

Getting a handle on health care

What the law means for students and small businesses in the Lower Hudson Valley



Tania Savayan/The Journal News



Peter Carr/The Journal News



Vincent DiSalvio/The Journal News

Top: Dario Ramirez, 51, collects the garbage at The Gym in Armonk. **Left:** Danielle Bryon, left, and Bethany Satz practice tae kwon do at Purchase College. **Right:** Stacy Nazaroff, office manager of the Toga Bike Shop in Nyack, thinks all workers should have health coverage, despite its cost.

Staying on parents' plan until 26 will help many in low-wage job market

Candice Ferrette
cferrett@lohud.com

PURCHASE — One of the first people to test the health-reform waters may be the lifeguard at your beach or intern in your office this summer.

Young people — 19- to 29-year-olds — will feel the impact of the landmark health-care bill President Barack Obama signed into law in as soon as a few months.

While most people won't really see the benefits or costs of the overhaul until 2014, the youngest and some of the healthiest adults will. Adult children will be able to stay on their parents' health plans until they're 26, which many say will ease the transition after college and into low-wage, entry-level jobs, many of which don't offer health benefits.

"I think that's great," Steven Sable,

SEE YOUTH, 12A

At a glance

BUSINESSES

■ Companies with more than 50 employees must offer health insurance or pay penalties.

■ Tax credits to help buy insurance could be provided to companies with 25 or fewer employees and an average work force wage of up to \$50,000 a year.

STUDENTS

■ Beginning in September, you can stay on your parents' health insurance policy until your 26th birthday.

■ You can be married and still stay on your parents' policy.

■ It is unclear whether you need to be a student or need to live in the same state as your parents.

Many small businesses face required coverage but may get tax credits

Diana Costello
dcostell@lohud.com

People who work at Toga Bike Shop in Nyack typically do so because they have a passion for riding hard.

So when an employee last week asked to be taken off the shop's health insurance plan because he no longer could afford it, office manager Stacy Nazaroff cringed.

Then she offered a cautionary tale: One of the shop's workers recently had to shell out more than \$20,000 for surgery after being struck by a New York City taxi. He did not have health coverage.

"I tell them, 'I know it hurts. It hurts for me, too, to pay a bill like that, but when you need to use it, it's there,'" said Nazaroff, noting the store pays 50 percent of a worker's insurance premiums. "I understand

SEE BUSINESS, 12A

BUSINESS: Fear of costlier premiums

CONTINUED FROM 1A

people have other bills and times are not the best for taking out that sort of money every month, but I personally believe everyone should have it."

The skyrocketing cost of providing health insurance has forced many small-business owners to rethink their coverage plans; and many worry the federal health-care overhaul won't help.

Plus, they say, the timing couldn't have been worse.

"If you're really going to do comprehensive reform, you don't do it in a severely recessionary time like now," said Paul Vitale, vice president, government and community relations, of the Business Council of Westchester. "It puts an undue burden on businesses at a time when job creation is paramount. People might be hesitant to hire."

What's bringing some comfort to the nation's 30 million small businesses is that most of the reforms don't kick in until 2014.

By then, companies with more than 50 employees must offer health insurance or pay penalties.

But the law offers tax credits to help small businesses buy coverage. A business must have 25 or fewer employees and average wages of up to \$50,000 a year to qualify. Credits shrink as the number of employees and the average wage near the upper limits.

Tax credits of up to 35 percent of the cost of premiums would be available this year. By 2014, credits would reach up to 50 percent for businesses with 10 or fewer employees and an average wage of \$20,000.

Small-business owners and others will be able to shop for benefits through Small Business Health Options Pro-



Vincent DiSalvio/The Journal News

Stacy Nazaroff, right, office manager of the Toga Bike Shop in Nyack, speaks with store manager Tony Murray.

"I understand people have other bills and times are not the best for taking out that sort of money every month, but I personally believe everyone should have (health care)."

Stacy Nazaroff, office manager of Toga Bike Shop

grams, or SHOPS. These state-run marketplace exchanges will pool insurance options from various carriers in the hope that costs will be lower for a larger group.

Companies with more than 50 employees that do not offer coverage could face fines of up to \$2,000 per full-time employee if any workers opt for the government-subsidized insurance coverage in the exchanges. The first 30 workers would be excluded from the assessment.

Starting in 2018, the legislation also will impose what's being called a "Cadillac" tax on the most expensive plans.

Any portion of an employer-sponsored health plan — excluding dental and vision — that exceeds \$10,200 a year for individuals and \$27,500 for families would be taxed 40 percent, according to a news report from the Kaiser Family Foundation.

The nonpartisan Congressional Budget Office estimates the legislation will cost

\$938 billion over 10 years.

Three major U.S. companies — John Deere, Caterpillar and Valero — last week said the overhaul will cost them at least \$265 million this quarter because it will reduce a tax deduction for prescription-drug coverage for retirees.

By cutting directly into the bottom line, the rising cost of health care is adding to the hard times for small businesses such as Cappello's Auto Repair in Ossining.

The company provides full coverage for its six employees, each of whom has a family plan at an average cost of about \$1,620 a month.

That figure jumped \$225 this year, making it more of a burden to carry the coverage, owner Sal Cappello said.

"Obviously something needs to be done, but I don't think this is it," Cappello said of the overhaul. "It's not going to lower our premiums; we have to pay it out of our pockets. It's a tough thing."

Premiums for single policies have risen 74 percent for small businesses in the past eight years, according to a 2009 Kaiser Family Foundation survey. Businesses with fewer than 200 workers this year are expected to pay an average of \$12,696 for family-plan premiums and \$4,717 for single-person premiums.

Premiums rose 13 percent this year alone at The Gym in Armonk, a fitness center that covers 75 percent of the premiums for its full-time employees.

Jamie K. Nicastrì, general manager, said the swelling cost has forced the company to consider cutting the percentage it covers.

She is particularly concerned the intentions of the reforms may not come to pass, and that small businesses will be the ones to suffer. She would have preferred efforts focused on growing businesses and encouraging job creation.

"A thriving business stimulates the economy because it provides more jobs for people. And the process feeds on itself," Nicastrì said. "We want to provide the best medical coverage, but we also have a business to run and those overriding costs affect my budget. The revenue has to come from somewhere."

By the numbers

BUSINESSES

■ Tax credits of up to 35 percent of the cost of premiums would be available this year and would reach up to 50 percent in 2014. Subsidies shrink as the size of the work force and average wages rise.

■ Companies with more than 50 employees that do not offer coverage would have to pay a fee of up to \$2,000 per full-time employee if any of their workers got government-subsidized insurance coverage in the exchanges. The first 30 workers would be excluded from the assessment.

■ Starting in 2018, the

legislation would impose a 40 percent excise tax on the portion of most employer-sponsored health coverage — excluding dental and vision — that exceeds \$10,200 a year for individuals and \$27,500 for families.

Source: Kaiser Family Foundation, March 2010.

YOUNG ADULTS

Beginning in 2014:

■ You will need to be on your parents' policy or buy your own health insurance. If you don't, you will pay a penalty when you file your income tax.

■ No insurance company can deny you if you have a pre-existing condition.

■ If you are single without children, and you make less than \$14,404, you may qualify for Medicaid, the federal/state health insurance for the poor.

■ If you are single without children and make less than \$43,000, you may qualify for government subsidies to help buy your own health insurance.

■ If you are single, without children and you make more than \$43,320, you will not qualify for government subsidies. If your company doesn't offer health insurance, you could buy your own health insurance policy on a state-run exchange, or marketplace, where you would be able to compare rates.



Tania Savayan/The Journal News

Customer service manager Scot Tobias, left, helps a customer as Patrick Gillespie, director of IT, installs new software at The Gym in Armonk.

"A thriving business stimulates the economy because it provides more jobs for people. And the process feeds on itself."

Jamie K. Nicastrì, general manager of The Gym