

**Headlines...**

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## **WANADA briefing clarifies what is and is not known about ObamaCare**

### **Dealer attendees get roadmap to implementing the complex new law**

WANADA's member briefing August 21, 2012 on the Patient Protection and Affordable Care Act of 2010 (PPACA, a.k.a. "ObamaCare") unearthed numerous ambiguities and unresolved aspects of the far reaching, controversial new law, while at the same time clarifying established requirements and debunking the myriad of myths perpetuated mainly by the media. WANADA's executive vice president John O'Donnell moderated a diverse panel of knowledgeable professionals who have been or will be engaged in the rollout of ObamaCare. The panel presented specific elements of the law in the context of employer obligations to employees to provide or assist in obtaining "affordable" healthcare coverage when the law is implemented in 2014.



On the panel at the ObamaCare briefing: David Regan, NADA (left), Rodger Bayne, GBS; Richard Morris, Councilor, Buchanan & Mitchell and Cheryl Risley Hughes, Groom Law Group

The panel, consisting of Rodger Bayne, vice president, Group Benefit Services; Cheryl Risley Hughes, Esq., Groom Law Group; Richard Morris, CPA, Councilor, Buchanan & Mitchell; and David Regan, Esq., vice president of legislative affairs, NADA, also spawned a lively discussion with a room full of WANADA dealer executives over the course of the entire morning. For example -- Will employers remain in the business of providing healthcare coverage to employees? *Yes, even more so.* Will employees be obliged to obtain coverage? *Yes, all of them.* Are dependents (families) part of ObamaCare? *Not entirely clear.* Will state healthcare coverage exchanges supplement employer provided healthcare coverage? *Yes, in a supportive, last resort manner.*

Two big picture components of the law that were recurring themes in the briefing:

1. Employers will play a large and predictably more costly role in implementing ObamaCare being responsible for seeing to it that their employees receive “affordable” healthcare coverage; and
2. The federal government will play a new, expansive roll in workplace inspired healthcare coverage that the Congressional Budget Office estimates will add 35 million people to an already strapped Medicare system predicted to hike up the \$16 trillion federal deficit an additional \$1.5 trillion by 2021.

“We have about 17 months between now and 2014 for everyone to figure out healthcare reform and WANADA and our insurance operations are committed to doing that for our dealers,” said O’Donnell in his opening remarks, acknowledging that ObamaCare is still very much a work in progress.

To no one’s surprise, the impending elections and who will control Washington was a discussion topic early in the briefing given the pivotal importance of the election in determining the course of ObamaCare.



John O’Donnell

“The elections will dictate what is practically possible on healthcare,” said panelist David Regan, NADA vice president of legislative affairs. A Republican sweep would offer more flexibility in dealing with the law, but it would still be very hard to repeal it, he said.

Many questions about the law won’t be answered until after the elections, and most provisions won’t take effect until January 1, 2014. But one thing is for sure: “State Exchanges are going to be a regular part of your life,” according to O’Donnell. Each state will have a healthcare exchange. If a state resists, the federal

government has said it will set one up in the state. Regionally, Maryland is moving ahead quickly on its exchange, while Virginia is drawing the process out; DC will definitely have one.

As of January 1, 2014, employers with 50 or more full-time employees (averaging at least 30 hours a week) must offer essential coverage and affordable care that will be determined by the law. "Affordable care" is defined as the employer paying at least 60% of the cost of coverage, with the employee paying less than 9.5% of his or her income as shown on the W-2. Two half-time employees would be considered the equivalent of one full-time employee under the law.

Starting in 2014, additionally, employers that offer healthcare coverage and have more than 200 employees will be required to enroll employees in their plan. These employers can offer employees the opportunity to opt out and use the state exchange instead, however.

An employer's penalty for failure to comply with either of these two provisions can be up to \$3,000 per employee.

What do dealers need to do in 2012 and 2013 to comply with the law?

- As of March 2012, all employers should have received a summary of their existing healthcare benefits from their insurance carrier which in turn needs to be distributed to employees.
- If your dealership has received a rebate from the carrier, you can either divide it among employees proportionate to their premium payments or use it to offset future premiums. WANADA recommends the second option as the best approach.
- All dealers should start offering "health insurance waivers" that would go to employees such as those receiving healthcare from a spouse's insurance plan. WANADA offers a standard form for this. This waiver helps the dealership track who has insurance & who does not.
- By March 1<sup>st</sup> of next year (2013), employers are on deck to notify their employees of the existence of the state exchange and offer certain information about it, such as eligibility.

"To be continued..." was the briefing panel's *farewell* to the dealers, which O'Donnell said would include more member briefings, alerts and bulletins. [Click here](#) for the WANADA ObamaCare Briefing Synopsis that was handed out to attendees at the August 21<sup>st</sup> meeting.

## **ADEI students, dealer mentors gather to kick-off fall semester 70 student techs employed at 20 WANADA dealerships**

Thirty aspiring technicians are expected to enroll as students this fall in WANADA's Automobile Dealer Education Institute (ADEI) NATEF Certified Technician Training Program at Montgomery College (MC). Nearly 70 students, technician mentors and fixed operations directors attended the annual fall semester kick off lunch on August 22 to start off on the right

foot with the workforce study curriculum that includes employment in a dealer service



Rotarians turn out to honor Archie Avedisian of WANADA for his work with ADEI technicians and coordination of Rotary scholarships. From left, Debra Anderson, Montgomery College; Barry Thompson, North Bethesda Rotary; Richard Tanenbaum, B-CC Rotary; Billy Painter, WANADA; Archie Avedisian; and Jim Roth, Montgomery Village Rotary.

department as part of the training to become a *line technician*.

The program was started in 2000 to help deal with the technician shortage.

Dealerships pay \$1,000 per semester to sponsor students coming straight from area high schools, or, in some instances, returning veterans. Students work four days at the dealership and attend ADEI classes one day at MC. On the days at the dealership, each student works with a mentor technician.

A special award was given to Archie Avedisian by WANADA for his 12 year tour of service with ADEI after a distinguished career as director of The Boys and Girls Clubs of Greater Washington. He said he screens potential students to make sure they work and study hard. "I tell them that success in the program is not an option since the dealership and ADEI itself are investing mightily in them."

His urging is successful: 86% of students complete the two-year program and become *line technicians* when they do. At the lunch, Avedisian reminded students of the advantages. "You get a free education while you're working in the dealership service department applying what you learn through ADEI," he said. "Most importantly, you're set in a career when you're finished."

Twenty dealer organizations are sponsoring this fall's students, as are 20 local Rotary Clubs which cover the cost of tools. Automotive Technology Program director Debra Anderson described the four training modules taught by instructor Mike Carretta: Brakes, Steering and Suspension; Electricity; and Engine Performance. "When the ADEI students finish two modules, they will get a certificate of completion from the college and WANADA, making them eligible to *walk* at MC's graduation," said Anderson.

Dealers desirous of hearing more about ADEI Technician Training and what it can do for their fixed operations can contact Billy Painter at (202) 236-2270 or [bp@wanada.org](mailto:bp@wanada.org).

## Nearly half of area drivers have dozed off at the wheel

A whopping 80% of DC area drivers have or know someone who has driven while tired and shouldn't have, according to a recent Ford Motor Co. survey. The survey, cited by Ford sales analyst Erich Merkle at a recent meeting of the Washington Automotive Press Association, found comparable percentages around the country. More frightening, 45% of area drivers have known someone who has actually fallen asleep at the wheel.

Here's why Ford asked the question: One-third of those surveyed showed an interest in lane warning departure technology (available as an option on the 2013 Ford Fusion).

One-third of area drivers admit to avoiding parallel parking because of their fear (or dislike) of the process; and two-thirds would be interested in a vehicle with enhanced parking capability, similar to Fusion's *Park Assist* feature.

Sixty percent said they have come close to having an accident because of vehicle blind spots. And 60% said they would be interested in 100 mpg, such as could be provided in an electric vehicle.

## Fuel economy edges up

The WardsAuto Fuel Economy Index rose slightly for the first time in four months in July, as market share moved to small cars and to Asian automakers.

The average fuel economy of light vehicles sold in the U.S. was 23.7 mpg in July, up from 23.6 mpg in June, and a 5.3% rise from a year ago. This year's record was 24.1 mpg, in March.

Kia topped the list for the first time, followed by Toyota, Hyundai and Volkswagen.

## Demographic changes could hurt auto sales

The aging of the baby boomer generation and their children, the "millennials" drive less, meaning there are five million fewer potential car buyers today than five years ago, according to a recent report by AlixPartners. The group predicts 14.3 million new units this year and says sales in the U.S. and Canada are not likely to exceed 16 million through at least 2015.

As boomers age, they will need to drive less. Of the millennials, Americans born after 1980, AlixPartners says they are simply less interested in driving. "This cohort, which is as big as the baby boomer cohort, and which grew up on the Internet and not so much on cars, could well

present the industry with an even greater challenge in the area of reduced demand,” says Mark Wakefield, a director in AlixPartners’ Automotive Practice Section.

## Optional Holiday Closing Signs for Labor Day, Sept. 3

All WANADA dealer members were sent a set of optional holiday closing signs designating Labor Day (and the upcoming Labor Day weekend) for posting in customer areas. The signs allows for any special holiday hours for customers in the service department or vehicle sales operation(s) to be easily noted. For additional signs, please call Trish Frisbee at (202) 237-7200.

### Thought for the Week...

*Q&A (with national political parties poised to convene)*

Question: Is there a difference between the two parties?

Answer: Yes. Republicans sign the front of the check, Democrats sign the back.