

Ask the Welfare Fund – September 2010

The Hidden Costs of Health Care Reform

Welcome back! We in the welfare fund hope you have had an enjoyable and restful summer, and are ready for another year. We have been busy over the summer upgrading systems and preparing for yet another challenging year providing benefits and assistance to all our members in the midst of increasing costs of benefits and mandates that are beyond our control and steady or declining revenues.

In my last column, I addressed the fact that the provisions of the “health care reform” legislation were still vague and a moving target. Over the summer, some of the provisions are becoming more focused. The provision to eliminate pre-existing conditions for all individuals, particularly children, is now in effect. The provision that impacts all of our funds most directly is the inclusion of young adults, through age 26, on a parent’s health plan, even if the young adult is married and living apart from the parents. As long as a young adult does not have health coverage in their own right he/she is to be covered as before age 19.

In the current economic climate, where unemployment rates are near 10% and many young adults wait 3 or more years for a job and many have grown frustrated and stopped looking for permanent employment, this is an admirable move to ensure this group is covered. However, it does not come without a cost. Nationwide, covering young adults is expected to increase insurance premiums by 1%. Beginning July 1, 2010, mental health and addiction treatment is to be treated as any other medical condition, without limitations as to number of days or treatments. In conjunction with other provisions of the health care reform legislation health care premiums are projected to increase by 4%. When the normal increase in the cost of health care is factored in, insurance premiums, and costs to the Funds, will continue to rise faster than incoming revenue.

Medicare B Reimbursement: At this time, all Medicare-eligible retirees should have received their reimbursement for the Medicare Part B premium that was paid in 2009. If you have sent your Medicare card to the City Office of Labor Relations and not received your reimbursement, please contact the Fund and we will help you determine what has happened to your reimbursement.

If you are eligible for an IRMAA reimbursement, the required forms and instructions are now on our website, www.csawf.org, as well as on the Office of Labor Relations website. Please complete this form, saving a copy for your records, and send it to the address provided. The City will begin reimbursing 2009 IRMAA refunds in February 2011.