

affordable care act: fact sheet for businesses with 50 or more full-time employees

Many provisions of the Affordable Care Act (ACA) become effective on January 1, 2014. Following the Administration's July 2013 Announcement, enforcement of the employer mandate excise tax and certain reporting provisions are delayed until January 1, 2015. It is important that you understand the rules and how they affect your business and your employees. This fact sheet is for businesses with 50 or more full-time employees.

1. The ACA mandates that individuals buy health care coverage for themselves and their family members or pay a tax (sometimes referred to as a penalty).
2. A marketplace to purchase health insurance, also known as an Exchange, will be open by October 1, 2013, for residents of each State and small businesses to purchase health insurance.
3. Exchanges will offer private insurance contracts that meet various "metal" levels of coverage – bronze, silver, gold and platinum – with bronze providing the minimum benefits and platinum providing the highest.
4. Individuals with household incomes that do not exceed 400% of the federal poverty level may be eligible for federal subsidies — referred to as premium tax credits — to buy coverage through the Exchanges.
5. If you offer health coverage, your employees could still choose to purchase their own coverage in an Exchange, but they will not be eligible for premium tax credits if the coverage you offer meets ACA standards on affordability and minimum value.
6. Your business is a "large employer" for purposes of the ACA if the combination of your full-time employees (generally those who work an average of at least 30 hours per week) and part-time employees convert to 50 full-time "equivalent" employees. You may have to consider employees of related businesses in making this determination. As a large employer, your business may be subject to one of two nondeductible excise taxes. The enforcement of these excise taxes is delayed until January 1, 2015.
 - a. A \$2000 per full-time employee excise tax if your business does not offer health coverage to at least 95% of full-time employees (and their children), if even one such employee buys Exchange coverage and receives a premium tax credit.
 - b. If the 95% test is met, a \$3000 excise tax for each full-time employee who is offered coverage but for whom the coverage is not affordable or does not provide minimum value and who actually buys Exchange coverage and receives a premium tax credit.
7. Exchanges are required to notify businesses if their employees are determined to be eligible to purchase coverage with a premium tax credit.
8. Employers have 90 days to respond to an Exchange and challenge the Exchange's determination of an employee's eligibility for a premium tax credit.
9. ACA expands IRS nondiscrimination rules that may result in an additional excise tax on your business (\$100 a day per affected participant) if you offer a health plan with terms that are more favorable to higher paid employees.
10. New Department of Labor rules provide a mandatory communication to employees no later than October 1, 2013 explaining the Exchanges and their choices for health care coverage.