

Special Edition

Economic Update Health Insurance Crisis

I've received a lot of inquiries recently into my personal opinion of the health care crisis and how it's directly going to affect trucking. This is a very sensitive issue and it's an issue that both parties feel very strongly about, so it's very difficult to comment.

However, I will state that the following statistics certainly offer some sombering news;

- The cost over 10 years, will be approximately \$1.5 trillion.
- Funding revenue sources include:
- \$544 billion over the next decade from new income taxes on single people making more than \$280,000 a year, and couples making more than \$350,000.
- \$37 billion in business tax increases – that's what I said, \$37 billion.
- \$500 billion in cuts to Medicare and Medicaid, and;
- Approximately \$200 billion from penalties paid by individuals and employers who don't obtain coverage.

For those individuals that elect not to purchase health insurance, it will be enforced through a tax penalty;

- The tax penalty will be 2.5% of income.
- If small employers elect not to offer the health insurance coverage, they will be charged 8% of employee payroll as a penalty.

Under the current proposal, companies with payrolls under \$250,000 annually will be exempt. When the bill is finally approved, assuming it will be approved, that level could rise to \$500,000 in payroll.

Legislation that's still in its final stages before it goes to the "house" includes mandatory ban on insurance companies denials of coverage based on pre-existing conditions. However, the new bill will mandate that the insurance companies have a right to continue to charge higher premiums to individuals based on prior health problems.

The above facts, pretty much, state everything that needs to be said. Last year, there were approximately 5,000 trucking bankruptcies in our industry. Why did the companies go out of business?

- Not enough freight?
- Financial institutions were not willing to loan additional working capital to keep the businesses as an ongoing concern?
- Shippers continue to drive freight rates down?
- Fuel continued to spike, and now this.

The one thing that Congress, in their infinite wisdom, hasn't addressed is that;

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- You keep taxing businesses, and:
- You keep creating more debt for small businesses, what's the effect going to be for the higher unemployment rate?

Should everybody have health insurance? Yes!; But isn't that an elective coverage? The interesting thing about the bill, as it's currently structured, is that it states that approximately 94% of non-elderly residents would be covered compared with 81%. However, how does it help the elderly? They plan to cut Medicare and Medicaid by \$500 billion.

If the elderly are unemployed and they're losing some of their benefits, how is that going to help the economy or help the American people? In a time of economic and financial turmoil, where the country has one of the highest unemployment rates it's had in decades, and a government that's had the highest deficits its had in the country's history; how are these economics going to work to everybody's benefits?

Additionally, in the government's plan, the proposal already indicates that a major portion of the plan is going to fail because they assume that they're going to collect \$200 billion from penalties paid by individuals and employers who don't obtain coverage. How are they going to obtain those penalties? What are they going to do if the companies don't have the money to pay the penalties? We're going to be the increased cost to have IRS or some regulatory body start collection procedures against those businesses. What happens if those businesses go out of business and they can't collect the funds?

The proposal, certainly, has a lot of concerns.

(Excerpts taken from The Arizona Republic.)