 days from the employer's notification date.• Employer may allow AEI's to switch coverage if active employees were given that opportunity. To retain the ARRA reduction, the different coverage must have the same or lower premiums as the individual's original coverage. | <p><u>Amend plan documents/File for Subsidy</u></p> <ul style="list-style-type: none">• Employer pays the remaining balance (65%) and claims a credit for those payments on Form 941, Employer's QUARTERLY Federal Tax Return or other applicable payroll tax return.• Refer to www.irs.gov for information about the stimulus package regarding a host of ARRA provisions that affect businesses' income tax return, including provisions that allow bonus depreciation credits, enhance small business expensing and allow a five year net operating loss carry back for small businesses. |

REGULATION and MORE INFO

COBRA continuation coverage laws are administered by several agencies. The Departments of Labor and Treasury have jurisdiction over private-sector health group health plans. The Department of Health and Human Services administers the continuation coverage law as it affects public-sector health plans.

The Internal Revenue Service, Department of the Treasury, has issued regulations on COBRA provisions relating to

The Internal Revenue Service, Department of the Treasury, has issued regulations on COBRA provisions relating to eligibility, coverage and premiums in 26 CFR Part 54, Continuation Coverage Requirements Applicable to Group Health Plans. Both the Departments of Labor and Treasury share jurisdiction for enforcement of these provisions.

U.S. Department of Labor
Employee Benefits Security Administration
Division of Technical Assistance and Inquiries
200 Constitution Avenue NW, Suite N-5619
Washington, DC 20210

<http://www.dol.gov/ebsa/>

Free Employee & Employer Hotline number at: 1.866.444.EBSA (3272) and request a list of EBSA offices.

[\(Back to top\)](#)

Purpose:

To confidentially gain insight to issues in the workplace and have fun doing it.

Preparation:

Prepare white note sheets approximately 3" x 5".
Make sure each participant has several sheets of paper and a pencil.

Step One:

Have participants jot down suggestions, comments, complaints, anything they want on the sheets.
Only 1 item per sheet.

Step Two:

Once everyone has exhausted ideas and has them written down, have them crumple the note sheets into small balls (Snowballs)
Divide the group into two or three smaller groups and position them (and their snowballs) facing each other.

Step Three:

On your mark, everyone participates in the snowball fight. Time them and when you say "Stop" everyone must stop. The group with the least amount of snow at their feet wins. (Be sure you have a small prize for them)

Closing:

Gather all the snowballs into a bucket and randomly choose three or four to discuss. Be sure to communicate via newsletter or e-mail or in your group's normal communication lines the answers and/or responses to all notes.

[\(Back to top\)](#)