HEALTH CARE: top insurance issue of '90s?

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■ Many insurance issues face small business owners—particularly those in the lawn care profession—in 1994. They will affect their ability to grow their businesses and earn a profit in the future.

Health care reform could be the most damaging if small business is required to provide basic coverage for all employees. Although mandatory coverage may not be enforced until 1995 or 1996, there is a good possibility that employers will have to pay up to 80 percent of the cost for employees.

Worker's Compensation costs continue to rise from state to state an average of six to seven percent per year. A survey of our clientel (more than 100 lawn care operators) indicated—to our surprise—that Worker's Compensation premiums represented an average of almost 30 percent of total insurance costs.

Insurers are forcing policyholders into state-managed pools or funds, which in some cases place a surcharge on the base premiums. Self-insured pools are forming as an alternative to traditional forms of coverage, and will continue to be a choice in the future (though they can be a financial risk in early years).

Commercial automobile rates have not increased for LCOs with good loss experience. Many small companies (one or two trucks) insure their vehicles on personal policies, which are less expensive than a commercial policy. However, personal policies typically will not insure employees of the owner, nor do they contemplate the exposure of a vehicle transporting fertilizers or pesticides. Companies which depend on personal automobile policies to insure production vehicles are assuming a substantial risk.

General liability rates are stable in most states. However, there are still very few insurers which are willing to provide the correct coverage by adding the Pesticide/Herbicide Applicators Endorsement to a standard policy. There are still a limited number of standard insurers willing to provide the proper coverage for LCOs and even fewer agents who understand the green industry.

Companies of all sizes must look to the future to avoid the rate increases that are sure to come, by considering alternatives like

- lobbying against Pres. Clinton's health care reform as it is currently proposed; and
- using pre-employment physicals and drug testing.

Features employers loathe about President Clinton's medical insurance package

1) The plan denies them control over employee health care benefits, but hits them up with the cost.

2) Caps on premiums (7.9% of payroll or less) are not guaranteed in the future.

3) The plan permits numerous new changes and taxes on companies if funding runs short.

4) Self-insuring, while allowed, would in practice be taxed and regulated almost to death.

—Fortune, Nov. 29, 1993

What the media is saying about President Clinton's medical insurance package

"A Lewin-VHI study finds that higher premiums and the requirement to cover part-timers...will cost employers who now offer health benefits $21.5 billion in the first two years of reform."

—Business Week, Dec. 20, 1993

"The company pays at least 80% of the ("basic plan") premium, the employee the rest. Some small businesses that now don't offer coverage protest that the price will force them to fire some of their workers.

"Employer-paid plans are one more course in the Great American Free Lunch."

—Newsweek, Nov. 29, 1993

Alternate health insurance plans are getting a Congressional look

■ Here are the highlights of five alternatives to Pres. Clinton's health reform plan, according to Hearst News Syndicate:

Cooper/Breaux: This plan is sponsored by Rep. Jim Cooper (D-Tenn.) and Sen. John Breaux (D-La.). It requires employers to offer, but not pay for, health insurance.

Employers with fewer than 100 employees would be forced to join purchasing cooperatives that are much like Pres. Clinton's alliances. The cooperatives would negotiate for low-priced premiums and quality care.

Chafee/Thomas: This plan is sponsored by Sen. John Chafee (R-R.I.) and Rep. William M. Thomas (R-Calif.).

It makes employers offer insurance to employees, but does not force the employer to pay.

Under this plan, the current system remains, but states could voluntarily set up purchasing cooperatives.

Employers with fewer than 100 workers would offer either a standard package or one covering catastrophic illnesses.

Michel/Lott: This plan, sponsored by Rep. Robert Michel (R-Ill.) and Sen. Trent Lott (R-Miss.), would offer the same coverage as the Cooper/Breaux plan.

It would keep the current system, and would add no new regulations. Under this plan, individuals and companies could set up tax-free medical savings accounts to cover insurance and medical bills.

McDermott/Wellstone: This is a single-payer plan sponsored by Rep. Jim McDermott (D-Wash.) and Sen. Paul Wellstone (D-Minn.).

Similar to the current policy in Canada, it would set up a national health board, administered by the states, to set standards for care and costs.

Under the plan, the federal government would impose new corporate and payroll taxes to fund most of the program's costs. Individuals would pay no premiums.

Fortney: According to the plan of Rep. Fortney Stark (D-Calif.), states would have broad flexibility to set up plans and voluntary purchasing cooperatives.

Employers would pay 80% of workers' premiums, plus a 0.8% payroll tax to pay for those who can't afford coverage.