Be in the Know: How the Affordable Healthcare Act Impacts You

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Although it goes into full effect on January 1, 2014, a lot of confusion still surrounds the logistics and implications of the Patient Protection Affordable Care Act (PPACA), otherwise referred to as the ACA. The only certainty is that employer and employee issues and financial circumstances are intertwined and both will be affected, some more than others.

Current ACA regulations, which still are not final, mandate that employers with more than 50 full-time employees—including full-time equivalent (FTE) employees—are required to provide affordable, government-approved healthcare coverage to full-time employees.

NEIL TRAUTWEIN
Vice President
National Retail
Federation (NRF)

"What used to be a

According to the U.S. Department of Health and Human Services website, starting in 2014, "large businesses—those with 50 or more full-time workers—that do not provide adequate health

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insurance will be required to pay an assessment if their employees receive premium tax credits to buy their own insurance. These assessments will offset part of the cost of these tax credits. The assessment for a large employer that does not offer coverage will be $2,000 per full-time employee beyond the company's first 30 workers."

If an employer has less than 50 full-time employees, the business is not required to provide health coverage and is not subject to a penalty. Under these rules, a full-time employee is defined as one who works 30 hours or more per week; hours can be averaged for up to a year. Coverage must be available for all full-time employees; however, employers are not required to help pay for dependent coverage.

Part-time employees who work an average of 30 hours or more a week are included in this insurance requirement. An employer may pay a penalty if at least one of its FTEs purchases coverage through an Exchange and qualifies for a premium tax credit or cost-sharing reduction (referred to as a subsidy).

To qualify for subsidized coverage, an employee's household income must be less than 400 percent of the federal poverty level (FPL) and their employer must not offer "minimum essential coverage" or the employer-offered coverage must be deemed "unaffordable."

Those individuals who can obtain subsidies through exchanges are those who are unemployed, those whose employers do not offer affordable healthcare and those whose household incomes are less than 400 percent of the federal poverty level.

Tax credits are available for small businesses and non-profits to help bring down the cost of providing insurance. However, employers do not have to offer insurance to those working less than 30 hours.

OBAMACARE FACTS
For employers with less than 100 employees

The SHOP exchange, or Small Business Health Options Programs, offers small businesses a vast array of qualified health plans that allows employers and employees to choose insurance that meets their budgets.

Part-time employees need to prove they have obtained their own insurance. They can benefit from exchanges, federal premium subsidies or an expansion of Medicaid, which all begin in January.

These exchanges, run either by the state or federal government, offer individuals and small businesses a choice of plans and levels of coverage, which vary on a "metal" scale: bronze, silver, gold and platinum. Bronze, for example, will be the most basic policy with the lowest premium and greatest out-of-pocket responsibility, and platinum will be the most expensive premium but comes with the least amount of financial responsibility out of pocket.

Agents and “navigators” will help facilitate outreach and enrollment in the exchange; however, other plans can be purchased from outside the exchange.

Since exchanges are limited to individuals and groups of 100 or less (50 or less in some states), the impact is limited to the small-group market. Some employees may not be eligible for subsidies, due to their incomes and salaries; they will have to cover their own healthcare costs.

“What used to be a fringe benefit is now at the front and center of employee costs in terms of the human resources element as well as regarding the opportunity for expansion,” explained National Retail Federation (NRF) Vice President Neil Trautwein.

An employer who offers qualifying coverage to full-time employees, however, can still be penalized if the insurance fees are not affordable and provide a “minimum value.” Employers with more than 50 full-time staff could pay a penalty of $3,000 per employee for offering coverage that does not meet the minimum requirements or costs employees too much money, or if they purchase health insurance through the exchange with premium credits.

“The compliance cost of managing this complex law will be the greatest expense for retail store owners,” said Trautwein, who serves as NRF employee benefits policy counsel and government relations. “Even if your employee base is below 50, you still need to communicate to the IRS and exchanges. Even the smallest retailers may not see greater access to care with the ACA and will have greater hoops to jump through.”

This is even truer for large employers. The ACA creates a business issue as it requires a great deal of coordination between human resources, finance and information technology, along with IRS reporting mechanisms. It also requires the communication of costs and tax liabilities to boards and shareholders, and employee education.

According to the *Obamacare Facts: Dispelling the Myths* website (www.obamacarefacts.com), starting in 2014 small business employers with less than 100 employees (50 in some states) will be able to use the SHOP exchange. The SHOP exchange, or Small Business Health Options Programs, offers small businesses a vast array of qualified health plans that allows employers and employees to choose insurance that meets their budgets.

Whether employers offer insurance or not, other factors come to bear on employer coverage decisions. The NRF anticipates increased insurance costs for younger employees and a slight decrease for older employees. Some retailers may decide to reduce staff; however, many could opt to pay the penalties or reduce full-time staff.

Employers need to keep in mind, however, that health benefits serve to attract quality employees. Uninsured employees may result in greater absenteeism, presenteeism and worker's compensation claims. Also, employer penalties for not insuring workers may increase as more employers choose to pay them rather than pay for coverage.

The greatest negatives of the ACA come from the sheer number of regulations that involve multiple agencies and state governments.

"We worry a lot about cost and converting the healthcare system into a mandatory system. When it comes to retail sales numbers, the fact is, our margins are very thin between what we pay for merchandise and what we sell it for," Trautwein added. "It is tough to absorb additional labor costs, especially since healthcare is our greatest cost next to inventory and wages. The administration recognizes that we are the [proverbial] canaries in the coal mine. Currently, the NRF is working to help revise the negative, unintended consequences of these regulations." NOW

Each business, regardless of size, must continue to decide whether to provide coverage and to what extent it will cover health insurance for its employees.

Sue Masaracchia-Roberts is a freelance writer and public relations consultant specializing in healthcare issues, profiles and small businesses. On the board of the Myra Rubenstein Weis Health Resource Library, she also is a member of the Midwest Writers Association.

Head to thehfic.com to download a copy of Bob Aita's HFIC presentation, "Taking the Fear Out of Reform: The Medical Reform Act and Your Business."

Click here to view the healthcare reform act glossary of terms and acronyms.