



Today's Presentation

Affordable Care Act Information for Small Businesses

Presented by:

Internal Revenue Service

Covered California

Department of Labor



Moderator



Dan Breece IRS
Senior Stakeholder Liaison



IRS Presenter



Jennifer Henrie-Brown
Stakeholder Liaison



Small Business Health Care Tax Credit

**Jennifer Henrie-Brown
Stakeholder Liaison
Internal Revenue Service
Date: August 5, 2015**



What is the Small Business Health Care Tax Credit?

- Tax credit for small employers, including tax-exempt employers
- Help with the cost of providing health care coverage for low- and moderate-income workers
- Designed to encourage employers to offer first-time coverage and maintain existing coverage for employees



Example

- Employer premium payments per year; $\$15,000 \times 15 \text{ percent} = \$2,250$
- $\$2,250 \times 3 \text{ years (2011-2013)} = \$6,750$
- At 20%: the credit per year = $\$3,000$, two years = $\$6,000$



Small Business Health Care Tax Credit as a Percent of Employer Contribution to Premiums

Average Wage

Firm size	Up to \$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
Up to 10	50%	40%	30%	20%	10%	0%
11	47%	37%	27%	17%	7%	0%
12	42%	33%	23%	13%	3%	0%
13	40%	30%	20%	10%	0%	0%
14	37%	27%	17%	7%	0%	0%
15	33%	23%	13%	3%	0%	0%
16	30%	20%	10%	0%	0%	0%
17	27%	17%	7%	0%	0%	0%
18	23%	13%	3%	0%	0%	0%
19	20%	10%	0%	0%	0%	0%
20	17%	7%	0%	0%	0%	0%
21	13%	3%	0%	0%	0%	0%
22	10%	0%	0%	0%	0%	0%
23	7%	0%	0%	0%	0%	0%
24	3%	0%	0%	0%	0%	0%
25	0%	0%	0%	0%	0%	0%

Source: CONGRESSIONAL RESEARCH SERVICE, SUMMARY OF SMALL BUSINESS HEALTH INSURANCE CREDIT UNDER PPACA (P.L. 111-148) 3 (Apr. 5, 2010).



Which Employers Qualify?

Small employers who:

- Pay at least half of employee health insurance premiums (single coverage)
- Have fewer than 25 full-time equivalent employees (FTEs) for the tax year
- Pay average annual wages of less than \$50,000 per FTE



Who is Considered an Employee?

- All employees who perform services during the tax year are taken into account
- Who's not?
 - The owner
 - A partner
 - Shareholder of S Corporation owning more than 2%
 - Owner of more than 5% of other businesses
 - Family



Are There Any Additional Requirements?

- Qualified health insurance coverage:
 - Comprehensive health care coverage (pre-2014)
 - For medical care benefits
 - From an insurance company or other state-licensed entity
- These do not qualify:
 - Accident or disability only
 - Liability only
 - Workers comp
 - HRAs, FSAs or HSAs
- 2014 transition guidance



What are the Changes to the Credit Beginning in 2014?

- Looking back - 2010-2013
 - Credit up to 35% for employers & 25 % for tax-exempt employers
- Looking at - 2014 & future
 - Credit up to 50% for employers & 35% for tax-exempt employers
 - Requires coverage through SHOP (Marketplace)
 - Two consecutive years
 - Cost of living adjustment



How is the Credit Calculated?

Form **8941**

Credit for Small Employer Health Insurance Premiums

OMB No. 1545-2198

2014

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.

▶ Information about Form 8941 and its separate instructions is at www.irs.gov/form8941.

Attachment
Sequence No. **63**

Name(s) shown on return XX INC.	Identifying number XX-XXXXXX
---	--

- A** Did you pay premiums during your tax year for employee health insurance coverage you provided through a Small Business Health Options Program (SHOP) Marketplace (or do you qualify for an exception to this requirement)? (see instructions)
- Yes.** Enter Marketplace Identifier (if any):
- No.** Stop. Do not file Form 8941 (see instructions for an exception that may apply to a partnership, S corporation, cooperative, estate, or trust).
- B** Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1 below if different from the identifying number listed above

Caution. See the instructions and complete Worksheets 1 through 7 as needed.

1 Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (total from Worksheet 1, column (a))	1	10	
2 Enter the number of full-time equivalent employees (FTEs) you had for the tax year (from Worksheet 2, line 3). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12	2	7	
3 Average annual wages you paid for the tax year (from Worksheet 3, line 3). If you entered \$51,000 or more, skip lines 4 through 11 and enter -0- on line 12	3	26,000	00
4 Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (total from Worksheet 4, column (b))	4	36,400	00
5 Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which the employee enrolls in health insurance coverage (total from Worksheet 4, column (c))	5	37,923	00
6 Enter the smaller of line 4 or line 5	6	36,400	00
7 Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 35% (.35) • All other small employers, multiply line 6 by 50% (.50)	7	18,200	00
8 If line 2 is 10 or less, enter the amount from line 7. Otherwise, enter the amount from Worksheet 5, line 6	8	18,200	00



How to Claim

- Use Form 8941 to calculate the credit
- Small business: include the amount as part of the general business credit on the income tax return – 1040, 1065, 1120 or 1120S
- Tax-exempt organization: include the amount on line 44f of the Form 990-T



Recap for 2014 & Beyond

- Small business credit increases to 50%
- Tax-exempt employers credit increases to 35%
- Must purchase coverage through SHOP or qualify for transition relief
- Credit can be claimed for two consecutive taxable years
- Annual cost of living adjustment starts in 2014

(Note: This is a federal credit; some states may have additional tax credits available, so check with the state)



Small Business Health Care Tax Credit Resource Page

IRS.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers



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Small Business Health Care Tax Credit for Small Employers



Small employer? Get the credit you deserve.

If you are a small employer. . .

with fewer than 25 full-time equivalent employees, pay an average wage of less than \$50,000 a year, and pay at least half of employee health insurance premiums

. . . then there is a tax credit that may put money in your pocket.

What You Need to Know about the Small Business Health Care Tax Credit

How will the credit make a difference for

Versión en Español
Información acerca del
[Crédito Tributario por Cuidados de Salud para Pequeñas Empresas](#)



Small Business Health Care Tax Credit Online Resources

Taxpayer Advocate Service SBHCTC Estimator for 2010 – 2013

Taxpayeradvocate.irs.gov/calculator/sbhctc.htm

The screenshot displays the Taxpayer Advocate Service (TAS) website. The header includes the TAS logo and the tagline "YOUR VOICE AT THE IRS". A navigation menu features categories: Individuals, Businesses, Tax Professionals, About TAS, Media Resources, and Reports to Congress. A search bar is located in the top right corner.

The main content area is titled "Small Business Health Care Tax Credit Estimator". It includes a breadcrumb trail: Home > Businesses > Small Business Tax Help and Resources > Small Business Health Care Tax Credit Estimator.

Small Business Health Care Tax Credit Estimator

If you're an employer who may be eligible for the Small Business Health Care Tax Credit, you can use this [Estimator](#). The credit is designed to encourage small businesses to offer health insurance coverage for the first time or maintain coverage they already have. For some employers and tax-exempt organizations, this could save thousands of dollars by providing a credit against income tax (a refundable credit for certain tax-exempt organizations).

The Estimator can help determine whether you're eligible for the credit and if so, estimate the amount. This tool is meant to be educational. To find the actual amount, you must complete [Form 8941, Credit for Small Employer Health Insurance Premiums](#), or consult a qualified tax professional. The Estimator also provides links to forms, instructions, and guidance to help you learn more about the Small Business Health Care Tax Credit.

[Small Business Health Care Tax Credit Estimator](#)

ADDITIONAL RESOURCES

- [Small Business Health Care Tax Credit Estimator](#)
- [Health Care Tax Credit page](#)
- [Small Business Health Care Tax Credit for Small Employers](#)
- [Form W-2 Reporting of Employer-Sponsored Health Coverage](#)

FORMS AND PUBLICATIONS

- [Form 8941, Credit for Small Employer Health Insurance Premiums](#)
- [Instructions for Form 8941, Credit for Small Employer Health Insurance Premiums](#)

TAS NEWS AND UPDATES

Social media icons for Twitter, Facebook, YouTube, and RSS are displayed.

At the bottom, there are two call-to-action buttons: "Submit a tax reform suggestion!" and "Does your issue affect multiple..."



Small Business Health Care Tax Credit Online Resources

Taxpayer Advocate Service SBHCTC Estimator for 2014 & Beyond

<http://www.taxpayeradvocate.irs.gov/estimator/smallbusiness2014/>



YOUR VOICE AT THE IRS 

Small Business Health Care
Tax Credit
Estimator For Tax Year 2014 & Beyond

Introduction

The Credit

Information Needed

Instructions

Estimator

Real-Life Examples

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INTRODUCTION

The Taxpayer Advocate Service developed the Small Business Health Care Tax Credit Estimator to help you find out if you might be eligible for the Small Business Health Care Tax Credit and how much you might receive. This can provide you with an estimate for tax year 2014 and beyond. However, some figures used in determining the credit are indexed to inflation. Because of this, for future years the estimator cannot provide a detailed estimate.

+ What is the credit?

+ How does the credit work?

Resources

- ▶ Small Business Health Care
- ▶ The credit on IRS.gov
- ▶ SHOP Marketplace on Healthcare.gov
- ▶ Overview of SHOP on Healthcare.gov
- ▶ 2014 Form 8941
- ▶ 2014 Instructions for Form 8941

KEY TERMS

+ Eligible Employees



Affordable Care Act Legal Guidance and Other Resources



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Affordable Care Act Topics

- Individuals and Families
- Employers
- Other Organizations
- Tax Professionals
- What's Trending
- News
- Health Care Tax Tips
- Questions and Answers
- List of Tax Provisions
- Legal Guidance and Other Resources
- **Affordable Care Act Tax Provisions Home**

Affordable Care Act Legal Guidance and Other Resources



- [Health Care Tax Tips, Flyers, Publications, Trifolds and Additional Materials](#)
- [YouTube Videos, Podcasts and Webinars](#)
- [Social Media](#)
- [News Releases](#)
- [Fact Sheets](#)
- [Legal Guidance – Announcements](#)
- [Legal Guidance – Regulations and Treasury Decisions](#)
- [Legal Guidance – Notices, Revenue Procedures and Revenue Rulings](#)

Health Care Tax Tips, Flyers, Publications, Trifolds and Additional Materials

Health Care Tax Tips

[Health Care Tax Tips](#) – Concise, timely and useful information designed to help individuals and employers understand the tax-related provisions of the Affordable Care Act

Flyers, Publications and Trifolds

- General Information
 - Health Care Law: What's New for Individuals & Families ([Publication 5187](#))
 - Health Care Law Online Resources ([Publication 5093](#))
 - [Flyer](#) on changes to health care plans, including FSAs
- Individuals and Families
 - Individual Shared Responsibility Provision
 - Preparing Your 2014 Tax Return - the shared responsibility payment ([Publication 5209](#)) [English](#)



HealthCare.gov

Get more information about the Affordable Care Act from the Department of Health & Human Services.

[Go to HealthCare.gov](#)

Related Links

- › [What to Expect at Tax Time](#)
- › [Gathering Your Health Coverage Documentation](#)
- › [How ACA affects you - Chart](#)
- › [How ACA affects your](#)

News Essentials



ACA Information Center for Tax Professionals



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ACA Information Center for Tax Professionals



Keep up-to-date on the latest ACA news by visiting our [What's Trending](#) page.

Learn more about [Notice 2015-09](#), Penalty Relief Related To Advance Payments of the Premium Tax Credit for 2014 (Jan.26, 2015), on our [Premium Tax Credit](#) page.

Information for Your Individual Client

- What is [Minimal Essential Coverage \(MEC\)](#)?
 - Does my client qualify for an [exemption from MEC](#)?
- What is the [Premium Tax Credit?/FAQs/Interactive Tax Assistant \(ITA\)](#)
 - Why it is important to [report life & income changes to the Marketplace](#) (Exchange)
- When would my client need to make an [Individual Shared Responsibility Payment \(ISRP\)?/FAQs/Interactive Tax Assistant \(ITA\)](#)
 - [Publication 5209](#) - Preparing your 2014 Return - the shared responsibility payment
- What is a [coverage month](#) for the Shared Responsibility Payment? see FAQ 19
- Who is included in a [tax household](#)?
- What amounts are included in [household income](#)?
- Does my client need to file and pay [Net Investment Income Tax?/FAQs](#)
- What documentation or proof of insurance coverage does my client have to provide? See the proof of insurance section on our [Gathering Your Health Coverage Documentation](#) page.

Information for Your Business Client

- What are the [Employer Shared Responsibility Provisions of ACA?/FAQs](#)
 - [Publication 5200](#) - Affordable Care Act: What employers need to know
 - [Publication 5196](#) - Understanding employer reporting requirements of the health care law



HealthCare.gov

Get more information about the Affordable Care Act from the Department of Health & Human Services.

[Go to HealthCare.gov](#)

Related Links

- › [Small Business Administration](#)
- › [Department of Labor](#)
- › [BusinessUSA](#)



Affordable Care Act Online Resources

HealthCare.gov

The screenshot shows the HealthCare.gov homepage. At the top, there are navigation links for 'Learn', 'Get Insurance', and 'Log In'. Below this, there are tabs for 'Individuals & Families', 'Small Businesses', and 'All Topics'. A prominent message states 'Open enrollment is over for 2014' and 'See if you can still get coverage through the Marketplace or Medicaid/CHIP'. There are several interactive buttons: 'Report income or life changes', 'Use your new coverage', 'Appeal a Marketplace decision', and 'Learn about fees & exemptions'. The bottom section features a 'HEALTH INSURANCE BLOG' with a post titled 'How much is your Small Business Health Care Tax Credit?' and a 'TOP CONTENT' section with 'Getting coverage outside Open Enrollment'.

IRS.gov/ACA

The screenshot shows the IRS.gov/ACA page. The header includes 'IRS' and navigation links for 'Filing', 'Payments', 'Refunds', 'Credits & Deductions', 'News & Events', 'Forms & Publications', 'Help & Resources', and 'For Tax Pros'. The main heading is 'Affordable Care Act Tax Provisions'. Below this, there are sections for 'Individuals & Families', 'Employers', and 'Other Organizations'. The 'Individuals & Families' section includes links for 'Health Insurance Marketplace', 'Premium Tax Credit', and 'Affordable Care Act Tax Provisions'. The 'Employers' section includes links for 'The Affordable Care Act (ACA) or health care law', '2014 Transition Matter for Information Reporting and Employer Shared Responsibility', and 'Healthcare Online Resources'. The 'Other Organizations' section includes links for 'Insurers', 'Carrier Business Types', 'Tax-Exempt & Government Organizations', and 'More...'. There is also a 'Related Content' section with links for 'Small Business Administration/Healthcare' and 'Department of Labor'.

SBA.gov/healthcare

The screenshot shows the SBA.gov/healthcare page. The header includes 'SBA.GOV' and navigation links for 'Starting & Managing', 'Loans & Grants', 'Contracting', 'Learning Center', 'Local Assistance', and 'SBA Direct'. The main heading is 'HealthCare.gov'. Below this, there are sections for 'Managing a Business', 'Getting Out', 'Local Resources', and 'Health Care'. The 'Health Care' section includes a sub-section for 'Key Provisions of the Affordable Care Act' and a 'What Insurance options are available to you?' section. The 'What Insurance options are available to you?' section includes a search box and a 'NEXT STEP' button. The 'Key Provisions of the Affordable Care Act' section includes a sub-section for 'Key Provisions of the Affordable Care Act' and a 'Recent Blogs About Health Care' section.

DOL.gov/ebsa/healthreform

The screenshot shows the DOL.gov/ebsa/healthreform page. The header includes 'UNITED STATES DEPARTMENT OF LABOR' and navigation links for 'Home', 'About Us', 'EBSA', 'Advanced Search', and 'Contact Us'. The main heading is 'Employee Benefits Security Administration'. Below this, there are sections for 'Affordable Care Act', 'Affordable Care Act Regulations and Guidance', and 'ACA Regulations and Guidance'. The 'Affordable Care Act' section includes links for 'Statement of US Secretary of Labor Hilda L. Solis on implementation of Affordable Care Act's early retiree reinsurance program', 'Statement of Assistant Secretary of Labor Phyllis C. Borst calling on employers and benefit plans to make every effort to ensure coverage available to all employees', and 'Statement of U.S. Secretary of Labor with Solis on passage of health care reform legislation at Department'. The 'Affordable Care Act Regulations and Guidance' section includes links for 'Notice to Employees of Coverage Options', 'Technical Rulings 2012-04 - Guidance on the notice to employees of coverage options under FLSA DBE and updated model election notice under CDBA', 'Model Notices for employers who offer a health plan to some or all employees', 'Model Notices for employers who do not offer a health plan', and 'CDBA Model Election Notice - Guidance Version (to show May 2013 changes)'. The 'ACA Regulations and Guidance' section includes links for 'ACA Implementation FAQs', 'ACA Resource Center: Provider's Authority to Issue Health Plans', 'Automatic Enrollment, Employer Shared Responsibility, and Other Provisions', 'Coverage of Dependents/Spouse', 'Early Retiree Reinsurance Program', 'Essential Health Benefits', 'Governance of Coverage for Self-Only Children', 'Employer Health Care Reform and Costs', 'Grandfathered Health Plans', 'Internal Claims and Appeals and Internal Notice', and 'Medical Loss Ratio'.

BusinessUSA.gov/healthreform

The screenshot shows the BusinessUSA.gov/healthreform page. The header includes 'BusinessUSA' and navigation links for 'Tour', 'Resources', 'Events', 'About Us', and 'Contact Us'. The main heading is 'Health Care Changes'. Below this, there is a 'Get Started' button. The page includes a search bar and a 'Receive e-mail updates' button. The main content area features a large green banner with the text 'Affordable health care is a top concern for businesses. In a few quick steps, this wizard can help you understand what you need to know about new insurance options and other health care changes as well as find health care related resources.' and a 'Get Started' button. At the bottom, there is a 'Not looking for this...' section with a 'Return to Home Page' link.



Small Business Health Care Tax Credit

Questions?



DOL Speaker

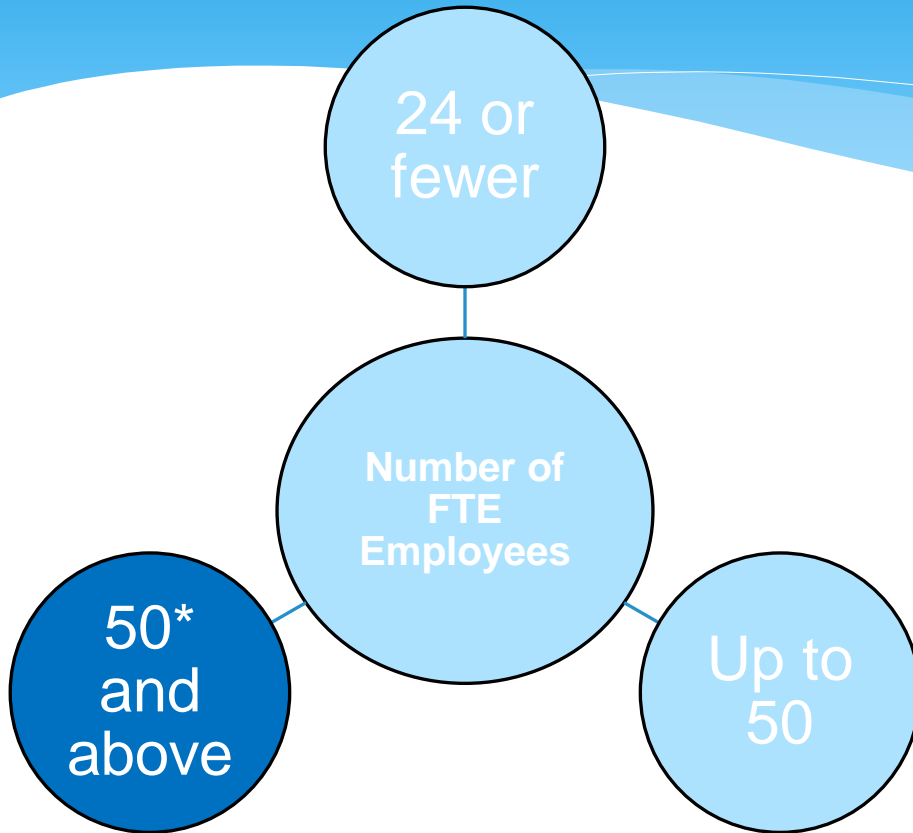


Cristina Collazo
Senior Benefits Advisor



2015: Employer Shared Responsibility for Employee Health Insurance Coverage

Employers with 50 or More Full-Time Employees (including Full-Time Equivalents)



Employer Shared Responsibility Provisions

*In 2015 there are various types of transition relief available for employers, including substantial relief for employers with 50 to 99 full-time/full-time equivalent employees.

Nearly All Small Firms Are Exempt from Employer Shared Responsibility Provisions

- ACA exempts all employers that have fewer than 50 full-time employees (including full-time equivalent employees) – nearly 96 percent of all firms in the United States or 5.8 million out of 6 million total firms – from the employer shared responsibility provisions. These 5.8 million firms employ nearly 34 million workers.
- Many employers that do not currently offer coverage will be better able to do so because of lower costs and wider choices in the SHOP Marketplaces.

Employer Shared Responsibility Provisions:

Key Definitions



- **Full-Time Employee:** an employee who is employed on average 30 hours or more per week (or at least 130 hours of service in a given month).
- **Full-Time Equivalent (FTE) Employee:** a combination of employees, each of whom individually is not a full-time employee because they are not employed at least 30 hours per week, but who, in combination, are counted as the equivalent of a full-time employee.
 - *For example, two employees each of whom works 15 hours/week are added together to equal one full-time employee.*
- **Controlled Group Employers:** employers with common owners or who are otherwise related are aggregated together to determine whether they meet the threshold number of 50 or more full-time employees (including full-time equivalent employees).



If employer meets 50 (100 for 2015) full-time/FTE employee threshold, there are two scenarios for potential payment

- **EITHER**

(1) An employer does not offer coverage to at least 95%* of its full-time employees (and their dependents), **OR**

(2) The coverage offered to employer's full-time employees is not "affordable" or does not provide "minimum value" or particular full-time employee was not offered coverage

- **AND**

At least one full-time employee receives a premium tax credit in the individual Marketplace

*For 2015, replace 95% with 70%

Employer Shared Responsibility Provisions: Insurance Coverage Standards

Coverage Provides Minimum Value

- Plan must cover, on average, at least 60% of the plan's total cost of incurred benefits
- HHS and IRS have an [online calculator](#) employers can use to input their plan details and determine if it meets the 60% value threshold.

Coverage is Affordable

- Coverage is unaffordable if the full-time employee's share of the lowest cost self-only coverage that provides minimum value costs more than 9.5% of his/her annual household income
- **Affordability safe harbor:** If the cost to the employee of a self-only plan is not more than 9.5% of his/her wages as reported on Box 1 of the W-2, it's deemed affordable for purposes of Employer Shared Responsibility

Employer Shared Responsibility Payments: Two Scenarios



If Coverage Not Offered to at Least 95% (70% in 2015) of Full-Time Employees (and dependents), then

- Payment applies if any full-time employee receives a premium tax credit for coverage purchased in the individual Marketplace
- **Payment owed:** \$2K/year times number of full-time employees in excess of 30
- Payment calculated separately for each month for which coverage not offered (\$166.67/month)
- Payment based on employer's number of full-time employees for that month

If Coverage Offered to Full-Time Employees, but Either Not Affordable or Does Not Meet Minimum Value, then

- **Payment owed:** \$3K/year per full-time employee who receives a premium tax credit for coverage purchased in the individual Marketplace
- Payment calculated on monthly basis = \$250/month
- This payment can't exceed payment described in Scenario # 1 (left hand column)

Other Key Points

- Whether an employer will owe a payment depends on whether it offers coverage and the quality of the coverage it offers rather than whether an employee accepts the offer of coverage.
- No employer payment is owed for part-time employees even if they receive a premium tax credit
- Only the receipt of the premium tax credit in the individual Marketplace triggers these payments - an employee obtaining coverage from another source (e.g., spouse's family coverage) does not
- In order to not be subject to an employer payment, employers that offer coverage to full-time employees must also offer coverage to the dependents* of those full-time employees who are children under age 26 (coverage for spouses is not required)

*There is transition relief for dependent coverage for 2015

Employer Shared Responsibility Provisions – Transition Relief in 2015



- **50 – 99 Full-time Employees (Including Full-time Equivalent Employees):** Not subject to the ESR rules (subject to certification requirement below)

Certification Requirement:

- Did not reduce # of employees or employees' hours in order to qualify for the transition relief
 - Employer maintained previously offered health coverage to its employees
- Various other forms of transition relief are available for 2015 for employers that are subject to the provisions in 2015, including relief for non-calendar year plans and relief with respect to the standards under which an employer will owe an employer shared responsibility payment.

ACA Offers Strong Incentives for Employers to Continue to Offer Coverage

- The cost of providing coverage is tax deductible by the employer. By contrast, employer shared responsibility payments are not deductible.
- Employers that offer coverage have greater flexibility to tailor the coverage to provide those benefits most valued by their workforce and will enjoy competitive advantage in recruiting and retaining employees.

Other ACA Provisions Impacting Small Businesses

- Summary of Benefits and Coverage Disclosure Rules
- W-2 Reporting of Annual Health care costs (unless required to file fewer than 250 W-2s in year prior)
- Annual tax deductible cap for employee contributions to Flexible Spending Accounts is \$2,500
- Employers covered by FLSA must have notified employees about the new Health Insurance Marketplace by October 1, 2013



Other ACA Provisions

- Plans can't impose waiting periods of more than 90 days for otherwise eligible new hires to begin coverage.
- Employers may use additional incentives/rewards under workplace wellness programs (e.g. max reward increases to as much as 50% for smoking cessation programs).
- Effective 2015, employers with 50 or more full-time or FTE employees have new information reporting requirements detailing health insurance coverage offered. First reports due 2016.
- Also starting this year, there are new information reporting requirements for issuers of health insurance coverage – apply to employers of any size that have self-insured health plans. First reports due 2016.

Small Business Resources

www.healthcare.gov

www.sba.gov/healthcare

www.irs.gov/aca

www.Business.USA.gov

www.dol.gov/ebsa



U.S. Department of Labor, Employee Benefits Security Administration (EBSA)

1-866-444-3272

<http://www.dol.gov/ebsa/healthreform/>

Internal Revenue Service

<http://www.irs.gov/Affordable-Care-Act/Employers/Employer-Shared-Responsibility-Provisions>

Affordable Care Act



QUESTIONS??????



Covered CA Presenter



Shawn Balsdon

Director of Sales, SHOP



Let's "Talk SHOP"
Covered California for
Small Business
Update
August 5, 2015



COVERED
CALIFORNIA

Shawn Balsdon

Director of Sales, SHOP



Overview

What are the products and services offered through Covered California's Small Business Marketplace?

- Competing Health Insurance Plans
- Multiple Coverage Options
- Expanded Employer & Employee Options
- Access to Tax Credits
- Benefits Administration
- Enrollment Support
- Adult & Child dental plans
- Employee-only coverage available
- No Administration Fees





Qualified Health Plans

Participating Health Plans



Chinese Community Health Plan





Provider Networks

Kaiser : www.kp.org

BS CA : www.blueshieldca.com/fap/app/search.html

WHA : www.westernhealth.com/search-for-providers/

CCHP : www.cchphmo.com/doctor-locations

SHARP : www.sharp.com/index.cfm

Health Net: www.healthnet.com/portal/member/providerSearch.action



Product Portfolio

Category	Percentage of expenses paid by health plan	Percentage of expenses paid by individual
Platinum	90%	10%
Gold	80%	20%
Silver	70%	30%
Bronze	60%	40%

Higher percentage of expenses paid by plan



Lower monthly premium payment



Employer Choices and Contribution

Employer-Defined Contribution

- Employer selects either a single or dual tier and contribution percentage
- Employer selects a benchmark or defined contribution plan

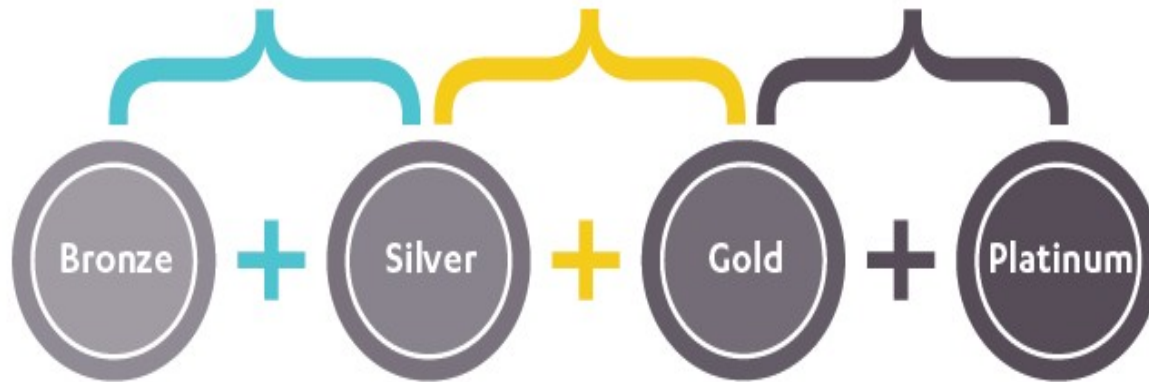
Employer Wins

- Predictable costs and set budget
- Not burdened with selecting plans for employees
- Can manage multiple plans on a single technology platform and one single bill





Dual Tier Choice



http://www.coveredca.com/small-business/PDFs/Dual_Tier_Flyer.pdf

- REAL OPTIONS for employers**
With the new Dual Tier Choice option, employers select their contribution level and reference plan as before, but can now offer two adjoining Metal Tiers to employees instead of just one.
- REAL CHOICE for employees**
Employees get more choice with multiple plans from multiple carriers, all compatible with the Covered California Individual Exchange. Employees decide which plan provides the best coverage at the most affordable price.
- REAL VALUE for everyone**
With the opportunity to compare health plans at a variety of price points, employees get more choice and coverage more closely tailored to their needs – without additional cost to their employer.



Employee Choice



Employee Choice

- Employee selects any plan within a single or dual tier

Employee Wins

- Can select their own plan based on cost, benefits, doctors, hospitals, and quality ratings
- Can buy up or down within the selected metal tier



Who is eligible for the Tax Credit?

- Small businesses are eligible for a tax credit if...
 - They have fewer than **25** full-time employees
 - Their average annual wages **<\$50,000** (owners & partners not included)
 - They pay **50%** of the premium cost*
- Tax credits are **only** available for businesses that purchase through the SHOP
- Tax credits do **not** cover premium expenses of owners or their families; and cannot be claimed by the self-employed
- Employers are encouraged to consult with their tax professional.



Eligibility Guidelines

Small Business – Defined:

January 1, 2014 through December 31, 2015

- Any business that employ at least one but no more than 50 employees for at least 50 percent of its working days during the preceding calendar quarter or calendar year.
- All groups must have a minimum of one W-2 wage earner.
- The majority of employees reside within California.
- A legitimate employer-employee relationship exists.

On or after January 1, 2016

- At least one, but no more than 100 eligible, employees

In determining whether to apply the calendar quarter or calendar year test, CCA for Small Business will use the test that ensures eligibility.



Eligibility Guidelines

Eligible

- Employees that are full-time permanent employees working 30 hours per week measured on a monthly basis.
- Part-time employees may participate at the employer's discretion.*

Not Eligible

- Employees that receive a 1099
- Seasonal and temporary employees

**If part-time employees are extended coverage, those employees as well as full-time employees will be used to calculate total group size.*



Enrolling



- Qualified employers can enroll according to their policy's renewal date or at another date they choose
- Once enrolled, the employer's coverage and premiums are set for 12 months



New Business Submission

Once Applications are Complete:

- Covered California reviews eligibility
 - DE9C
 - SOI
- Verifies participation
- Approves group
- Invoices group
- Average group installation time: 3 business days



Adult Dental added



Employers now have the option of offering stand-alone dental coverage for adults and underage dependents, beginning January 1, 2015.

Dental benefits are employee paid with no additional cost to employers, allowing businesses to expand benefit offerings without increasing benefits cost (*employer has option to pay for coverage if they choose to do so*).



Stand Alone Dental Options

The following carriers offer Standalone Dental in SHOP:





Small Group Market

- Estimated that 60%-70% of Small Group Business offering coverage are not compliant with the ACA and will need to be by Dec 1st 2015.



Additional Points to Consider

- Penalties exist for employers who pay for individual coverage
- If employer increases salary to make up for loss of benefits - increase in payroll taxes, workers' compensation, potential retirement benefits - also could push employee into higher tax bracket - (employee pays premium after-tax in Exchange)
- If employee remains uninsured: Increase absenteeism & presenteeism - may result in workers' compensation claims for non work-related health costs
- Competitors seek advantage and offer coverage to lure key employees
- Subsidies phase out quickly - some people may not be eligible for subsidy



Employees enrolling in the Individual exchange, consequences and misperceptions

- Individuals are ineligible for subsidy if employer offers group plan (9.5% affordability)
- Individuals are ineligible for subsidy if their spouse is offered a group plan
- An employer's competitor maybe sponsoring a group plan to attract employees
- CCA for Small Business has expanded Network access points



Summary: Insurance for Small Groups

- We have the solution
 - Defined Contribution - Employer sets contribution level
 - Employee has choice of carriers
- ❖ Blue Shield of California, CCHP, Health Net, Kaiser Permanente, Sharp Health Plan, Western Health Advantage
- Small employers with 1-50 eligible employees
 - Small businesses with 1-25 employees may qualify for tax credit
 - ***State estimates 350k groups qualify for tax credit***

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Questions?



Moderator

Thank You for Attending

**We hope you found this
webinar valuable**