

Report Says HR Expected to Know About Affordable Care Act

Over the last two months, the Employers Association of New Jersey (EANJ) has convened seminars around the state covering the health care reforms effective September 23, 2010 and January 1, 2011. Attendance at the meetings has been modest but the content has been extremely informative, as attendees seek to be a valuable knowledge asset to their organizations.

As of mid-year 2010, half of surveyed HR professionals said their organizations had taken steps to respond to the comprehensive health care reform legislation enacted in March 2010, despite a continuing lack of clarity on many specifics of the law, according to the second in a series of surveys by the Society for Human Resource Management (SHRM). Moreover, 54 percent of respondents said that senior management had asked HR to provide an overview of the implications of the health care reform law for their organization.

The survey was fielded July 22-Aug. 3, 2010, among 1,095 randomly selected HR professionals with the job title of manager and above, and among HR professionals identified as working in the benefits area at organizations with 50 or more employees.

The top areas that HR professionals are addressing with senior managers include:

- Overall knowledge of the reform law.
- Actions that organizations need to take immediately.
- Changes the organization needs to make to its current health care plan to be in compliance.
- The near-term financial implications for 2010 and 2011.
- Future financial implications beyond 2011.

Under the "grandfather" provision of the health care reform law as set out in the Final Interim Regulations issued in June 2010, employers can maintain many of their current health care coverage provisions if they do not change insurance carriers, reduce benefits or raise co-payment charges or deductibles significantly.

The poll found that 30 percent of respondents are attempting to maintain their plan's grandfathered status, whereas 11 percent have decided not to maintain their organization's grandfathered status.

Overall, 21 percent said they will attempt to keep grandfather status to avoid additional costs to the organization and employees, while 9 percent would attempt to keep grandfathered status to avoid having to comply with specific elements of the health care reform law.

In addition, 21 percent of respondents said they are or will be conducting an analysis and shopping different health care options to decide whether to keep their grandfathered status.

In smaller organizations, HR staff wear many hats, including benefits administration. Many believe that the Affordable Care Act does not apply to them but it will change how small employers purchase health care insurance. New Jersey has about 200,000 small employers and 8 of 10 state residents work for a small employer. About three of four New Jersey residents are covered under an employer-sponsored health care plan, although only about half by a small employer.

On October 1, 2010, New Jersey received a one million dollar grant from the U.S. Department of Health and Human services to prepare a feasibility plan to launch an Insurance Exchange, which must be operational in 2014.

The purpose of the Exchange is to create a pooling mechanism so that small employers and individuals can purchase affordable health care coverage. New Jersey's small employer program enacted in 1993 has been ineffective in mitigating health care inflation and in creating competition in the small group market, as premiums have increased aromatically every year. In fact, the cost of health care premiums in New Jersey has already risen nearly five times faster than wages since 1998, according to Families USA, a Washington-based nonprofit group. Their report issued in 2008, found premiums in New Jersey rose 71 percent while earnings increased just 15 percent between 2000 and 2007. New Jersey ranked 28th among states in the rate of growth in premiums compared with earnings.

According to the SHRM poll, the top actions organizations are taking in response to the Affordable Care Act are:

- Working with legal and/or benefits counsel to understand the implications of the law.
- Sending HR staff to training to learn the details of the law.
- Partnering with current health care benefits providers to design the 2011 health care plan.
- Developing a health care cost analysis for organizational leadership.
- Analyzing the short-term financial impact of the law and the feasibility of offering health care.

On EANJ's Blog:

- [Health Reform Rules Issued on Mandatory Prevention Benefits](#)
- [Health Care Consumer Protection Rules Issued](#)
- [HHS Issues Guidance on "Grandfathered" Health Care Plans](#)

