

# Health Insurance Improvement:

## Navigating a shifting landscape



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**THE SWEEPING AND** “historic” health care reform laws consist of the Patient Protection & Affordable Care Act and the Health Care and Education Reconciliation Act. The new laws will impact each individual and business in America. This is welcome since annual health insurance rate increases from medical trend, aging and health history have commonly been 20, 30, and even 40 percent.

It should also be noted that a portion of individual applications do not get approved for health insurance at any price. Other people and many businesses, while able to purchase insurance, simply cannot afford the outrageous premiums. “The good news is you are alive; the bad news is you can’t afford it” is a quote from my first column in 2004, and I believe

it still accurately describes the situation.

### New Options

As we help clients, we often advise them that the health insurance system is broken and that we cannot fix it. However, we help clients navigate to their best health insurance solution for their specific circumstance. With the great recession, matters have further deteriorated for all parties. The worst individual situations were handed options that jokingly included finding a new spouse or moving to Canada.

Most everyone agrees that health care and insurance reform is needed. The major contention was to find incremental improvements or to structure an overhaul. I believe the health insurance laws just passed are in the middle. Now we are confronted with a range of solutions to implement, including mandates, tax credits, exchanges, required benefits and underwriting adjustments.

Some will be implemented almost immediately and many others will only emerge over the years. It is likely that some will work, but others will not. Minor and major adjustments will be required if legislative intent is to be realized. We will also need to watch that we neither bankrupt the nation nor stifle the entrepreneurial spirit of the small businesses that drive our economy.

### Taxes & Small Businesses

“The IRS will figure prominently in implementing the proposed health insurance changes,” says Mark Schwarz, senior manager at the CPA firm CFO Tech and a former executive in the health insurance industry.

“Many objectives in the legislation may only be achieved through manipulation of the tax code. Small business health insurance credits, for example, will start in the 2010 tax year and will likely impact many in the Scottsdale Airpark and throughout Arizona. Now that the 2009 tax filings are history, it may be advisable to start working with your accountant and health insurance agent to judge how the new health insurance laws will impact you and your business.”

The health insurance and tax transitions ahead will challenge us all. Please send your comments for future articles. ■

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