

Health Care Reform – Employer Requirements

| Total Full-Time Equivalent (FTE) Employees | Coverage Requirements |
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| 49 or less | If you have fewer than 50 FTE employees, you would be exempt from the employer coverage requirements and penalties in the new health care reform law. |
| 50+ Employer provides coverage (seasonal workers who work less than 120 days would be excluded from the total) | An employer with 50 or more FTE employees who does offer or provide health insurance coverage for his/her employees must provide a minimum credible coverage plan that is affordable. The new law defines affordable as health insurance that would have yearly premium costs of less than 9.5% of an employee's income. As an example, the minimum credible coverage plan mentioned in the new law (Bronze Plan) would have an annual premium cost of roughly \$3,000 (according to the Congressional Budget Office). If the employer's health insurance offering does not meet the minimum standards or is considered unaffordable, the employer would be subject to the same assessments as an employer who does not offer coverage. |
| 50+ Employer does not provide coverage or does offer coverage but at least 1 full-time employee obtains coverage in the Exchange (seasonal workers who work less than 120 days would be excluded from the total) | If an employer with 50 or more FTE employees does not provide coverage and an employee obtains coverage in the Exchange (a state-based insurance marketplace), or does offer coverage but at least 1 full-time employee obtains coverage in the Exchange, the employer would be required to pay an assessment (determined monthly; 1/12 of \$3,000 x number of full-time employees who receive insurance in the exchange or 1/12 of \$2,000 x the total number of full-time employees, minus the first 30 full-time employees – whichever is lower). |
| 200+ | Employers with 200 or more full-time employees, who offer one or more health benefit plans, must auto-enroll new full-time employees. Adequate notice and opportunity for employees to opt-out must be provided at time of hire. |
| All Employers | All employers must provide employees written notice, at time of hire (or current employees no later than March 1, 2013), that the Exchange is an option. |
| 90-Day Waiting Period | The new law allows for a waiting period of 90 days for new hires. Employers with 50 or more employees will not be subject to assessments for workers in a waiting period, so long as they abide by the 90-day limit on the length of any waiting period beginning in 2014. |

NOTES:

Coverage requirements are based on the total number of full-time equivalent (FTE) employees.

Penalties are based on the number of full-time employees, not FTE employees.

Full-time is defined as someone who works on average 30+ hours per week. Part-time workers average less than 30.

Part-time workers are exempt, except when determining the total number of employees for health insurance coverage requirements. For the purposes of determining your total number of employees, in addition to counting the number of full-time employees, the employer must also add up the hours for all part-time employees and divide those hours by 120. That total is added to the total number of full-time employees to determine if the employer exceeds the 50 FTE employee threshold.

The effective date of these new provisions is January 1, 2014, unless otherwise noted.