

**Written Testimony of Hedy Hebert
Partner, Benefit Consulting Services**

Bossier City, Louisiana

**Past President – Louisiana Association of Health Underwriters and The
Bossier Chamber of Commerce**

January 12, 2015

U.S. Senate Committee on Small Business and Entrepreneurship

**“The Effects of the Affordable Care Act on Small Businesses and How
Congress is Exempted from the Law”**

Senator Vitter,

Thank you for this opportunity to be with you and other distinguished business owners and community leaders as we discuss the many struggles small businesses face in navigating the health care law. Because Congress is exempted from the healthcare reform law, it is difficult for many of their members to fully understand the daily struggles our business owners now face.

My name is Hedy Hebert, Partner with Benefit Consulting Services in Bossier City, La. Our company provides employee benefit consultation services for many local businesses, particularly for their group health insurance. For many years, health care costs have been increasing, and we have worked hard to provide sensible solutions for our clients.

As a Past President of the Bossier Chamber of Commerce, I have listened to the struggles that many businesses have faced for years as they tried to find a way to offer a competitive benefit package for their employees. Our company has also worked with the Greater Shreveport Chamber of Commerce, and many of their members have expressed the same concerns. The Affordable Care Act did not address the main problem most businesses previously faced, and that was “cost.” Many of these businesses were in favor of changes that would eliminate pre-existing conditions, and they also were in favor of having the opportunity to purchase insurance at lower rates with more choices as some of the larger employers were able to do.

When the definition of full time hours was changed from 40 to 30, this increased the burden to now have to offer insurance to more employees, which would increase the healthcare costs again. There are many unintended consequences in the Affordable

Care Act. One of them is that now many employers are changing their employee's hours to 29 to avoid having to offer benefits. One of my physician office clients told me they would not grow, and definitely would never have 50 employees.

There are many negative effects of the Affordable Care Act:

- 1. Rising healthcare costs**
- 2. Limitations on the employer's expansion opportunities**
- 3. Employer mandates**
- 4. IRS Reporting Requirements**
- 5. Higher deductible plans make it difficult for employees to be able to use the coverage**
- 6. Increased Department of Labor Audits**
- 7. Moving from Grandfathered plans to Non-Grandfathered plans changes the rating mechanism to age rated instead of composite rates. This increases the rates for the younger employees. It also significantly impacts the family rate by charging for each child individually.**
- 8. Tax increases**
- 9. Increased regulations**
- 10. Tax credits are not working for most employers. In order to receive credits, they must be in the SHOP exchange, and at present, there aren't many options as they vary State by State.**

When the Employer Mandate for large employers was postponed by the Federal Government, many employees that had never been offered coverage signed up for the Market Place in the Government Exchange. When those same employers complied with the law and offered coverage in January, 2015, those employees receiving a subsidy were no longer eligible for it. There is a lot of confusion, however, because many individuals have been told by Healthcare.gov that they are still eligible to receive the subsidy. Even though there is an individual mandate to purchase insurance, many people still plan to take their chances with the penalty, because they know they can still access the Emergency Room for treatment.

Another problem that employers are also facing is the delay to get their groups set up with the insurance carriers. The back-log is tremendous, because of all the mandates that the insurance carriers also experience.

If the members of Congress were not exempt from the Affordable Care Act, and if any of them owned a small company, they would have a better appreciation of what our businesses face on a daily basis. They would also have a better understanding as to why there is so much confusion in our country right now. A young fireman's family rate for insurance increased from \$1,300 per month to \$1,679. The only way to lower his rate is to continually decrease the benefits.

Thank you again for the opportunity to share some of the problems our clients are experiencing. We appreciate your interest in helping these employers and will be glad to help at any time.