



Joe Henehan, president and founder of San Bernardino-based Henehan Co., which plans health insurance packages, says last year's reform bill will end up costing consumers more.

A bleak prognosis

Consultant: Health care reform will fail cost, coverage mandates

By Andrew Edwards
Staff Writer

SAN BERNARDINO — Henehan Co. has made health care planning its business since 1979, and the company's president and founder says he is of the opinion that national health care reform will be bad for business.

Company president Joe Henehan anticipates health care legislation — passed by Congress in 2010 and still controversial — will not achieve its stated goals of expanding coverage and lowering costs.

Henehan Co. designs group insurance business plans for businesses and also works with individuals buying coverage. The firm's sister company, Henehan Administrators LLC

works with clients seeking COBRA, or continuing coverage, administration, billing, and human resources work.

The Patient Protection and Affordable Care Act — also known as “health care reform” or “Obamacare” by its detractors — will mandate all Americans to own health insurance by 2014, or pay a tax penalty.

The law, which Tea Party conservatives want to repeal, is designed to cover the gap between the insured and uninsured through provisions allowing for individual state-controlled exchanges.

People earning four times or less than the federal poverty level would be able to receive coverage at lowered costs, assuming the system works as

planned.

Analysts and politicians have a wide range of opinions on whether health care reform will succeed. An April RAND Corporation report concluded the law would increase the percentage of insured people in five states, including California.

Rand also predicted a 2 percent decline in the number of Californians receiving employer-sponsored coverage by 2020 and a \$4 billion increase in state health care spending by that year.

Henehan spoke on the ways he foresees the health care legislation will impact businesses.

Question: How has health care reform affected local businesses thus far?

Answer: What's happened is, the intention of health care reform was to get more people covered and to get costs down.

Unfortunately, the opposite has happened.

If you have to buy something that you don't really want to buy, but have to buy it, it becomes more expensive.

Q: Was some federal legislation necessary to expand the breadth of coverage?

A: The answer is no. Between the employer-sponsored plans and people buying their own and people who are already on Medicare, you look at Healthy Families (and other public assistance programs), if people signed up for them, there were two million people who had access to a government program that people didn't know about.

Q: California's government is going broke — can the state programs be sustained?

A: No. The federal law is putting all the exchanges and Medicare reimbursement to the state.

Q: Assuming health care reform remains law, what do business owners need to do to prepare themselves?

A: They are going to have to prepare to be less profitable and have fewer employees. Unfortunately, it's that simple. Costs are going to go up.

The other thing they can do is choose not to offer group health insurance coverage. They can have all their employees join the exchanges.

Q: What will happen in 2014 if private companies drop coverage?

A: If (employees) want to receive care, they can go to the exchange or they can purchase an individual policy on their own, and you'll have the old saying of unintended consequences. You wanted to help people but it will end up hurting.

Q: Can the exchange handle all the people who could lose employer coverage?

A: Not in the “ka-plop” come 2014. If that many people jump in the exchange that fast, no.