

FAQ From Clients Regarding the Health Reform Law

Q As an employer, do I need to do anything this year now that this is law?

A The bulk of the employer requirements for coverage and penalties do not begin until 2014. All of the details are not yet known, and action by several federal agencies is required to further define some of the requirements.

Q I heard about small business tax credits. When do they begin and am I eligible?

A Beginning Jan. 1, 2010, certain small businesses with 10 to 25 full-time-equivalent employees may qualify for a tax credit for contributing to their employees' health coverage now. More details are coming soon.

Q Will I be required to provide health care to my employees?

A Employers with 50 or more full-time-equivalent employees (see below) will be required to offer their full-time employees a "minimum essential coverage" health benefits package starting in 2014 or pay a penalty for not doing so. Minimum essential coverage has not been fully defined; see more below.

Q Will small businesses be required to provide coverage too?

A No. Employers who have fewer than 50 full-time-equivalents are not subject to the law.

Q How do I know if I qualify for the small-business exemption?

A The threshold is determined by the following formula, which you would calculate on a monthly basis:

___ Number of full-time employees (defined as those who average 30+ hours a week for that month)
+ ___ All hours worked by part-time employees that month (120 hours)
= ___ Number of full-time equivalents

Q Do I have to provide coverage for my part-time employees?

A No. Part-time employees are counted only in determining whether an employer meets the small-business threshold for coverage under the law. In no case do employers have to provide health care coverage for part-time employees or pay penalties for part-time employees.

Q How much will the new requirements cost me?

A Cost will vary depending on your operation and how minimum coverage is defined through the regulatory process.

Q If I choose to provide health care coverage, how much will I have to provide?

A Covered employers will have to provide "minimum essential coverage" with at least a 60 percent actuarial value to meet the requirements of the law. This will be defined through the regulatory process.

Q Are there penalties for employers subject to the law who do not provide coverage?

A Yes. An employer who is covered by the law may choose not to provide coverage, but will be subject to a penalty of \$2,000 per full-time employee annually. Employers may exclude 30 full-time employees in calculating their penalty. For example, a covered employer who has 60 full-time employees and chooses not to provide coverage would face an annual penalty of \$60,000. [60 total full-time employees - 30 full-time employees excluded from the calculation = 30; 30 x \$2,000 penalty = \$60,000.]

Q If I provide coverage, do I have to offer it to my new full-time employees on day one?

A No. Employers subject to the law in 2014 are allowed a waiting period of 90 days without penalty. On day 91 they must provide new hires coverage or pay the penalty for not doing so.



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