

Quick Guide to Preparing for New Health Care Requirements



Should You Offer Health Care Coverage?

Do you have 50 or more full-time or full-time-equivalent employees?

YES

If you have 50 or more full-time or full-time-equivalent (FTE) employees, you have to offer adequate coverage or pay penalties. (See employee calculation instructions on page 25.)

NO

Congratulations! You are exempt from the health care coverage requirements and cannot be fined. Your companies may still qualify to buy insurance on a state exchange.

Do you have part-time employees?

YES

The employer responsibility section of the law does not require employers to offer health care coverage to part-time employees or pay any penalties for failure to offer health coverage to these employees. Part-time employees are those who average fewer than 30 hours per week. These employees are counted only in determining whether an employer meets the 50 full-time-equivalent threshold for coverage under the law.

NO

Part-time employees could provide needed skills and abilities without the cost associated with full medical benefits.

Do you have more than 100 employees?

YES

Large companies, those with more than 100 full-time equivalent employees, are exempt from **minimum health care policy requirements** detailing all the procedures and treatments that must be covered.

NO

Companies between 50-100 employees have to meet minimum policy requirements. As these new requirements take effect, insurance companies will likely alter plans to ensure these minimums are met. These changes will likely increase health care costs for these businesses. Ask your insurance carrier how compliant your plan is to Obamacare minimum requirements.

Do you offer or plan to offer health care coverage to employees?

YES

Is the employee required contribution for the self-only insurance premiums **less than 9.5% of an employee's W-2 income**? And does the insurance meet the 60% minimum value threshold? According to Obamacare rules, if your plan meets the above conditions, it is considered affordable for employees. Affordable plans that meet minimum coverage requirements are exempt from penalties. Otherwise, you would owe \$3,000 per full-timer receiving the credit or subsidy. Or you could be charged \$2,000 per total number of full-timers minus the first 30 people, whichever is less.

NO

If you don't offer coverage, and if at least one full-time employee receives a subsidy in the new exchange, you will have to pay a penalty of \$2,000 per fulltime employee minus the first 30.

Do you have fewer than 25 FTE workers?

YES

Your company may qualify for a small business **tax credit of up to 50% of the employer paid premiums for up to two years.** Employees must earn on average less than \$50,000 and you have to buy insurance on a state-operated small business exchange.

NO

Your company does not qualify for federal credits or subsidies.

Will any of your employees buy coverage on a state based or federal exchange?

YES

If an employer offers a qualified health plan, the employee can only leave it and go to a subsidized exchange policy if two conditions are met: (1) If the employee's household income is under 400% of the federal poverty level (e.g., for a family of 4, it's around \$92,000 a year), and (2) if the employee's portion of the health insurance premium exceeds 9.5% of the employee's household income. For many, going to an exchange would provide the employee with a much better deal, but law forbids them to take advantage of it.

NO

Since none of your employees are eligible to go on the exchanges or trigger subsidies, your company is exempt from all the penalties. Employees may decide not to buy insurance if they are healthy and want to spend their money elsewhere. Or they may not opt for coverage if they are illegal aliens and do not want to risk getting caught for immigration violations.

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Number of Employees Calculation

For purposes of defining a full-time employee, Obamacare defines a full-time employee as anyone who is employed an average of at least 30 hours per week (130 hours per month). Employers may determine current employees' full-time status by looking back at a standard measurement period of not less than three but not more than twelve consecutive months.

Part-time employees' hours will be converted into full-time equivalent (FTE) employees for the purpose of determining a company's compliance requirements status. Conversion is done by adding up all of the hours worked by employees who are not full-time employees and dividing the total by 120. For example, if six part-time employees each work five hours per week, they will count as if the firm has one additional FTE employee.

Answer the Following Key Questions to Decide How Obamacare Will Impact Your Company

1. Do you have 50 or more full-time or full-time equivalent employees? Do you have more than 100 employees?
2. Do you operate in a state that is setting up a state exchange?
3. Do you offer adequate coverage?
4. What do you anticipate your penalty would be for not offering coverage?
5. What do you anticipate would be your cost for offering employees coverage?
6. What percentage of employees would take health insurance if it was offered and the company covered part of the cost? This could be influenced by the general attitude of employees as well as their true legal work status. They might rather spend that money on other pleasures instead of insurance. And they may be concerned about legal problems if they turn out to actually be illegal aliens working under false pretenses.
7. How does your current health care plan compare to the minimum coverage requirements established by Obamacare?