



Employers Need to Keep Count Ahead of Health Care Changes

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With health care reform upheld by the U.S. Supreme Court, and President Obama re-elected to a second term, there is a renewed interest in upcoming compliance issues. If an employer is not sure whether health reform applies to it, it should start focusing on compliance issues that become effective on Jan. 1, 2014. The threshold issue involved counting employees.

Beginning in 2014, a "large employer" will have to offer an "affordable" health plan that provides "minimum value" to all full-time employees or pay a penalty tax. A company is a large employer if it employs an average of 50 or more "full-time equivalents" during business days in the prior calendar year. Determining large employer status requires a computation that takes into account both full-time and part-time employees.

A large employer who fails to provide a qualifying health plan to all full-time employees and their dependents must determine whether it owes the penalty. The penalty is assessed monthly on the number of full-time employees minus 30 and is \$2,000 a year (\$167 per month) if any full-time employee applies for coverage through the state exchange if a qualifying health plan is not offered.

An employer who is unsure whether it is covered by the play or pay mandate must begin by determining whether it is a large employer. If it is, that employer should begin immediately to analyze its work force to see which employees would have to be offered affordable minimum value coverage.

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