



FLEXFLASH

Healthcare Reform

Now that we have your attention, we can honestly say this article is not going to reiterate healthcare reform issues that have been aired from every street corner straight through to the David Letterman Show. We won't even give you our opinion on the abundance of changes that have been outlined.

It's impossible for us, or anyone for that matter, to predict the future of healthcare reform. With no less than five Congressional bills surrounding the healthcare issues of health insurance and flexible benefits like health reimbursement arrangements (HRAs), health flexible spending accounts (FSAs) and health savings accounts (HSAs), the outcome may not be known for months to come.

What we will talk about is the "deer in the headlights" mentality of some employers who take a wait-and-see attitude about their healthcare benefits. All the talk about reform makes it easy to get bogged down in the minutia of an issue; and that's when they miss the big picture.

Focus On the Here and Now

One proposed change in the "reform" bills is a cap on the healthcare FSA. The goal is to limit healthcare FSAs to \$2,500 for a plan year. That change will affect one in five participants who are in plans right now and one in three of Federal workers. It will also affect nearly every employer sponsoring a plan. Employees will not be able to set aside as many pre-tax dollars as they can today and employers will pay more in FICA taxes. This is a tax increase for employers and their employees.

It surprises many people to learn that the effective date for many of the proposed changes is 2013. But, this doesn't mean you and your clients should wait until 2013 to start making changes. So how do you go forward with so much uncertainty? The same way you did last year and the year before – with the tools at hand.

Of course, the next question is, "Why make changes now?" The answer is, to optimize the plans and tax breaks available now, and to ensure these important benefits are not watered down in the future. Too many employers take a "wait-and-see" approach and lose out on saving taxes for themselves and their employees now and in the years ahead.

Changes for the Here and Now

- Ensure that employee premiums are being paid with pre-tax dollars
- Maximize savings for both the employer and employees by raising the healthcare limit in the Section 125 cafeteria plan
- Provide flex benefit debit cards for convenience and security

Even if the employer has a health FSA now, utilization may be low. Educate all employers and their employees to boost participation and savings for both employees and employers.

Preserve the Future of Flexible Spending Accounts

To protect the future of consumer-directed health care, contact your members of Congress. Go to: www.savemyflexplan.org and call or e-mail your Representative and Senators. Encourage your clients to also check out this web site.

Employers need to take charge, evaluate their benefit options, and make the most of the benefits available today instead of waiting for change to happen to them.