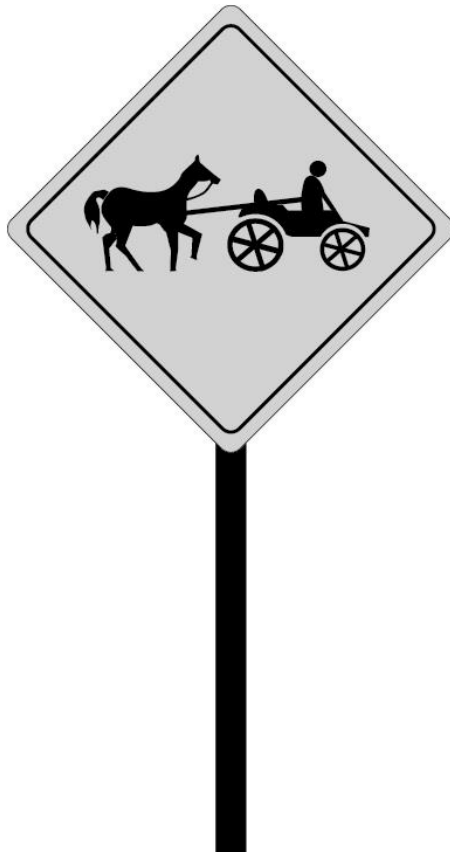


HEALTHCARE REFORM FOR HORSEMEN 101:



WHAT YOU NEED TO KNOW NOW

Volume 2 - February 2014

Healthcare Reform for Horsemen 101: What You Need To Know Now

The first round of reforms enacted under the Patient Protection and Affordable Care Act of 2010 ("ACA") has been enforced for several years. Horsemen, (owners, trainers and their employees) should be well on their way in preparing for the second wave of ACA's reform, including the "employer mandate". This provision will impact stables with 50 to 99 employees on January 1, 2016.

The ACA is far reaching and most employers and employees will be affected by at least one of these reforms. While parts of the new law may be subject to change and further clarification the following pages contain information that horsemen need to know now based on the current (February, 2014) interpretation of the of the law.

The material contained within is for informational purposes only. It should not be construed as legal, accounting or tax advice. Therefore, any information supplied in any form must not be construed or regarded as creating an expressed or implied legal, accounting or tax advice. No representation about the accuracy or suitability of information or services for any purpose is made. For additional information regarding the ACA, contact your legal representative, accountant and/or tax adviser or log onto www.whitehouse.gov/healthreform.

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What Small Stables Need to Know: Summary

- Small businesses (less than 50 employees) are not subject to the law's employer mandate. These businesses are not required to offer health benefits to their employees and will not owe federal penalties if they fail to offer health benefits.
- Beginning in 2014, individuals and some employers may purchase insurance policies on exchanges set up by the states.
- Like all employers, small businesses should have informed their employees, in a written notice, about the existence of the state exchanges by October 1, 2013.
- Small employers also are likely to be affected by some new taxes and fees under the law. For example, business owners need to understand the higher Medicare rates that went into effect Jan. 1, 2013; whether you're a self-employed business owner and/or an employer responsible for withholding FICA taxes from employees' wages, you need to know about these changes. And some new taxes and fees imposed on health care plans under the law -- the "exchange reinsurance fee" in effect from 2014 through 2016, for example -- may be passed along to small businesses that purchase insurance.
- For additional information about ACA log into:
 - www.whitehouse.gov/healthreform
 - www.kff.org
 - www.youtube.com Search for "The YouToons get ready for Obamacare"
 - www.youtube.com Search for "What Is the Health Insurance Marketplace?"

Small Stable Frequently Asked Questions and Answers

SSQ 1:

What is the individual mandate?

SSA 1:

The individual mandate requires everyone to obtain minimum essential coverage for themselves (and their dependents) beginning in 2014 or pay a penalty. The penalty is phased-in from \$95 in the first year to \$695 per calendar year or up to 2.5 percent of income in 2016 and beyond.

There are income exemptions. Only people under 30 can purchase catastrophic plans to satisfy that mandate; the law doesn't allow employers to offer catastrophic plans and claim they satisfy the requirement for minimum essential coverage. The requirement for individuals to obtain minimum essential coverage can be satisfied by participating in an employer-sponsored plan, purchasing individual policies, obtaining coverage under a state insurance exchange, or gaining coverage through Medicare, Medicaid or other governmental programs.

SSQ 2:

What is the employer mandate?

SSA 2:

Small businesses with 50-99 full-time equivalent employees will need to start insuring workers by 2016. Those with 100 or more will need to start providing health benefits in 2015. Health care tax credits have been retroactively available to small businesses with 25 or less full-time equivalent employees since 2010.

SSQ3:

How do I know if I am not subject to the employer mandate?

SSA3:

To calculate whether you are subject to the employer mandate, you must look at each of the preceding 12 months to determine the average number of full-time equivalents you employed over those months. Under the law there is a new calculation you must use to determine full-time equivalents. For each of the 12 months, an employer must look back and determine how many employees worked 130 hours or more in the calendar month. That will be the number of full-time employees the employer had during that month. Next, the employer must add together the hours of all other employees, but not count more than 120 hours per person. The total hours

worked by all others is then divided by 120. That determines a full-time-equivalent number for your non-fulltime employees. Next, the employer must add the number of full-time employees to the number of equivalents, to get the total number of full-time-equivalent employees. Finally, the employer must: -- Repeat the process for each of the remaining 11 months. -- Add each of the 12 numbers together. -- Divide by 12 for the average annual full-time employee equivalent number. That is the number that employers must use to determine whether an employer is considered an applicable large employer. If the total number of full-time-equivalent employees is 50 or higher, the employer is subject to the mandate. If the number is below 50, the employer is not considered a large employer subject to the mandate. Businesses should look at the preceding calendar year to determine if they meet the threshold of 50 full-time-equivalent employees for the following year, says the Treasury Department. The annual calculation is performed monthly and then averaged over the 12 months.

SSQ 4:

If I have more than one business, are they each considered separate employers under the health care law?

SSA 4:

Not necessarily. For the purposes of health care reform, a single employer is defined by the “common control” clause in the tax code [IRC Sections 414 (b), (c), (m), (o)]. Consult your tax adviser to see how the provision applies to you. If you are considered a single employer, all the employees must be combined together for purposes of calculating whether an employer is above or below the 50 full-time-equivalent threshold.

SSQ 5:

Will I be required to offer health benefits to all my employees?

SSA 5:

Employers with 50 - 99 full-time-equivalent employees (see calculation in SSA3) will be required to offer their full-time employees and their dependents an affordable health benefits package starting in 2016, or they could be liable to pay penalties for not doing so. Part-time employees’ hours are considered solely for the purpose of determining whether a business is above or below the 50-FTE threshold. At no time does the law require employers to offer affordable coverage of minimum value or pay penalties for part-time employees.

SSQ 6:

Are there requirements for all employers, whether or not they have to offer coverage?

SSA 6:

Yes, here are a few examples:

By October 1, 2013 all employers covered by the federal Fair Labor Standards Act must inform employees about the existence of the exchange in their state and how employees can access it. If you employ less than 50 full-time-equivalent employees (see calculation in SSA3) you are not required to offer health benefits however, you are required to supply a written notice to each of your employees (full and part-time) making them aware of the new insurance marketplace coverage option (insurance exchanges set-up by some states and the federal government). Originally there was a \$100 per day fine for each day that your employees were not noticed but that fine is currently being waived. The Department of Labor has indicated that it will provide guidance to employers and a template for providing such information. Employers who offer health plans must begin reporting the value of employees' health benefits on their W-2 forms. That rule takes effect for large employers (those who file 250 or more W-2 forms) for tax year 2012 W-2 forms, usually filed in January 2013. The IRS has said the reporting is optional for smaller employers until they file their tax year 2013 forms.

SSQ 7:

I heard there are small business tax credits available. When do they begin, and am I eligible?

SSA 7:

Beginning Jan. 1, 2010, certain small businesses with up to 25 full-time-equivalent employees (FTEs) became eligible for a tax credit for contributing to their employees' health coverage. The IRS has issued guidance and tools to help small employers determine whether they are eligible. The tax credit is for employers with fewer than 25 FTEs and who pay at least 50 percent of the cost of coverage for their full-time salaried and hourly workers. This section of the law considers full-time employees to be those working at least 40 hours a week. The maximum small-employer tax credit ranges from 35 percent through 2013 to 50 percent after 2014. However, employers must purchase their coverage on the exchange after 2014 to be eligible for the tax credit. The amount of the tax credit is based on the number of employees and their pay. Employers with fewer than 10 FTEs and average salaries of less than \$25,000 per FTE would qualify for the highest tax credit. Employers with more than 10 FTEs or average salaries greater than \$25,000 are eligible for a credit reduced from the maximum based on size and salary. The IRS website includes extensive information on the credit and which employers qualify for it.

SSQ 8:

If I choose to offer health care coverage to my full-time employees, how much will I have to provide?

SSA 8:

Employers subject to the law will have to offer affordable coverage of minimum value (i.e., with at least a 60 percent actuarial value) to meet the requirements of the law.

SSQ 9:

Who verifies whether an employer's plan is affordable?

SSA 9:

Ultimately, the IRS will determine affordability, based on (a) the household income the individual reports on his or her tax return, and (2) information that employers and their insurers will be required to report to the IRS annually on full-time employees, health premiums and more. The reporting rules have not been explained but reports will first be due in January 2015. The IRS's process — not the exchange's process — will result in penalties for the employer if the IRS determines that an employer's offer of coverage was not affordable for a full-time employee based on household income.

SSQ 10:

If I provide coverage, do I have to offer it to new full-time employees on Day One?

SSA 10:

The law limits waiting periods to no more than 90 days. For full-time employees whom you know will work an average of 30 at least hours per week over a month, an offer of coverage must be made by day 91. However, for employees with variable hours, the Administration is contemplating additional rules. The IRS in Notice 2012-59 suggested some guidance on how waiting periods would be calculated for these employees, and in Notice 2012-58 offered guidance on how to figure out the full vs. part-time status of variable-hour employees. Further details are expected to be provided in regulatory proposals.

SSQ 11:

Do I have to offer coverage for my part-time employees?

SSA 11:

No. Part-time employees (those who average fewer than 30 hours per week) are counted only in determining whether an employer meets the 50 full-time-equivalent threshold for coverage under the law. The employer responsibility section of the law does not require employers to offer health care coverage to part-time employees or pay any penalties for failure to offer health coverage to these employees.

SSQ 12:

What are the state exchanges or marketplaces?

SSA 12:

The law requires all states to open exchanges (also called marketplace) from which individual plans and small group plans may be purchased providing "essential health benefits" by 2014. The federal government will run a "federally facilitated" exchange in states that opt not to set up their own exchange. Exchanges are envisioned as competitive marketplaces that would offer a variety of plans administered by private insurance companies. Exchanges are open to individuals who don't purchase health insurance through their employer, as well as some small businesses. The exchanges opened October 1, 2013, insurance coverage starts January 1, 2014 for those make a purchase and open enrollment closes March 31, 2014.

SSQ 13:

What is a premium tax credit?

SSA 13:

The law created a federal subsidy to be used by those with incomes between 100 and 400 percent of the federal poverty level to obtain affordable coverage. The tax credit is used on the exchange to buy coverage to satisfy the individual mandate. The exchanges will play a central role in certifying which individuals are eligible to obtain the premium tax credit.

What Large Stables Need to Know: Summary

- An employer mandate to offer all full-time employees and their dependents affordable coverage of minimum value starting in 2016 or potentially face penalties.
- Penalties of up to \$2,000 per year, for each full-time employee for employers who decline to offer coverage. Penalties kick in if at least one employee receives subsidized coverage through the premium tax credit on the state exchanges. Employers can exclude the first 30 full-time employees in calculating their penalties.
- Employers also would face penalties of \$3,000 per year for each full-time employee who seeks subsidized coverage through the exchanges if the employer plan is deemed unaffordable. “Affordable” is defined as self-only coverage costing the employee not more than 9.5% of household income.
- Stables with 100 or fewer full-time employees will be eligible to purchase group contracts through the state exchange in 2016, though states could limit access to the exchanges to employers with no more than 50 workers.
- Like all employers, large businesses should have informed their employees, in a written notice, about the existence of the state exchanges by October 1, 2013. Large businesses that file 250 or more W-2 Forms per year must begin reporting the value of employees' health benefits on their W-2 forms beginning with the 2012 tax year. Everyone must begin reporting this value on employees' W-2 forms for tax year 2013.
- For additional information about ACA log into:
 - www.whitehouse.gov/healthreform
 - www.kff.org
 - www.youtube.com Search for “The YouToons get ready for Obamacare”
 - www.youtube.com Search for “What Is the Health Insurance Marketplace?”

Large Stable Frequently Asked Questions and Answers

LSQ 1:

What is the individual mandate?

LSA 1:

The individual mandate requires everyone to obtain minimum essential coverage for themselves (and their dependents) beginning in 2014 or pay a penalty. The penalty is phased-in from \$95 in the first year to \$695 per calendar year or up to 2.5 percent of income in 2016 and beyond.

There are income exemptions. Only people under 30 can purchase catastrophic plans to satisfy that mandate; the law doesn't allow employers to offer catastrophic plans and claim they satisfy the requirement for minimum essential coverage. The requirement for individuals to obtain minimum essential coverage can be satisfied by participating in an employer-sponsored plan, purchasing individual policies, obtaining coverage under a state insurance exchange, or gaining coverage through Medicare, Medicaid or other governmental programs.

LSQ 2:

What is the employer mandate?

LSA 2:

Small businesses with 50-99 full-time equivalent employees will need to start insuring workers by 2016. Those with 100 or more will need to start providing health benefits in 2015. Health care tax credits have been retroactively available to small businesses with 25 or less full-time equivalent employees since 2010.

LSQ 3:

Are there penalties for employers subject to the employer mandate who don't offer coverage?

LSA 3:

Yes. "Applicable large employers" subject to the employer mandate (i.e., those with 50 or more full-time-equivalent employees) can choose not to offer coverage to their full-time employees. However, if at least one employee uses a premium tax credit to access coverage on an exchange, the employer would be subject to a penalty of \$2,000 per full-time employee annually (or \$167 monthly). Employers can exclude the first 30 full-time employees in calculating their

penalties. For example, an employer with 70 full-time employees who chooses not to offer coverage and who has at least one employee who uses a premium tax credit on the exchange would face an annual penalty of \$80,000, assuming a constant workforce. [70 total full-time employees – 30 full-time employees excluded from the calculation = 40; 40 x \$2,000 penalty = \$80,000.] Note: The penalty is calculated on a monthly basis. Federal agencies have not yet issued regulatory guidance on how the penalty would be calculated or assessed.

LSQ 4:

Does the health care law require large employers that offer health care coverage to pay a certain percent of the premiums?

LSA 4:

No, but large employers could face penalties if they require full-time employees to pay more than 9.5 percent of their household income for self-only coverage. So the affordability test could dictate the percentage of the employer contribution. Also, insurers that write group health plans usually require employers to contribute a certain percentage (usually at least 50 percent) toward the premium.

LSQ 5:

How will I know my employee's household income to determine whether my plan is "affordable" for each full-time employee?

LSA 5:

You probably won't know their household income, nor would you want to. The Treasury Department/IRS suggested an alternative approach that would allow employers to base the "affordability" calculation on an employee's W-2 wages (Box 1) instead of their household income. This "affordability safe harbor for employers" would add predictability and protection from penalty liability for employers. As noted above, failing the "affordability test" can be costly for an employer. If the employee goes to an exchange and the exchange certifies that an employer's plan is unaffordable for a particular employee and that the employee qualifies for a federal premium tax credit to help them buy insurance on an exchange, employers can be assessed \$3,000 a year for each full-time employee that does this.

Under the "affordability safe harbor for employers," a health plan would be considered affordable for an employee as long as the employee doesn't have to pay more than 9.5 percent of his or her W-2 wages in health care premiums for individual coverage. In cases where an employee has been on the job for less than a year and doesn't have a W-2 from his or her current employer for the prior calendar year, the NRA has asked Treasury to allow employers to estimate employee earnings based on current wages. We're waiting to hear Treasury's answer on this.

LSQ 6:

Do I have to offer coverage for my part-time employees?

LSA 6:

No. Part-time employees (those who average fewer than 30 hours per week) are counted only in determining whether an employer meets the 50 full-time-equivalent threshold for coverage under the law. The employer responsibility section of the law does not require employers to offer health care coverage to part-time employees or pay any penalties for failure to offer health coverage to these employees.

LSQ 7:

If I have more than one business, are they each considered separate employers under the health care law?

LSA 7:

Not necessarily. For the purposes of health care reform, a single employer is defined by the “common control” clause in the tax code [IRC Sections 414 (b), (c), (m), (o)]. Consult your tax adviser to see how the provision applies to you. If you are considered a single employer, all the employees must be combined together for purposes of calculating whether an employer is above or below the 50 full-time-equivalent threshold.

LSQ 8:

Are there requirements for all employers, whether or not they have to offer coverage?

LSA 8:

Yes, here are a few examples:

All employers will serve as a source of information for their employees. Beginning October 1, 2013, all employers covered by the federal Fair Labor Standards Act must inform employees about the existence of the exchange in their state and how employees can access it. The Department of Labor has indicated that it will provide guidance to employers and a template for providing such information. Employers who offer health plans must begin reporting the value of employees' health benefits on their W-2 forms. That rule takes effect for large employers (those who file 250 or more W-2 forms) for tax year 2012 W-2 forms, usually filed in January 2013. The IRS has said the reporting is optional for smaller employers until they file their tax year 2013 forms.

LSQ 9:

Are there penalties for employers who offer required coverage but it isn't affordable to their employees?

LSA 9:

Yes. If an employer offers coverage to their full-time employees, but the employee's contribution is more than 9.5 percent of their household income, and that employee accesses coverage using a premium tax credit on the exchange, the employer is subject to a \$3,000 annual penalty per full-time employee doing so (or \$250 monthly). The maximum amount of penalty is limited so that it cannot be any greater than what the employer would be liable for if they did not offer coverage at all. The Administration is currently writing the rules to define and administer this affordability test.

LSQ 10:

How will employer penalties be assessed?

LSA 10:

According to information available so far, the IRS plans to evaluate large employers' required annual reports, employees' tax returns, and information from exchanges before it issues a "notice and demand" for an employer's tax liability. The agency says this will include a process for employers to appeal the IRS's determination of employer penalties. But prior to the IRS's involvement, employers will have some interaction with the exchanges. This will occur as exchanges approve employees' applications to receive premium tax credits or cost-sharing reductions to help pay for health coverage on an exchange. In regulations issued in late January, the HHS outlined a proposed process whereby an exchange will notify an employer each time an employee obtained one of these subsidies, and inform the employer that this could trigger an employer penalty. Employers would not be required to respond, but would have the option of filing a response within 90 days to challenge the exchange's determination of the employee's eligibility for the subsidy.

LSQ 11: What are the state exchanges or marketplaces?**LSA 11:**

The law requires all states to open exchanges (also called marketplaces) from which individual plans and small group plans may be purchased providing "essential health benefits" by 2014.

The federal government will run a "federally facilitated" exchange in states that opt not to set up their own exchange. Exchanges are envisioned as competitive marketplaces that would offer a variety of plans administered by private insurance companies. Exchanges are open to individuals who don't purchase health insurance through their employer, as well as some small businesses. The exchanges opened October 1, 2013, insurance coverage starts January 1, 2014 for those make a purchase and open enrollment closes March 31, 2014.

LSQ 12:

What is a premium tax credit?

LSA 12:

The law created a federal subsidy to be used by those with incomes between 100 and 400 percent of the federal poverty level to obtain affordable coverage. The tax credit is used on the exchange to buy coverage to satisfy the individual mandate. The exchanges will play a central role in certifying which individuals are eligible to obtain the premium tax credit.

LSQ 13:

Can large employers buy insurance through exchanges?

LSA 13:

Not yet. States will have the option in 2017 of opening up the exchanges to groups of 100 or more. However, each state will make the decision for itself.

LSQ 14:

How much will the new requirements cost me?

LSA 14:

Cost will vary depending on your operation and how federal agencies define what it means for employers to offer "affordable" coverage of "minimum value." These definitions are being defined through the regulatory process.

LSQ 15:

I heard there are small business tax credits available. When do they begin, and am I eligible?

LSA 15:

Beginning Jan. 1, 2010, certain small businesses with up to 25 full-time-equivalent employees became eligible for a tax credit for contributing to their employees' health coverage. The IRS has issued guidance and tools to help small employers determine whether they are eligible. The tax credit is for employers with fewer than 25 FTEs and who pay at least 50 percent of the cost of coverage for their full-time salaried and hourly workers. This section of the law considers full-time employees to be those working at least 40 hours a week. The maximum small-employer tax credit ranges from 35 percent through 2013 to 50 percent after 2014. However, employers must purchase their coverage on the exchange after 2014 to be eligible for the tax credit. The amount of the tax credit is based on the number of employees and their pay. Employers with fewer than 10 FTEs and average salaries of less than \$25,000 per FTE would qualify for the highest tax credit. Employers with more than 10 FTEs or average salaries greater than \$25,000 are eligible for a credit reduced from the maximum based on size and salary. The IRS website includes extensive information on the credit and which employers qualify for it.

LSQ 16:

If I choose to offer health care coverage to my full-time employees, how much will I have to provide?

LSA16:

Employers subject to the law will have to offer affordable coverage of minimum value (i.e., with at least a 60 percent actuarial value) to meet the requirements of the law.

LSQ 17:

Who verifies whether an employer's plan is affordable?

LSA 17:

Ultimately, the IRS will determine affordability, based on (a) the household income the individual reports on his or her tax return, and (2) information that employers and their insurers will be required to report to the IRS annually on full-time employees, health premiums and more. The reporting rules have not been explained but reports will first be due in January 2015. The IRS's process — not the exchange's process — will result in penalties for the employer if the IRS determines that an employer's offer of coverage was not affordable for a full-time employee based on household income.

LSQ 18:

Does the employer mandate require that I provide dependent coverage for my full time employees?

LSA 18:

Yes.

LSQ 19: Does the coverage I offer dependents of my full-time employees need to be “affordable”?

LSA 19:

While the law requires large employers to offer health care coverage to full-time employees and their dependents to avoid penalties, the law doesn’t require dependent coverage to meet an affordability test. The affordability of an employer’s lowest-cost plan is based on what the full-time employee pays for self-only coverage — not what he or she pays for dependent coverage.

LSQ 20:

If I provide coverage, do I have to offer it to new full-time employees on Day One?

LSA 20:

The law limits waiting periods to no more than 90 days. For full-time employees whom you know will work an average of 30 at least hours per week over a month, an offer of coverage must be made by day 91. However, for employees with variable hours, the Administration is contemplating additional rules. The IRS in [Notice 2012-59](#) suggested some guidance on how waiting periods would be calculated for these employees, and in [Notice 2012-58](#) offered guidance on how to figure out the full vs. part-time status of variable-hour employees. Further details are expected to be provided in regulatory proposals.

LSQ 21:

If a full-time employee declines the health care coverage I offer, will I owe a penalty?

LSA 21:

No. As long as you can show you offered that full-time employee the option of enrolling in an affordable, minimum-value health plan, you won’t face penalties if he or she declines coverage. Full-time employees may turn down employers’ coverage offers for any number of reasons,

such as they don't want to pay for health insurance, they get insurance through a parent or spouse, or they qualify for Medicaid or another federal or state program. Full-time employees who reject employers' offers of affordable, minimum-value insurance aren't eligible for premium tax credits or cost-sharing reductions to help pay for insurance on exchanges. Because employer penalties are triggered only when a full-time employee receives a premium tax credit or cost-sharing reduction to pay for insurance on an exchange, large employers won't face penalties in these cases.

What Employees and the Self Employed Need to Know: Summary

- Beginning January 1, 2014 all United States citizens and legal residents must carry ACA approved health insurance on their selves or pay a small penalty.
- Exemptions to this rule include having income below 100 percent of the federal poverty level; not being required to file income taxes; if the purchase of insurance would cause financial hardship; having religious objections; and being an American Indian, undocumented immigrant, or incarcerated person.
- Health insurance exchanges open October 1, 2013. The exchanges are assessable only via the internet, phone and community outreach and education programs. Through the exchange or “marketplace” you will be able to compare a number of insurance plans and purchase the one that best suits your needs. Less than 50 percent of the states have or plan to operate an exchange, citizens in those states that do not operate an exchange can utilize the exchange operated by federal government employees.
- If you are a low income earner you may be eligible for the expanded Medicaid benefit. Medicaid eligibility is determined by each state. The Federal guideline for eligibility is income of less than approximately \$14,800. Check with your state residency for additional information.
- For additional information about ACA log into:
 - www.whitehouse.gov/healthreform
 - www.kff.org
 - www.youtube.com Search for “The YouToons get ready for Obamacare.”
 - www.youtube.com Search for “What Is The Health Insurance Marketplace?”

Employees and the Self Employed Frequently Asked Questions and Answers

E/SEQ 1:

What is the individual mandate?

E/SEA 1:

The individual mandate requires everyone to obtain minimum essential coverage for themselves (and their dependents) beginning in 2014 or pay a penalty. The penalty is phased-in from \$95 in the first year to \$695 per calendar year or up to 2.5 percent of income in 2016 and beyond.

There are income exemptions. Only people under 30 can purchase catastrophic plans to satisfy that mandate; the law doesn't allow employers to offer catastrophic plans and claim they satisfy the requirement for minimum essential coverage. The requirement for individuals to obtain minimum essential coverage can be satisfied by participating in an employer-sponsored plan, purchasing individual policies, obtaining coverage under a state insurance exchange, or gaining coverage through Medicare, Medicaid or other governmental programs.

E/SEQ 2:

Do all employers have to offer health insurance, or just big businesses?

E/SEA 2:

Businesses with 50 or more full-time-equivalent employees are required to either offer minimum essential coverage to their full-time employees and their dependents or face possible penalties. Smaller businesses have the option of offering coverage, of course, just as they always have.

E/SEQ 3:

I only work part time. Is my employer required to offer me coverage?

E/SEA 3:

No. The law doesn't require any employer to offer part-time employees health coverage, though some may do so voluntarily. The law defines part-time as anyone who averages under 30 hours a week.

E/SEQ 4:

How is the government going to know if I have coverage or not?

E/SEA 4:

Starting in 2014, you'll be required to state on your federal tax return that you have health care coverage and identify the source. If your employer is large enough, your employer will have to file separate paperwork to declare whether they offered you coverage and whether you accepted or rejected the offer.

E/SEQ 5:

How much is it going to cost me?

E/SEA 5:

This is probably the most important question for all employees, but it also has a very complex answer.

The simple answer is that some "large" employers -- defined under the law as those with 50 or more full-time-equivalent employees -- are required to offer "affordable" health care coverage to their full-time employees (and their dependents) in 2014. That is defined as costing you no more than 9.5 percent of your family income for single-only coverage. Some employers may do better, but figure that 9.5 percent is the most the plan can cost you for single coverage. If your employer offers you coverage that costs more than that, your employer could face penalties if you qualify for federal tax subsidies to buy coverage on the exchanges, but you'll still likely have to pay a share for exchange coverage. If you get your coverage through an exchange, the type of policy you select will determine the cost. Exchanges are open now and are offering coverage from multiple companies. They will include information on the price tag for each plan.

E/SEQ 6:

How will I get this coverage?

E/SEA 6:

There are many ways to meet what the law calls the "individual responsibility" requirement. You can accept coverage provided by your employer, purchase a policy on your own, buy a plan through a public exchange, or get coverage through Medicare, Medicaid or through other types of governmental programs.

E/SEQ 7:

What are these exchanges or marketplaces I keep hearing about?

E/ESA 7 :

The public exchanges or “Health Insurance Marketplaces” are competitive marketplaces that offer a variety of plans administered by private insurance companies. Exchanges are open to individuals and small businesses to purchase coverage. The exchanges envisioned to be a resource for employees who may not have access to affordable health insurance through their employer. The law envisioned these exchanges being set up by the states, but many states have deferred to the federal government or operate an exchange in partnership with the federal government. Either way, there will be an exchange operating in every state and the District of Columbia. The exchanges opened October 1, 2013, insurance coverage starts January 1, 2014 for those make a purchase and open enrollment closes March 31, 2014.

There are several ways an individual can access an exchange: a website where you can learn about various insurance plans and select one that will help you meet the individual mandate; a phone option; and “navigators” within your community that can provide assistance in filing the necessary paperwork. If your employer offers coverage, you may not need to worry about the exchanges. But if you’re a part-timer, or work for a stable with less than 50 full time employees , or work for a larger business that does not offer health benefits, or if you lack other government or private coverage, the exchanges are the place to go. Visit www.healthcare.gov for information.

E/SEQ 8:

Is health insurance going to be free?

E/SEA 8:

No, the insurance is not free, but you may be eligible for Medicaid which does not require a monthly premium. Regarding insurance, many employers will be required to offer full-time employees (and their dependents) the option of enrolling in coverage, in most cases employees will be required to cover a share of the costs. You may also be eligible for coverage through your state’s exchange or Health Insurance Marketplace, but that option may also require individuals to pay a share. You may also access Medicaid if through your state exchange or by contacting your state’s Medicaid office. Go to www.healthcare.gov to learn more.

E/SEQ 9:

What is a premium tax credit?

E/SEA 9:

The law created a federal subsidy to be used by those with incomes between 100 and 400 percent of the federal poverty level to obtain affordable coverage. The tax credit is used on the exchange to buy coverage to satisfy the individual mandate. The exchanges will play a central role in certifying which individuals are eligible to obtain the premium tax credit.

E/SEQ 10:

I travel from state to state during the year, living in several different states during the year. I am interested in purchasing my own health insurance. In which state should I make my purchase?

E/SEA 10:

Contact an insurance agent in the state of in which you have legal residency. Make sure that you fully discuss your situation so that you can purchase a policy that will cover you in different states that you live in and a policy that has network providers in those states. If you use an exchange make sure that you also fully explain your travel situation so that you receive a policy that will cover you when you are racing outside of the state of your legal residency.

E/SEQ 11:

So what happens if I just don't get coverage?

E/SEA 11:

In 2014, the penalty will be \$95 per adult and \$47.50 per child with a maximum of \$285 for a family, or 1 percent of family income, whichever is greater. In 2015, the penalty goes up to \$325 per adult and \$162.50 per child with a maximum of up to \$975 for a family, or 2 percent of family income, whichever is greater. In 2016, the penalty will be \$695 per adult and \$347.50 per child with a maximum of \$2,085 for a family, or 2.5 percent of family income, whichever is greater.

