

WHAT DO EARLY LEARNING PROGRAMS NEED TO KNOW ABOUT THE AFFORDABLE CARE ACT?

Employer Responsibilities and Coverage Options, Ohio

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Large Employers

- **Responsibility to provide insurance starting in 2015**

Small Employers

- **New marketplace to buy insurance**
- **Tax credits**
- **Stronger insurance protections**

Employees

- **Responsibility to have health insurance**
- **New marketplace to buy insurance**
- **Tax credits**
- **Stronger insurance protections**

AM I A LARGE OR SMALL EMPLOYER?

- Large employer: 50 or more full-time equivalent employees (FTEs)
- Full time: 30 hours or more a week

$$\begin{array}{ccccc} & & \text{Total Hours} & & \\ & & \text{Worked by Part-} & & \\ & & \text{Time Employees} & & \\ \text{Number of} & + & \frac{\text{}}{30} & = & \text{Number of} \\ \text{Full time} & & & & \text{Full Time} \\ \text{Employees} & & & & \text{Equivalents} \end{array}$$



LARGE EMPLOYERS

WHAT DO I NEED TO DO? *STARTING IN 2015*

You need to provide coverage to

- All full time employees and
- Their dependents

The coverage needs to be

- Adequate and
- Affordable

Or you pay a penalty

WHO MUST BE OFFERED COVERAGE?

All full-time employees

- Regularly work 30 hours or more per week
- Special proposed rules for variable hour employees (not final)

And their dependents

- Proposed rule (not final)
- Employee's children under 26 years

WHAT MUST BE OFFERED?

Inadequate

- Does not meet Minimum Value of 60%
- Compared to large employer market
- No specific benefits required

Unaffordable

- 9.5% or more of household income
- Based on employee share of self-only coverage

PENALTY FOR NOT OFFERING COVERAGE

- Annual penalty when file taxes
- \$2,000 for every full-time employee
- No penalty on first 30 employees

$$\text{Annual Penalty} = \$2,000 \times \left(\text{Number of Full Time Employees} - 30 \right)$$

PENALTY FOR OFFERING INADEQUATE OR UNAFFORDABLE COVERAGE

- Annual penalty when file taxes
- \$3,000 for every full-time employee that waives coverage and receives a tax credit
- Never more than if don't offer coverage
- No penalty for employees enrolling in Medicaid

$$\text{Annual Penalty} = \$3,000 \times \text{Number of Full Time Employees Receiving Tax Credits}$$



SMALL EMPLOYERS

WHERE DO I GET INSURANCE?

www.healthcare.gov



- New marketplace to buy health insurance
- Compare and purchase plans online
- In-person assistance: navigators, community assistors and brokers
- Employee choice available in 2015
- Small business tax credit

SMALL BUSINESS TAX CREDIT

Tax credit for small businesses purchasing coverage through a SHOP Marketplace

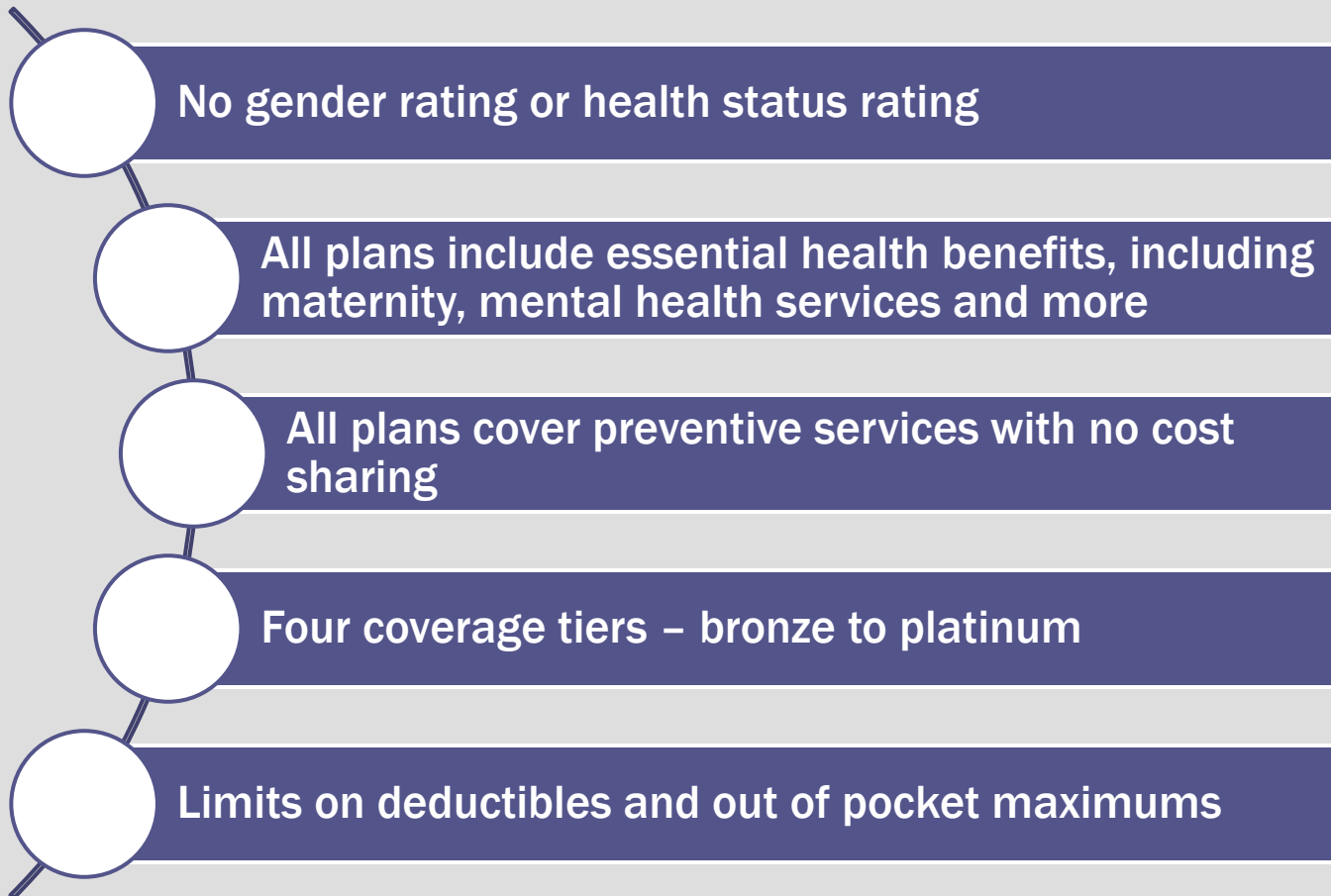
Benefit

- Up to 50% of premiums paid by employer
- Up to 35% for non-profit employers

Eligibility

- 25 or fewer full-time employees
- Average annual salary less than \$50,000
- Offer coverage to all full-time employees

EASY TO COMPARE BENEFITS





**OTHER OPTIONS FOR
YOUR EMPLOYEES**

ARE MY EMPLOYEES ELIGIBLE?

Employees may be eligible for Medicaid or financial assistance

Medicaid if income under 133% of poverty

- **\$15,281** for an individual
- **\$31,322** for a family of four

Financial assistance if income up to 400% of poverty

- **\$45,960** for an individual
- **\$94,200** for a family of four

WHAT IF I OFFER MY EMPLOYEES COVERAGE?

- Individual not eligible for financial assistance if offered employer insurance that is
 - Adequate – meets 60% minimum value and
 - Affordable – under 9.5% of income
- Affordability based on self-only coverage

An offer of family coverage can keep family members from financial assistance

But not from Medicaid

WHAT IS BEST FOR YOU AND YOUR EMPLOYEES?

■ Things to consider:

- Will you owe penalties?
- Are you eligible for the small employer tax credit?
- Are your workers eligible for Medicaid or financial assistance? How about their families?
- What is the cost of coverage to you? Your employees?
- What level of benefits can you offer?
- Will offering benefits impact wages?

NON-DISCRIMINATION & HIGHLY COMPENSATED EMPLOYEES

CAN I OFFER DIFFERENT PLANS TO DIFFERENT EMPLOYEES?

- Plans cannot discriminate in favor of highly compensated employees
 - Pre-existing law applied to self-insured plans
 - ACA expanded law to apply to fully insured plans
- Still awaiting regulations
 - Fully insured plans don't need to comply until rules issued
 - Self insured plans already have rules, but they may change – Follow existing rules for now

EXISTING NON-DISCRIMINATION TESTS SELF-INSURED PLANS

Must meet one of three eligibility tests:

- 70% of all employees benefit under the plan
- The plan benefits 80% of eligible employees and 70% of all employees are eligible
- The plan benefits a nondiscriminatory classification of employees

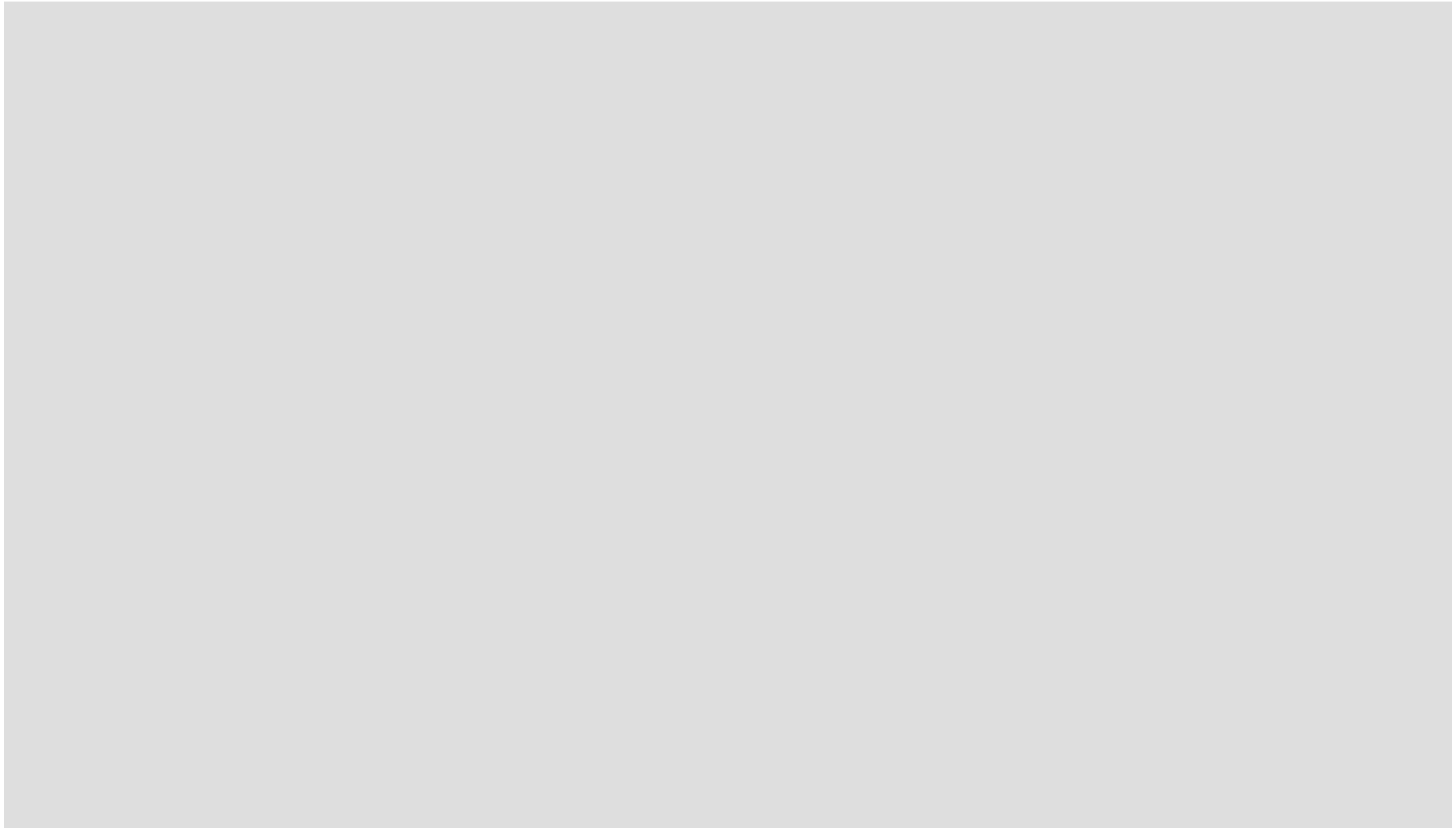
Benefits Test:

- All benefits provided to highly compensated employees must also be provided to all other plan participants

EXISTING EXCEPTED CATEGORIES SELF-INSURED PLANS

Some employees can be excluded from tests:

- Less than three years of service at beginning of plan year
- Younger than 25 at beginning of plan year
- Part-time or seasonal employees
- Covered under a collective bargaining agreement
- Nonresident aliens with no income from a U.S. source





QUESTIONS?