

2 Quick Actions You Can Take To Get Ready for The Affordable Care Act as a Small Business Employer

1. Determine (based on company size) if you are required to provide health insurance for your full-time equivalent (FTE) employees

1-49 FTE employees

You are NOT required to provide employer-purchased insurance.

However, your employees still need to have health insurance starting January 1, 2014, or pay a penalty that will go up every year.

50+ FTE employees

You are required by law to provide employer-sponsored insurance as of January 1, 2015. If you don't comply, your company will owe a penalty of \$2,000 for each FTE employee over 30 FTE employees.

Note: A FTE employee is someone who works an average of 30 hours or more per week.

2. Learn how to provide health care coverage for your employees

Buy group insurance for your employees

Enroll in employer-sponsored coverage at the new SHOP marketplaces.

healthcare.gov/small-businesses



You may qualify for a small business health care tax credit if you have 24 or fewer FTE employees, pay \$50K or less in average wages and cover at least 50% of the premium costs.

Help employees get their own individual insurance

Direct your employees to get coverage directly from their state's health marketplace. healthcare.gov



Your employees may qualify for financial assistance to buy qualified health plans.

50+ employers will be charged a penalty if their employees buy a subsidized health plan on their own.

Enable employees to use pre-tax dollars to buy their own insurance. SmallBizACA.com



Your employees can save \$500 or more in taxes per year by using pre-tax dollars from their paycheck.

1-49 FTE employers can choose to contribute any amount towards their employees' health expenses. Even \$0 is okay.

Affordable Care Act 101

The Affordable Care Act will play a key role in reshaping the health care system in the next few years. Here are some highlights of the Act:

Health insurance coverage will be mandated in 2014. A key intention of the Act is that all Americans have healthcare insurance coverage starting January 1, 2014. We'll see some significant changes to healthcare coverage to comply.

- Insurance companies can no longer limit or deny coverage based on preexisting conditions or gender.
- Younger Americans can stay on their parent's health plan until the age of 26.
- Americans without health insurance coverage in 2014 will be subject to a penalty. However, those who are financially unable to pay may qualify for subsidies.

Exchanges will be the new healthcare marketplaces for individuals and small businesses. Beginning in 2014, exchanges will offer private insurance as well as government-sponsored options.

- Employers and individuals will select an appropriate plan based on coverage level and cost (think Kayak for health insurance).
- Plans will fall into four categories of coverage, denoted as platinum, gold, silver, or bronze depending on the out of pocket costs associated with the plan. For example, platinum plans cover 90% of medical care costs—the covered individual or business pays the other 10% of costs out of pocket. Plans under the bronze category cover 60% of costs—the individual or business pays the remaining 40% out of pocket.

Small businesses may qualify for tax credits. Small businesses with fewer than 50 employees are not required to provide health care insurance under the Act – but there are tax incentives available if they do.

- Small businesses with less than 25 full-time employees (not including owners, partners, or family members) with an average salary of less than \$50,000 are eligible for a tax credit up to 35 percent if they cover at least half of their employees' premium contributions. (You can calculate your potential credit at [The Small Business Majority site](#).)
- The potential tax credit increases to 50 percent in 2014 before phasing out in a few years.