

Employers see higher costs for insurance they provide

But most are reluctant to send workers into a government exchange

By Cliff Peale

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Richards Industries takes pride in its employee benefits, but health care reform has people thinking.

Would the Oakley manufacturing company ever dream of cutting those health care benefits and dumping its employees onto a publicly funded exchange after 2014?

The short answer: No.

"Employees are scared," said Cheryl Koopman, vice president of human resources. "You'd have to be crazy not to think about it. It obviously would save us a lot of money, but as part of our culture here, we're not planning for it."

With about 140 employees, Richards is typical of many mid-sized companies, enduring big annual increases in health care costs. It just renewed benefits July 1 and will pay 25 percent more, Koopman said, after suffering two big employee claims.

But even with those higher costs, those companies often regard the ballyhooed health care law that starts to take effect this month as a burden, with dozens of new mandates that take time, effort and money away from other things.

"We're not happy about it," Koopman said. "We've had to do a lot of communicating with employees. No one knows exactly what's going on."

Experts expect some companies to stop offering benefits, but not many. That's just one of a host of uncertainties surrounding the new law for small and mid-sized companies, said Mark Morgan, president of Sherrill Morgan, a Covington consultant and manager of health plans.



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Kyle Kembel is a miller/driller at Richards Industries in Oakley. The firm has 140 employees and is already being affected by new rules under the health care legislation.

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"The uncertainty is definitely the biggest thing," Morgan said. "I don't think the majority of companies will (drop benefits). I think we'll see a handful not offer them to the level they used to."

At Richards, two measures in particular have employees worried, Koopman said.

First, the law restricts contributions to a Flexible Spend-

ing Account to \$2,500 and employees can't use that to pay for over-the-counter products, starting in 2011.

"That's been a big complaint from employees," Koopman said. "They're used to being able to go to the store and stock up on aspirin, but they won't be able to do that anymore."

Second, the premiums paid

toward an employee's health care benefits will be listed next year on annual tax forms, even though it will not be considered taxable income.

That's led to several company-wide meetings to try to spread the right information.

"What happens if we don't talk to them is they start making up things," Koopman said. "Somebody knows part of the rumor, and then it goes from there."

Morgan said companies can pretty much grasp the changes that are required starting this month.

"It's all the things that could happen in 2014 that are causing anxiety," he said. "For a health plan, that's not that far off."