Drucker & Scaccetti
Tax As A Business Strategy℠

Business Impact - Quick Reference Chart - Affordable Care Act

If Your Business Has This Many Employees	Here Are Your Options According to the ACA and the Corresponding Penalties for Non-Compliance
1-49 (Considered a Small Business by ACA, and are not required to provide health care for employees)	• Healthcare plans in existence on or before March 23, 2010, may be "grandfathered" into the new healthcare system **without penalty.** • Newly created healthcare plans (those created *AFTER* March 23, 2010) **must meet the following standards**: o *Coverage is standardized by capping deductibles and out-of-pocket costs for employees* o *Limitations on essential health benefits are prohibited, such as denial of coverage or limitations for pre-existing conditions* • Some businesses in this employee size range are eligible for the **Small Business Health Care Tax Credit** for up to 35% in of costs in 2013 (50% in 2014) if the following requirements are met: o *Have fewer than 25 full-timeemployees* o *Pay average annual wages below $50,000* o *Contribute 50% or more towards employees' premiums*
50+[4] (Considered a Large Business by ACA)	**The following provisions go into effect January 1, 2015:** • Employer offers minimum essential coverage to at least 95% of its employees and the plan is both affordable[1] and provides minimum value[2]. **No penalty is due.** • If the employer **does not**offer minimum essential coverage to at least 95% of its employees, and at least one employee receives a subsidy on the individual exchange[3], it must pay a penalty. **The penalty is $2,000 per full-time employee(covered or not), excluding the first 30 employees.** • If the employer offers minimum essential coverage to at least 95% of its employees, and at least one employee received a subsidy on the individual exchange because the plan offered is not affordable and/or does not provide minimum value, it must pay a penalty. **The penalty is $3,000 per each uncovered employee for the year.**

1. Coverage is considered affordable if costs to the employee do not exceed 9.5% of theirW-2 income and it provides minimum value[2].

2. Minimum value requirement (MVR)of an employer-sponsored health benefit plan will not be met if the plan's share of the total allowed costs of benefits provided under the plan is less than 60 percent of such costs. The IRS proposes three methodologies for this calculation(IRS Notice 2012-31).

3. Beginning on January 1, 2015, PPACA allows individuals who meet certain criteria to purchase health insurance through a state-based exchange, and in some cases, individuals can receive a premium tax credit to help pay for the coverage. However to qualify for the subsidy, individuals cannot be covered by an employer-sponsored plan that is deemed to be both affordable and meets or exceeds the MVR.

4. Full-time employees in businesses with 50 or more employees are defined as working 30 hours per week. Regardless of hours worked, two part-time employees will equal one full-time employee.

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