

Health Care Changes Overwhelm Businesses

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Health care changes overwhelm businesses

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TAMPA - Come September, businesses will have to make significant - and costly - changes to the health insurance plans they offer to employees. A recent survey found the first wave of changes from federal health reform could increase costs for many firms by 5 percent or more.

Companies will have to - among other things - extend coverage to employees' children up to age 26, remove some restrictions on pre-existing medical conditions, eliminate annual and lifetime benefit limits, and offer preventative services such as cancer screenings for free.

And that's just the start. In the coming years, the health reform law will impose taxes and penalties on businesses that don't offer health coverage, and even those that do.

"It's quite concerning," said Chuck Sykes, president and chief executive of Sykes Enterprises. "I haven't found a single positive impact it will have on businesses."

To help businesses better understand the requirements of health reform, the Greater Tampa Chamber of Commerce - of which Sykes is chairman - made it the topic of its monthly luncheon on Wednesday.

The event at the Hyatt Regency attracted representatives from big companies like Sykes Enterprises, which has 51,000 employees around the world, and small ones like GulfShore Bank, which has 21 employees at its lone location in Tampa.

"It's a complicated law that's not easy to understand," said Dan Farrar, a human resources expert who was among the panelists Wednesday. He said that with just months to go before the first requirements take effect, many businesses still don't know exactly what the law requires.

Farrar owns Resource Innovations, a Fort Myers company that provides HR-related services to firms across the state. He says companies are most concerned about costs, taxes and penalties, about insurance exchanges and free choice vouchers, and what constitutes "affordable" coverage.

Attendees were given a checklist outlining the more than 30 requirements for businesses that will take effect over eight years.

But panelists said the law raises many questions, some of which have no clear answers yet.

Businesses, for example, would face penalties starting in 2014 if the lowest-cost plan they offer is "unaffordable," defined as exceeding 9.5 percent of an employee's household income. But it's unclear how a business would be able to determine an employee's total household income. And it's unclear how that will affect businesses like restaurants that employ many low-wage workers.

Speaking of penalties, it's also unclear what will happen if some companies, starting in 2014, decide it makes more financial sense to drop employee coverage altogether and pay a \$2,000-per-worker penalty instead. Big national firms such as AT&T have reportedly calculated that taking the penalty would save the company more than \$1 billion a year.

But Farrar cautioned such a move could backfire, particularly when it comes to recruiting top talent. Many applicants might shy away from a big company that doesn't offer health insurance, and instead lets employees fend for themselves and their families in the to-be-created insurance exchanges.

Ed O'Carroll, chief operating officer of Tampa's GulfShore Bank, said if his company were to consider doing that, it would also have to consider how such a move would affect employees.

Sykes said he encourages the chamber's 1,800 members to sit down with their consultants to figure out the many ways the health reform will affect them.

Maria Currier, a partner with Tampa law firm Holland & Knight and one of Wednesday's panelists, agreed.

"There's 2,000 pages of new law," she told the audience. "No one has all the answers yet, and much will evolve over the next several years."

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