



**Six Things
You Need to
Know About
the President's
Health Care
Reform Plan**

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With health care reform legislation stalled in Congress, President Obama has now offered a plan to break the logjam. However, like the U.S. House of Representatives' bill and the U.S. Senate's bill, the President's proposal has come under intense fire from all sides. While his plan tries to resolve some of the problems found in our current health care system, there are many provisions that, if left unchanged, will have a significant impact on small businesses and the private club industry. NCA wants you to be aware of the six most problematic provisions we are trying to fix before a final vote is taken on this new plan.

This plan:

- 1** Requires all employers with 50 or more employees to offer health insurance to their employees or they will be fined \$2,000/employee. For most clubs, this requirement will not pose a problem. However, this could be an issue for smaller clubs and for your individual members who own small businesses and who cannot currently afford to offer health insurance to their employees. In addition, clubs that do offer insurance may be fined \$3,000/employee if the offered insurance costs too much money.
- 2** Defines "employee" to include seasonal workers. Therefore, all clubs must offer health insurance to these temporary workers or they will be fined \$2,000/employee. Most clubs do not offer health insurance to workers who will be with the club only during the high season. With this mandate, clubs will have to pay more to use seasonal workers.
- 3** Increases the federal payroll taxes for individuals who make more than \$200,000 and for couples making more than \$250,000. This increase means many club members will have less discretionary income to spend at their private club. Indeed, if your club has just 50 families making \$250,000 they will have to pay over \$100,000 because of this tax hike. That could mean more than \$100,000 that isn't coming to your club anymore.
- 4** Adds a brand new 2.9% tax on all investment and dividend income for those who make more than \$200,000 and for couples making more than \$250,000.
- 5** Indirectly impacts private clubs' bottom lines by establishing new taxes and fees on health insurance that will be paid by you and your club members. Insurance companies selling policies costing more than \$10,200 for an individual plan or \$27,500 for a family plan will be subject to a 40% tax on the amount above those thresholds. Naturally, insurance companies will not simply absorb that tax. Instead, it will be passed on to those who pay the premiums.
- 6** In addition, insurance companies, medical device makers and pharmaceutical manufacturers will also pay a brand new government fee. Like the tax mentioned above, it can be expected that this new fee will be passed on to all consumers—like you, your employees and your members.

Consequences for Private Clubs

Regardless of your position on health care reform, the reality is that the President's plan will cost private clubs dearly should it pass unchanged. Without a doubt, it will be extremely difficult for the private club industry to absorb such extensive federal mandates, fines and tax increases. And, with the recession and new taxes being placed on individual club members, there is little opportunity for clubs to go to their membership to make up any lost revenue.

While we agree that changes must be made to America's health care system, we cannot sacrifice the wellbeing of private clubs, their employees or their members on a plan that does not take into consideration that the projected costs are too much with too little guaranteed in return. NCA is continuing to express this sentiment to leaders in Washington and will continue to do so as this plan is brought forward for a final vote.

For more information on this legislation and its impact on our industry, please contact NCA's Vice President of Government Relations and General Counsel, Brad D. Steele, at steele@nationalclub.org.