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Workshop warns business to brace for surging health care costs

By [Beth Fitzgerald](#)

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As the new federal health care reform law is phased in through 2014, employers will face increased costs to comply with new regulations and reporting requirements, even as their health insurance premiums continue to rise.

That was the view from **Scott Rappoport**, CEO of **Benefit Sources & Solutions**, in Bound Brook, who presented a workshop on the new law Thursday morning sponsored by the Somerset County Business Partnership. The session was held at **Financial Resources Federal Credit Union's** Bridgewater office.



[Thinkstock photo]

Rappoport reviewed key provisions of the law, starting with the "grandfathering" of health plans that were in effect when the new law was adopted by Congress on March 23. Many employers can keep their old plans — but the restrictions are such that, in most cases, it will be too costly to try to hang on to an old plan, he said. "I really believe that in two years, it will be so ridiculously expensive to maintain a grandfathered plan that it won't make any sense," he said.

One positive aspect of the law is that it spells out the "essential benefits" — including preventive care — health plans must provide, he said, which addresses a need to "focus on wellness and chronic disease management, and getting and staying well."

In 2010, employers with fewer than 25 workers averaging salaries of \$50,000 or less who pay 50 percent of their health insurance premiums can get a tax credit of 35 percent of the employer's premium contributions. But Rappoport said in New Jersey, a high-wage state, many small employers won't qualify.

Yet New Jersey Citizen Action, a consumer advocacy group, this week released a report by Washington, D.C.-based Families USA that estimated more than 100,000 New Jersey businesses could be eligible for the tax credit this year.

David Oscar, immediate past president of the New Jersey Association of Health Underwriters, said, "The reality is, the tax credit is not making a big difference. A lot of companies are eligible for the tax credit, but it is just offsetting the crazy increases that everyone is getting" on their health insurance premiums. He said his small-business clients are getting premium increases of 30 to 40 percent.

John Sarno, president of the Employers Association of New Jersey, said in a few cases, the tax credit may be an incentive to an employer to offer health insurance. "Employers that rely on top talent may go into the market and buy insurance for the first time."

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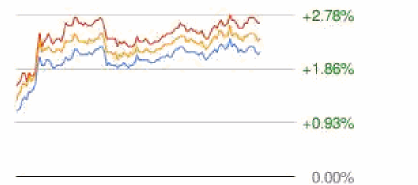
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