



Healthcare Reform:

It's about the

Benefits

Update on Business Mandate to Offer Health Coverage

The Group Health Coverage law differs according to the how many full time equivalent employees are on staff. The break points are: 100 or more full-time-equivalent (FTE) workers; 50-99 FTEs; under 50 FTEs.

10 Rules for 100 or more FTE's*:

- 1.** Companies must offer affordable group health coverage to full-time employees or pay a tax.
- 2.** The definition of full time workers: must average 30 hours a week or 130 hours a month, even if they are seasonal or variable hour employees.
- 3.** Affordable means that the employee cost may not exceed 9.5% of total household income, and the plan must provide "minimum value", and must pay at least 60% of the costs of covered services.
- 4.** The 9.5% may be calculated based on the employee's rate of pay, current W-2 wages, or the federal poverty line, instead of on household income, which firms won't know.
- 5.** If the coverage does not meet the affordability tests, the employer is responsible for paying a fine equal to \$3,180 in 2015 for each full-timer who buys coverage through an exchange and is able to get a tax subsidy.

6. In 2016, the coverage must be extended to dependents, or a tax will be levied. [Dependent is defined as the employee's child(ren) under age 26. Spouse, stepchildren and foster kids are excluded.]

7. In 2015 there is a penalty levied if at least 70% of full-time workers are not offered coverage, and even one full-timer opts to buy insurance through a government exchange and receives a tax credit to subsidize the premium.

8. For 2015, the fine is \$2,120 times the total number of full-time employees less 80 people. (i.e. 150 employees - 80 = 70 employees x \$2,120 = \$148,400 penalty.)

9. This penalty is indexed each year.

10. In 2016 the required coverage jumps from 70% to 95%, dependents must be covered, and only 30 full-time employees can be disregarded in the calculation.

Rules for firms of 50-99 full-time-equivalent employees: Firms this size have until 2016 to comply with the rules.

Under 50 FTE's: Group coverage is not mandatory.

Especially for large groups, even if you are already offering a plan, a review of your coverage and employee wages is imperative. Have your accountant calculate the 9.5% rule for all full-time employees, check your full-time hour requirement ... is it 30, 40? Who is offered coverage? Are dependents able to come on your plan?

If you have any questions or concerns, we can help.

Our agents are certified to offer insurance coverage through the marketplace without additional cost for our services. We will be able to advise you on the plan design that best fits your needs, and the potential subsidies available, assist you in obtaining your exemption certificate, and guiding you through the website enrollment.

Please call us if you would like additional information or have questions.

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For Your Benefit

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