THE AFFORDABLE CARE ACT
AND THE ORGANIZATION
WITH 50 OR MORE
EMPLOYEES

By Michael Harp, MA
In 2010 there were 50 million uninsured Americans.
Relative Cost of Health Insurance

Average Annual Health Insurance Premiums (Family Coverage) are up 97% over the past ten years.

CPI increased 29% over the same time period.
61% of employers offer health benefits in 2012

50% of firms with 3 to 9 workers
73% of firms with 10 to 24 workers
94% of firms with 50 to 199 workers
98% of firms with 200 or more workers

Wide Impact

Employer Health Benefits 2012 Summary of Findings, by The Kaiser Family Foundation and Health Research & Educational Trust
Unsustainable Increases

2002 Average Annual Health Insurance Premium = $8,003.

2012 Average Annual Health Insurance Premium = $15,745
CAN HEALTH CARE BE PASSED BY THE END OF THE MONTH?
The Patient Protection and Affordable Care Act (H.R. 3590) was signed into law on March 23, 2010.

The companion bill, the Health Care and Educational Reconciliation Act (H.R. 4872), was signed into law on March 30, 2010.
BREAKING NEWS

OBAMA TO SPEAK AT 12:15PM ET
Supreme Court has upheld his health care law
June 28, 2012 The Supreme Court upheld the Individual insurance requirement of the ACA.

Breyer, Ginsburg, Kagan and Sotomayor joined Roberts in the outcome.

Alito, Kennedy, Scalia and Thomas dissented.
“HERE COMES THE LANDSLIDE”
DICK MORRIS PREDICTS HUGE ROMNEY VICTORY
## The Fat Lady Sings!

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Electoral Votes</th>
<th>Popular Votes</th>
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<tbody>
<tr>
<td>Barak Obama</td>
<td>332</td>
<td>62,611,250</td>
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<tr>
<td>Mitt Romney</td>
<td>206</td>
<td>59,134,475</td>
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</tbody>
</table>
Effective Date: 2014

U.S. citizens and legal residents are required to have “minimum essential benefits”. The tax penalty for noncompliance is $695 per year, up to a maximum of $2,085 per family.
Guaranteed Issue

Effective Date: 2014

Carriers must accept all applicants regardless of pre-existing condition and health status and must use adjusted community rating.
Effective Date: 2014

Individuals and small employers with an average of 100 or fewer employees in the previous calendar year may purchase insurance from state-run exchanges. If the state agrees, large employers may also purchase from the exchange beginning in 2017. All carriers doing business in Michigan will participate by offering products on the exchange.

Five tiers of coverage will be offered, Catastrophic, Bronze, Silver, Gold and Platinum.
STATE-RUN HEALTH EXCHANGE UNLIKELY
Effective Date: 2014

A government subsidy is available to U.S. citizens and legal immigrants with incomes of up to 400% of the federal poverty level to purchase coverage through an insurance exchange. This is not available if coverage is available from an employer plan that meets benefit and funding requirements.
1. Enter income as 2014 dollars

2. Enter annual income (Dollars) 48,000

3. Enter age of policyholder (19-64) 35

4. Enter family type Family of 4

5. Is employer coverage available? No

6. Enter regional cost factor Medium

Results

Note: Subsidies are only available for people purchasing coverage on their own in the Exchange (not through an employer). All individuals and families with incomes at or below 133% of the federal poverty level will be eligible for Medicaid. Others with higher incomes may also be eligible, depending on rules that vary by state.

Projected income in 2014 $48,000 205% of poverty

Unsubsidized health insurance premium in 2014 adjusted for age $11,104 (based on an age factor relative to a 40 year-old of: 0.92)

Maximum % of income the person/family has to pay for the premium if eligible for a subsidy 6.47%

Actual person/family required premium payment $3,106 (which equals 6.47% of income and covers 28% of the overall premium)

Government tax credit $7,997 (which covers 72% of the overall premium)
Effective Date: Jan. 1, 2014

Employers with an average of at least 50 FTE employees are required to offer “minimal essential benefits” packages to full-time employees.
Employers (with 50 FTEs) that do not offer coverage or that offer coverage that does not qualify must pay an “assessment” of $2,000 times the number of full-time employees if at least one full-time employee receives government-subsidized coverage through an exchange.
Calculating FTEs

Employees scheduled to work at least 30 hours per week in a typical month

+ 

For all those under 30 hours per week, the aggregate of all hours worked in a typical month divided by 120. (Excluding seasonal employees that work fewer than 120 days/year)
FTE Calculation Example

35 Employees who work 30+ hrs/week
60 Employees who work on average 80 hrs/month

35 +
(60 x 80 = 4800); 4800/120 = 40

35 + 40 = 75 FTEs
Affordable means the cost of enrolling in the employer sponsored employee-only coverage is less than 9.5% of income.

Income is based on Employee W-2, Box 1.
Employers with more than 50 FTEs that do not offer coverage and have at least one full-time employee who receives a premium tax credit will face a fee of $2,000 per full-time employee, excluding the first 30 employees.
35 Employees who work 30+ hrs/week
60 Employees who work on average 80 hrs/month. = 75 FTEs

Penalty
35 Full Time Employees – 30 = 5
5 x $2,000 = $10,000
Employers with more than 50 FTEs that offer coverage but have at least one full-time employee receiving a premium credit will pay the lesser of $3,000 for each employee receiving a premium tax credit or $2,000 for each full-time employee, excluding the first 30 employees.
35 Employees who work 30+ hrs/week
60 Employees who work on average 80 hrs/month.  = 75 FTEs

Penalty if 2 Employees receive Tax Credit
35 Full Time Employees − 30 = 5
5 x $2,000 = $10,000  OR
2 x $3,000 = $6,000
Questions?

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