

## Healthcare Reform and Small California Employers



There's an oft-quoted (though nonexistent) Chinese curse that says, "May you live in interesting times." Well, welcome to "interesting times" in the form of changes to our healthcare system.

Though large employers were generally elated when the US Treasury Department announced a one year delay in implementing the "play or pay" provisions of the Patient Protection and Affordable Care Act (PPACA), small employers (of less than 50 full-time or full-time-equivalent employees) were less than happy to find themselves excluded from this provision. That means that, ironically, small employers are faced with a wide host of changes, more so than their large group counterparts, effective January 1, 2014. If that's the bad news, then the good news is that small employers will have more options available to them. So what does a small employer need to prepare for? Here are some of the more significant items:

- With your first renewal in 2014 the waiting period for new hires to be eligible for the health coverage cannot exceed 60 days (this is also true for large employers).

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Because most carriers require a "first of the month start date" this effectively compels the waiting period to be first of the month following 30 days.

- Currently small group rates in California can vary +/- 10% to the filed rates (known as the risk adjustment factor or RAF). Starting at the beginning of the year, carriers can no longer ask medical questions and the RAF goes away. This is great news for groups that had a 1.1 RAF, however not so great for those with a .90 RAF.
- At this time there are age bands for rates (under age 30, 30-39, 40-49 etc.). Going forward there will be an under-20 rate for children, and each age over 20 will have a specific rate. Also, spouses will be rated based on their own age, not the age of the employee. Finally, each child will also be rated -- up to three children. How this affects any one individual rate will vary, but it does mean employers will need to collect census data on each family member.
- Additionally, there are a host of reporting and disclosure requirements, the first of which was to distribute a notice of the availability of the state exchange (Covered California) to existing employees by October 1, 2013, and for new hires within 14 days of their hire dates.



### There are a variety of new options for small employers:

- First, Covered California SHOP (the exchange for small employers): This state-run purchasing pool will give employees the option to choose from Blue Shield, Kaiser, and Health Net. This will be available January 1, 2014, for employers of 50 employees and less. Additionally, employers with less than 25 employees and an average salary under \$50,000 could be eligible for a tax subsidy.
- There is also Early Renewal: All of the carriers are offering small groups the option to renew by December 1, 2013, to lock in 2013 pricing. Those with a RAF of less than 1.0 should consider this option.
- And finally there is the option for companies that now offer health plan coverage to drop the group plan and have employees purchase individual coverage. Now that carriers must offer coverage to all applicants and cannot ask medical questions nor impose pre-existing limitations, employers can get out of offering group-sponsored plans and ask that employees buy their own coverage either through the exchange or the traditional market. Individual plan pricing is expected to increase dramatically January 1, 2014, so we must currently wait until then to have the pricing released.

So as you can see the fourth quarter of 2013 will be busy with all of these changes. If there is one thing that is certain, it will be that the small employer healthcare market will look very different next year. Please let us know if you need help making your plans.



## Jr. Posse Youth Equestrian Program

### Keeping kids on horses and off the streets

Where's the best place to go horseback riding? You may be surprised to learn there are some children who would answer, "Compton!"

Twenty-year SPS veteran Valerie Chamberlain, Manager of our Business Management Department, has been volunteering with a unique non-profit kid's organization, the Jr. Posse Youth Equestrian Program, otherwise known as the Compton Jr. Posse. For the past four years Valerie has worked closely with Executive Director, Mayisha Akbar, in a number of capacities – anything from being part of their fundraising committee, to preparing and writing grants, and even helping to consistently grow their donor base.

The Compton Jr. Posse (CJP) is an organization with the motto, "Keeping Kids on Horses and Off the Streets." Since 1988, CJP has been connecting with inner-city youth by using horses as a motivational tool. This organization provides an after-school alternative to the drug and gang lifestyle by offering different options for the children – Riding, Ranching, Education, and Outreach. To ride the horses, the kids have to keep their grades up in school.

Through these educational and equestrian activities, youth develop responsibility, discipline and self-esteem. Students learn to set and achieve both academic and career goals. In 2010, they launched a Mounted Jr. Ranger program in conjunction with the Mountains Recreation and Conservation Authority in the Santa Monica Mountains. They attend competitions, have traveled to foreign lands, and have the support of 2008 Olympic Gold Medalist Will Simpson, and Olympic Bronze Medalist Charlotte Bredahl-Baker.

For more information about this organization, or to help out, please visit: [www.comptonjrposse.org](http://www.comptonjrposse.org), or email Valerie at [vchamberlain@spscpa.com](mailto:vchamberlain@spscpa.com).

## Elder Care – When it's Time to Take Charge

### Guardianship isn't an all-or-nothing choice



No one likes to think of their parents as being less-than-capable of managing their own affairs, but illness and injury can reduce anyone's ability to cope with life's demands. Sometimes, it's necessary to step in and take charge via a guardianship (also known as conservatorship).

If you think your parent needs help, then the first item of consideration is how much and what type of help do they need? Is it a permanent and all-encompassing situation? Or, is this likely to be a temporary issue? In addition to permanent and temporary guardianship, another option is a limited guardianship, which allows the guardian to control only the ward's medical or financial matters. Finally, a co-guardianship provides for more than one conservator to split the duties, which may be especially helpful if a permanent

conservatorship is required.

Before going to court, the person wishing to establish a guardianship must do their homework by gathering proof, in the form of a physician's statement and other documents, of the elder's need for protection. Once the need has been substantiated, it's time to file your evidence as a petition to the court.

The next steps are designed to safeguard the elder's rights.

The judge appoints a lawyer to represent the elderly person. Also, copies of the petition are served to the potential ward and to other family members.

At the court hearing, the petitioner presents their case and the court-appointed lawyer (who has performed an independent investigation) will either concur with the request or present their own evidence. The judge makes the final decision about granting the conservatorship.

This is a simplified description of the process and it should be no surprise that there are lawyers specializing in this field who will be more than helpful in guiding you through the process. It's best to consult with an expert in elder law before proceeding.

## The Sobul Primes & Schenkel Family Continues to Grow

### SPS welcomes Dave Berman

Dave Berman has accepted a position with SPS as staff accountant. He is a graduate of Northeastern University (Boston, Massachusetts) with an Accounting degree. Dave is living in Manhattan Beach and is acclimating himself to the Southern California lifestyle. Welcome aboard!



Please note that these articles contain general information and are not a complete analysis that you should rely on in making decisions. Our goal is to bring these matters to your attention and suggest that you review your payments and practices. We are here to assist you. These may be difficult issues to address, and you may need to consult with your legal counsel as well.

Sobul, Primes and Schenkel is a member: American Institute of Certified Public Accountants, California Society of Certified Public Accountants and CPA Associates International with Offices in Principal U.S. and International Cities.

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