YOUR BUSINESS, YOUR FUTURE – HOW HEALTHCARE REFORM AND SEQUESTRATION WILL IMPACT YOUR COMPANY AND EMPLOYEES

Gene Marks, President, The Marks Group PC

The Affordable Care Act is now fully underway towards reality. You may support it. You may oppose it. But as a business owner, manager and leader your job is to put politics aside and deal with the facts. The Affordable Care Act is law. It will affect your business and your people for years to come.

How will the Affordable Care Act affect you and your employees? What do you need to know now to prepare? What changes will be coming over the next few years? Gene will explain…

Gene Marks is a columnist, author, and small business owner.


Gene has written five books on business management, specifically geared towards small and medium sized companies. His most recent is In God We Trust, All Others Pay Cash — Simple Lessons from Smart Business People (Create Space, 2010). Gene has also written the #1 Amazon Small Business Best Seller The Streetwise Small Business Book of Lists (Adams Media, 2006), The Small Business Desk Reference (Alpha Books, 2004), Outfoxing The Small Business Owner — Crafty Techniques for Creating a Profit- able Relationship (Adams Media, 2005) and The Complete Idiot's Guide To Successful Outsourcing (Alpha Books, 2005).

Nationally, Gene frequently appears on FOX Business, FOX News, Bloomberg, and CNBC discussing matters affecting the business community. Gene also appears quarterly on MSNBC’s “Your Business” program and monthly on various TV outlets in the Philadelphia area. In addition, Gene has appeared as a guest on numerous radio talk shows including The Sean Hannity Radio Show, authored dozens of articles for many publications and has been quoted frequently in the national media, including The New York Times, USA Today, The Chicago Tribune and Business Week. He is also a member of the National Speaker’s Association.

Through his keynotes, workshops, seminars and executive retreats, Gene helps business owners, executives and managers understand the political, economic and technological trends that will affect their companies so they can make profitable decisions.

Gene owns and operates the Marks Group PC, a highly successful ten-person firm that provides technology and consulting services to small and medium sized businesses. The Marks Group PC, launched in 1994, has grown to help more than 600 companies and thousands of individuals throughout the country.

Prior to starting the Marks Group PC, Gene, a Certified Public Accountant, spent nine years in the entrepreneurial services arm of the international consulting firm KPMG in Philadelphia where he was a Senior Manager.
AMT

Your Business, Your Future: Sequestration And Healthcare Reform

1. Watch C-Span!
Europe...Crushing Debts

Greece  5 years of recession
Spain  27% unemployment
Italy  Bond and solvency crisis
Germany  Economic slowdown
France  

10 Year Bonds

Source: ECB
There's The Debt…..

…And There's The Deficit

<table>
<thead>
<tr>
<th>Year</th>
<th>Receipts</th>
<th>Outlays</th>
<th>Deficit</th>
<th>% GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$2,568</td>
<td>$2,729</td>
<td>$(161)</td>
<td>1.2%</td>
</tr>
<tr>
<td>2008</td>
<td>$2,524</td>
<td>$2,983</td>
<td>$(459)</td>
<td>3.2%</td>
</tr>
<tr>
<td>2009</td>
<td>$2,104</td>
<td>$3,520</td>
<td>$(1,416)</td>
<td>10%</td>
</tr>
<tr>
<td>2010</td>
<td>$2,162</td>
<td>$3,456</td>
<td>$(1,294)</td>
<td>8.9%</td>
</tr>
<tr>
<td>2011</td>
<td>$2,303</td>
<td>$3,600</td>
<td>$(1,298)</td>
<td>8.6%</td>
</tr>
<tr>
<td>2012</td>
<td>$2,435</td>
<td>$3,563</td>
<td>$(1,128)</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Source: Congressional Budget Office
The business of the American government is insurance

- Domestic discretionary: 6.5%
- Military: 12.3%
- Insurance (Medicare, Medicaid, Social Security): 23.8%
- TARP: 16.4%
- Other: 40.7%
- Interest on debt

2012 Expenditures

Source: CBO
“The greatest nation on Earth cannot keep conducting its business by drifting from one manufactured crisis to another.”
President Obama – February 2013

“I did not…have sexual relations with that woman.”
Bill Clinton – January 1998

6 Ways This Impacts Your Business and Your Customers’ Businesses!

- Higher Taxes
- Contracting Economy - Less Government Spending
- Higher Inflation
- Higher Interest
- Stock Market
- Weak Dollar
Can we fix this?

The Bland Bargain
January, 2013

$600+ Billion in Tax Increases Over The Next 10 Years
Can we fix this?

The “Super” Committee

Goal:
To cut $1.5 Trillion over 10 years

Result: SEQUESTRER

$1.2 Trillion in cuts to Defense, Medicare and Other Social Programs from 2013-2021
Can we fix this?
## THE BUDGET BATTLE: APRIL 2013

<table>
<thead>
<tr>
<th></th>
<th>President Obama</th>
<th>Rep. Paul Ryan and the House Budget Committee</th>
<th>Sen. Patty Murray and the Senate Budget Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Deficit Reduction</strong></td>
<td>Reduces deficits by $1.8 trillion over 10 years.</td>
<td>Reduces deficits by $5.7 trillion over 10 years.</td>
<td>Reduces deficits by $1.8 trillion over 10 years.</td>
</tr>
</tbody>
</table>

**Can we fix this?**

**Bland Bargain**

**Sequester**

**The Budget Battle**
And Now…..
The Spending Bill /Debt Ceiling Fight!

The government spends about $13.3 Billion/day
The government takes in about $10.8 Billion/day

As of 10/16/13 there are $36 Billion in reserves.

The Big Dates:
10/31:  $6 Billion in Interest/$57 Billion Social Security Due
11/15:  $15 Billion Interest due

6 Ways This Impacts Your Business and Your Customers’ Businesses!

Higher Taxes
Contracting Economy - Less Government Spending
Higher Inflation
Higher Interest
Stock Market
Weak Dollar
So Really…can we fix this?

YES!
The Canada Model

Standard & Poor's downgraded Canadian foreign currency debt to AA plus from AAA

National debt was 68 percent of GDP

The budget deficit more than doubled between 1980 and 1990, rising to 8 percent of GDP

Solution: Spending cuts to tax hikes at a ratio of seven-to-one.

The Canada Model

Canada Federal Spending now 16% of GDP (US is 24%)
Corporate tax is 15% (less than half of U.S. rate)

Much shorter recession than anywhere in the world
Outperformed the rest of the G7 on growth, job creation and inward investment. From 1997 to 2007, it averaged 3.3 percent economic growth while U.S. growth averaged 2.9 percent.

Canadian debt shrank to 29 percent of gross domestic product in 2008-09 and the budget was in the black for 11 consecutive years until the 2008-09 recession.
Can we fix this?

Bland Bargain
Sequester
The Budget Battle
Debt Ceiling
"Real interest rates are expected to remain low, reflecting the weakness of the recovery in advanced economies,":
Ben Bernanke
Fed Chairman
March 1, 2013

"I have never had a single positive doping test, and I do not take performance-enhancing drugs."
Lance Armstrong
January, 2004
Could Higher Interest Force Us Into Spending Less?

- Domestic discretionary
- Military
- Insurance (Medicare, Medicaid, Social Security)
- TARP
- Other
- Interest on debt

2012 Expenditures

6 Ways This Impacts Your Business and Your Customers’ Businesses!

- Higher Taxes
- Contracting Economy - Less Government Spending
- Higher Inflation
- Higher Interest
- Stock Market
- Weak Dollar
- ANARCHY!
1. WATCH C-SPAN!!!

2. Decide On Healthcare

   Is Your Business Affected,
   And If So…What Do You Do?
THE PROMISE –
Patient Protection and Affordable Care Act
March 23, 2010

• $1.1 Trillion cost
• $140 Billion reduction in the deficit
• Coverage for all: Cover 2/3 of the uninsured (the rest on Medicaid).
• A new market for 30-34 million uninsured.
• State exchanges provide consumer protection/risk pooling/lower costs

FIVE ESSENTIAL TERMS

1. Affordable Insurance Exchange
2. Employer Shared Responsibility
3. Individual Shared Responsibility
4. Essential Health Benefits
5. Small Business Healthcare Tax Credits
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Average Annual Worker Premium Contributions and Total Premiums for Covered Workers, Single and Family Coverage, by Firm Size, 2013

* Estimates are statistically different between All Small Firms and All Large Firms (p<.05).

Employers with >50 FTE Example

<table>
<thead>
<tr>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of FTE</td>
</tr>
<tr>
<td>Health care premiums</td>
</tr>
<tr>
<td>Employer Covered</td>
</tr>
<tr>
<td>Penalty</td>
</tr>
</tbody>
</table>

*55 x $6,000 average per Kaiser study
**55 x $5,000 average per Kaiser study

FIVE ESSENTIAL TERMS

1. Affordable Insurance Exchange
2. Individual Shared Responsibility
3. Employer Shared Responsibility
4. Essential Health Benefits
5. Small Business Healthcare Tax Credits
YOU WILL CHOOSE (AND PAY FOR) ANY (OR A COMBINATION) OF THESE PLANS:

Bronze: Covers 60% of total costs
Silver: Covers 70% of total costs
Gold: Covers 80% of total costs
Platinum: Covers 90% of total costs

THE PLANS MUST OFFER THESE ESSENTIAL HEALTH BENEFITS:

Ambulatory patient services
Emergency services
Hospitalization
Maternity and newborn care
Mental health and substance use disorder services, including behavioral health treatment
Prescription drugs
Rehabilitative and habilitative services and devices
Laboratory services
Preventive and wellness services and chronic disease management
Pediatric services, including oral and vision care
...a few other interesting provisions

| Women’s Preventative Health Care Amendment - Free contraceptives, breast-feeding supplies, screenings for sexually transmitted infections, counseling for domestic violence and routine check-ups for breast and pelvic exams, Pap tests and prenatal care. |
| 10% Tanning Tax. |
| Calorie Information In Restaurants |
| Parent And Coping Skills - $1.5 billion so that young mothers who need them can get visits once or twice a month from nurses. |
| Breast-feeding Friendly Workplace – Bathrooms don’t count |
FIVE ESSENTIAL TERMS

1. Affordable Insurance Exchange
2. Individual Shared Responsibility
3. Employer Shared Responsibility
4. Essential Health Benefits
5. **Small Business Healthcare Tax Credits**

So What’s Your Plan of Action???
4 OPTIONS

1 – Keep the same plan with the same contribution.
2 – Get a bronze plan
3 – End coverage, pay the penalty
4 – Take a hybrid approach

WALMART:
Newly hired part-time employees will have to work a maximum of 30 hours a week.
Elimination of some high premium plans
Hiring own doctors!

SEARS:
Discontinue health care
A flat payment to employees
Reflects tax effects
Employee free to buy wherever

9/9/13: America’s biggest employers, from GE to IBM, are increasingly moving retirees to insurance exchanges where they select their own health plans, an historic shift that could push more costs onto U.S. taxpayers.
FIVE ESSENTIAL TERMS

1. Affordable Insurance Exchange
2. Employer Shared Responsibility
3. Individual Shared Responsibility
4. Essential Health Benefits
5. Small Business Healthcare Tax Credits

THE BENEFITS

• Drop in Premiums!! Rise in Coverage!!
• Small businesses excluded and get a tax credit
• Business opportunities from growth in healthcare/bigger market
• Easier for workers to move from jobs
• Easier to budget
• Potential less admin for small companies
ISSUES TO FOLLOW....

• Potential “sticker shock” to employers?
• If you’re young...why buy?
  • If you’re sick....why buy?
• More docs opting out of taking insured patients
• State participation in Exchanges? Medicaid?
• June 19 Gallup Poll: 41% of small business owners have frozen hiring and 19% have reduced employees because of Obamacare.

RESOURCES

Kaiser Foundation
http://kff.org/health-reform/

Department of Health and Human Services – www.hhs.gov

Healthcare Reform Site – www.healthcare.gov

Washington Post Wonkblog:
http://www.washingtonpost.com/blogs/wonkblog/
Buy:
Amazon.com

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