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HEALTH CARE 23

## Real numbers bring insurance exchange requirement into focus

There have been numerous surveys questioning employers about whether they will drop their health coverage when mandates under the Patient Protection and Affordable Care Act are implemented in 2014.

Virtually all of them conclude that the majority of businesses with 50 or more employees will maintain their health plans when the state health insurance exchanges begin offering coverage in 2014. The prospects of people being able to get health coverage on a guaranteed-issue basis, including coverage for pre-existing health conditions, sounds almost fanciful.

We'll have to wait to find out whether the insurance exchange premiums will



### IN FOCUS

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be affordable and reflect provisions of the Affordable Care Act. But I was curious, so I decided to take a real-world snapshot of actual numbers reflecting the impact on a business in relation to one of the employer mandates in the law.

I took an example of a 61-employee company that offers a \$2,000 deductible, 80/20

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coinsurance, and a \$25 co-pay for primary care. The company's monthly premium, based on demographics relative to single and family coverage, is roughly \$48,000 per month, or \$576,000 per year.

Now, in 2014, if just one employee buys health insurance on the exchange, this employer will be assessed a "penalty" of \$2,000 per employee (minus the first 30 employees), totaling \$62,000 per year.

The rationale for questioning these so-called surveys asks whether the employer will want to keep spending \$576,000 per year and/or pay a penalty that represents only 10.7 percent of the group health premium.

I'm not an economist, but when you inject some reality to a small segment of what's in store for employers in 2014, it can be a little sobering.

Henry Groslean has been an independent insurance broker since 1979.