



ObamaCare AND YOUR BOTTOM LINE



If you are a sole proprietor, small company with less than fifty employees or a large, national firm with thousands of employees, you will have opportunities, responsibilities and challenges complying with the Patient Protection and Affordability Care Act (PPACA), also known as ObamaCare. This far-reaching legislation is the most significant and impactful law since the establishment of Social Security and it will affect every American.

Enacted into law in 2010, PPACA requires all citizens to have health insurance, guarantees coverage by eliminating pre-existing medical condition requirements, removing insurance plan limitations and adding free wellness checks for all. With these benefits come obligations and tax penalties for non-compliance, not only for employers, but individuals as well. The Congressional Budget Office projects that 92% of Americans will be insured by 2019. If you are a sole proprietor, small company with less than fifty employees or a large, national firm with thousands of employees, you will have opportunities, responsibilities

and challenges complying with the Patient Protection and Affordability Care Act (PPACA), also known as ObamaCare. This far-reaching legislation is the most significant and impactful law since the establishment of Social Security and it will affect every American.

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2014 Rollout

Various provisions of the law have been implemented since enactment, however, January, 2014 is the magic date when critical components take effect. Primarily there are four key areas that will rollout; the individual mandate, employer mandate, Medicaid eligibility expansion and the creation of healthcare exchange marketplaces.

The Employer Mandates

ObamaCare does not require employers to offer health insurance coverage to their employees however, it does impose a penalty on businesses that fail to insure their employees in certain circumstances. Small employers with less than 50 employees are exempt from any penalties. As an incentive to small businesses to maintain their health insurance programs, the law provides tax credits. For those for profit small businesses with fewer than 25 employees who have average annual wages of \$50,000 or less and who contribute at least 50% percent of the premium for a health plan, can receive a tax credit towards their costs of health care premiums. From 2010 through 2013, the tax credit will cover up to 35% of an eligible small employer's contribution to employee's health insurance. Beginning in 2014, they can receive a maximum tax credit of 50% of the employer's contribution to premiums. Those same employers with 10 or fewer full time employees would be eligible for the full tax credit.

For those large employers, businesses with over 50 full-time equivalent (FTE) employees (30 hours or more weekly), there are two situations where a tax penalty could be incurred. First, if the company does not offer health insurance coverage and at least one full-time employee purchases coverage from the exchange marketplace and receives a subsidy, the company would be assessed an annual penalty of \$2,000 per FTE, excluding the first 30 employees. And secondly, if a large employer offers health insurance coverage to their fulltime employees, but the coverage does not meet the law's standard for affordability or minimum value, the company incurs a tax penalty of the lesser of \$3,000 per FTE receiving premium subsidy from the exchange marketplace or \$2,000 per each FTE. To meet the standard of affordability, the employee's share of the premium cannot exceed 9.5% of their annual wages and the plan must meet at least 60% actuarial value. These tax penalties begin January, 2014 when the exchange marketplaces are active. ObamaCare also establishes numerous additional provisions and reporting requirements for employers, including reporting the value of employer-sponsored health insurance on employees' W2 and for those with more than 200 employees, executing auto-enrollment of full-time employees into the health insurance programs.

The Individual Mandate

In 2014, if you are insured through an individual medical policy, your employer or a government program, i.e., Medicaid or Medicare, military health care, etc., you keep doing what you're doing. By maintaining your existing coverage, you satisfy the individual mandate. Those who are not insured in 2014 will be subject to an annual health tax penalty starting at \$95 or 1% of taxable income whichever is greater and rising to \$695 or 2.5% in 2016. Some categories of individuals would be exempt from this penalty including those whose premium exceeds 8% of their income, those in certain religious sects and incarcerated individuals.

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 SHOP FOR CAR INSURANCE
 OR TRAVEL ONLINE TODAY.” ★

The Medicaid Expansion

The federal government is assisting those uninsured to get coverage specifically by urging states to expand the income eligibility to obtain Medicaid. By raising the income requirements to qualify for this government health insurance program for the poor, the net widens to include those earning up to 138% of the federal poverty level. This means a single person could now earn up to \$15,000 and a family of four, up to \$32,000 and meet Medicaid eligibility. And for the first time, single adults without children will be guaranteed coverage through the program. The federal government is paying the total costs to the states for the new enrollees beginning 2014 through 2016, after which their share will gradually decline over future years. According to the Urban Institute and the Kaiser Family

Foundation, Ohio is expected to spend \$4 billion while the federal government would send \$53.3 billion to the state to cover 684,000 Ohioans between 2014 and 2022.

The Healthcare Exchange Marketplaces

One of the cornerstone provisions of ObamaCare requires states to establish healthcare exchange marketplaces or default to the federal government. With an Open Enrollment slated for October 1st of this year and an effective date of January 1, 2014, these virtual marketplaces will offer consumers the opportunity to shop and compare qualified health plans from private insurance companies just like we shop for car insurance or travel online today. It will provide another option to the individual and employer medical plans