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Waiting for Trumpcare: Standing by for ACA's next act

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The owner of a Milwaukee janitorial firm says he cut his staff when the Affordable Care Act took effect “because the ACA would’ve bankrupted us.”

But he doesn’t want to be identified for this story for fear that criticizing the law would result in possibly losing contracts with customers in the public and private sectors.

“It’s been a polarizing time,” he said.

The controversial law for the most part is unpopular with many southeastern Wisconsin business owners. So they are pleased it’s likely to be repealed by President-elect Donald Trump and the Republican-controlled Congress, say Milwaukee-area employee benefits consultants and health insurance brokers.

However, several of those businesses didn’t want to go on the record to discuss their qualms. They eagerly await the removal of ACA mandates, fees, rising rates and possible penalties and hope for a better deal through Trumpcare.

“Once employers are given the opportunity to change, I think they’re going to change,” said Richard Blomquist, owner of Blomquist Benefits LLC in Mequon.

Although companies and organizations with 49 or fewer employees are not required to provide coverage, the small-group market has seen already high premiums spike since the ACA was enacted. Also, some small-business owners like the Milwaukee janitorial firm have decided to keep their head-counts at less than 50 rather than face the mandate to provide employee health insurance.

Employers eager to exit Obamacare-compliant health benefits plans or grow their workforces will need to stifle their excitement, experts said.

For one thing, the timing of the repeal is yet to be determined as the Trump administration sets its first-100-days priorities and presents them to Congress.

“It would be 2018 before anything starts to show,” said Terry Frett, a senior employee benefits consultant at R&R Insurance Services Inc. in Waukesha. “It’s kind of overreacting to think it’s going to be the law overnight.”

Furthermore, no one can predict precisely what form the nation’s new health care policy will take after heavy lobbying by the health care industry, insurers and others.

“I don’t think (the ACA) is going to be unraveled in six months,” said John Braden, underwriting director at Menasha-based Network Health. “I would think it would be a multiyear process.”

To be sure, the Affordable Care Act achieved some of its goals for providing insurance to millions of Americans who previously lacked coverage. The law also required coverage for consumers with pre-exist-



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U.S. President-elect Donald Trump gestures while speaking during an election night party at the Hilton Midtown hotel in New York City on Nov. 9, 2016.

ing health conditions and for young adults on their parents plans to age 26. Both of those aspects proved popular and likely will survive.

The ACA was a good thing for small-business owners who couldn’t afford to cover their employees and sent them to the online Obamacare exchange. Larger employers either have the resources to self-fund their health insurance and avoid the law’s requirements or possess the expertise available to navigate the law.

The level of costs varied by the employer and their situations, said Michael Taibleson, an attorney with the Milwaukee office of Husch Blackwell LLP.

“Certainly there have been clients who’ve seen severe increases,” Taibleson said. “Many have not.”

Taibleson and others point out that the ACA alone is not responsible for all the health care rate increases employers have sustained the past few years. Health care costs continue to increase at a rate higher than inflation and that hits employers’ insurance premiums.

“It was much more successful in expanding access, but it never succeeded in keeping costs down,” Julie Stich, associate vice president at the Brookfield-based International Foundation of Employee Benefit Plans, said of the law.

The ACA does add a layer of taxes and fees that employers pay either directly or indirectly through their insurance carriers. The costs and resources required of employers to comply with the law require time and financial resources that are a burden for many small firms.

WHAT TO DO

So what advice are health insurance experts giving their clients in business while awaiting the

ACA’s repeal?

“Continue to comply until told otherwise,” Taibleson said. “This is the Queen Mary – this is a big ship to turn around. Wholesale repeal is not likely because (Republicans have) no super majority in the Senate. It may be death by a thousand cuts or significant changes.”

Modifications in the nation’s health insurance policies certainly are likely under the Trump administration, said Matt Bucher, a principal and relationship manager at HNI Risk Services, New Berlin.

“Right now the message is to be in a position to understand what potential changes might be coming and be in position to understand the impact on your organization,” Bucher said. “Adapt just like you did before (with the ACA).”

The whipsawing of employers first into the Obamacare era and now likely into the post-Obamacare world could start as early as 2018, but may not hit until 2019.

Many experts predict that Trump and the Republicans in Congress will keep the ACA’s coverage of pre-existing conditions and for young adults through age 25 on family plans. The pre-existing condition coverage, in particular, would continue to add to the cost of employer plans.

After Obamacare is repealed, Blomquist predicts more employers will adopt stripped-down benefit plans.

“They may offer a catastrophic-only plan, but won’t cover every sliver a kid goes to the emergency room to have removed,” Blomquist said. “Each company has to look at its own situation.”