



What Really Happened on January 1, 2014?

Although it was signed into law in 2010, many of the reforms and requirements of the Patient Protection and Affordable Care Act (Affordable Care Act, or ACA) impacting employers went into effect on January 1, 2014.

For more than four years we have witnessed social and political debates over the purpose, legality, and effectiveness of the Affordable Care Act. We have seen boisterous political opposition and highly publicized technical glitches. Now that the dust has settled, employers are left with the need to comply with the new law by thoughtfully integrating health care coverage into their overall strategic plan.

But what really happened on January 1, 2014?

What Happened Depends on Your Perspective

Opinions about what really happened depend heavily on the perspective of the affected business. Although small employers are not required to offer health care coverage, they still have a long list of responsibilities under the ACA. Larger employers have greater responsibilities for providing affordable health care that meets minimum requirements.

Small Employers

Small employers (those with fewer than 50 full-time equivalent (FTE) employees) are not required to offer health coverage under the ACA. If they choose not to offer coverage, they are not subject to penalties. Employers of this size and non-profit organizations can use the Small Business Health Options Program (SHOP) to offer coverage to their employees with the assistance of a benefits vendor, however.

Small employers may need to comply with a variety of notice, disclosure, and reporting regulations. Additionally, employers with fewer than 25 FTE employees may qualify for the Small Business Health Care Tax Credit to help them afford the cost of providing coverage to low- and moderate-income workers. In 2014, the amount of the tax credit increased to a maximum of 50%.

Mid-Size and Large Employers

The employer shared responsibility regulations, also known as “Pay or Play,” took center stage on January 1, 2014. Originally scheduled to go into force on that date, the Internal Revenue Service Final Rules issued in February 2014 delayed this requirement and its related noncompliance penalties.

Large employers with 100 or more FTE employees now have until January 2015 to begin offering affordable health insurance that meets the minimum requirements of the ACA. Mid-size employers (those with 50 to 99 FTE employees) can wait to begin offering coverage as late as January 2016.

Both mid-size and larger employers must also provide notice to their employees about the Health Insurance Marketplace. Additionally, they must comply with a variety of disclosure and reporting requirements.



Employers Must Pay Attention to the Important Things

The one thing we can count on is that opposing political parties will have opposing views on the Affordable Care Act, also referred to as Obamacare. Democrats will promote the successes, while Republicans will highlight the failures.

Politics is politics. But, you've got a job to do.

Although the IRS has extended the deadlines for the enforcement of the ACA's Pay or Pay provisions, employers of all sizes should begin putting the infrastructure in place to ensure compliance.

To prepare themselves, employers should work with an experienced benefits expert that can help them select health plans that will at least offer affordable minimum essential coverage. Failure to provide coverage exposes employers to "no-offer" penalties that can be as high as \$3,000 per employee.

Employers also need an effective system for counting their number of FTE employees on an ongoing basis. When deciding if a particular employee needs to be offered coverage, the employer has two counting options:

- They may look at the employee's work hours at the end of each month
- They may use the look-back approach, which tracks hours over a period of three to twelve months. This complex calculation is crucial for avoiding noncompliance penalties.

Choose a Benefits Vendor to Help You Consider Other Strategic Options

The Affordable Care Act only demands a minimum level of coverage. Choosing to offer additional benefits such as life insurance, disability insurance, retirement, profit-sharing, and college savings plans enhances your competitiveness in the employment market place.

By working with a benefits vendor that understands the requirements of the law as well as the unique needs of your business and employees, you can optimize your benefits strategy.

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