

DOES THIS APPLY TO ME?



By Brittany Spradling
Employee Security Planning LLC

The Affordable Care Act, or ACA, was signed into law March 23, 2010. The law itself is approximately 1,000 pages, but with these pages come endless amounts of regulations, guidelines and Frequently Asked Questions documents published by enforcing federal agencies. Often times all this information leaves employers in the dust asking, “Does this apply to me?”

ACA was initially written to mandate coverage for individuals and employers. Individuals must provide proof of insurance coverage whether they are ineligible under an employer’s plan or are eligible yet opt out of coverage. Without proof of coverage, there is a growing tax liability for the individual. This is why it is important for all employers to properly communicate what is offered and how it applies to each employee. The most important step an employer can take to comply with ACA is establish its size. Based on the count of full-time employees plus full-time equivalent employees, if the number is 50 or higher on average for a calendar year, the employer is considered an Applicable Large Employer (ALE).

Determining an employer’s size can either be calculated by utilizing an online worksheet such as the one provided by HealthCare.gov or hiring a professional third party. Once the employer is comfortable with the size determination, then the employer can move to next steps.

ALEs have several regulations with which they must comply. Although some TMEPA members may fit this determination, the focus of this article is on small employers. Often times, small employers assume there are little to no options. This is simply incorrect.

One option is the Small Business Health Options Program (SHOP). It is a diversified offering under ACA and available to groups under 50; however, it may not be the most cost effective option. The plans mimic the individual exchange plans. Like the exchange plans, employers can apply for a subsidy known as the Small Business Health Care Tax Credit, but for municipal plans, this is not helpful. For a more detailed overview on SHOP, visit HealthCare.gov. There is no additional ACA reporting for the employer.

Fully insured, the second option, has often been the traditional choice for small employers.

It allows the company to pay a premium with no additional ACA reporting for the employer. The downside to a fully insured plan is little control of covered benefits, wellness offerings and renewal increases.

It important to note that employers offering a fully insured high deductible plan coupled with a health reimbursement arrangement (HRA), there is a yearly fee required to be paid to fund the Patient-Centered Outcomes Research Institute (PCORI) by July 31st.

A third option is the State Plan administered by Benefits Administration in TN.

TMEPA members are able to join the Local Government Plan offering four plan options which mimic fully insured plans. However, the Local Government Plan should be treated as a self-funded plan in matters of reporting coverage on the 1094-C and 1095-C forms to the IRS and employees as required by ACA. The Transitional Reinsurance Fee and PCORI fee are paid by the state's Benefits Administration.

Lastly, it is now possible for groups of 25-50 to establish a self-funded plan. It must be done under very careful supervision and counsel of a qualified third party consultant. In addition, it must be fully funded.

A hybrid self-funded plan is very similar to self-funding with the addition of a captive insurance company. Hybrid plans can be reviewed with the assistance of a qualified professional.

Even after determining an employer's size and options, an employer cannot help but wonder where it will all end as endless political news coverage invades our lives.

How will the election results impact healthcare reform or change the current ACA?

The truth is no one knows. Our firm's perspective is if we as a nation are to ever control healthcare costs, we must stop shifting cost to employees and instead begin shifting responsibility. Our nation should begin focusing on facts and educating ourselves on truth, not feeding off of sound bites from both sides of the aisle.

For more help on the many facets of ACA, consult the following helpful resources:

- Regtap
- HealthCare.gov
- IRS FAQs

Remember, whenever you as the employer feel uncomfortable, seek the advice of an independent third party or a labor attorney.



ESP is a fee-based Employee Benefits and Property & Casualty insurance consultant with experience working in both public and private markets. We operate solely as outsourced management for your insurance programs, but are always ready to be at the table with you.

www.esptn.com / brittany@esptn.com / 615-661-6223 x6