THEBENCHMARK

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# Plan now for 2014 health care reform

For employers who have adopted a wait-and-see approach with the Patient Protection and Affordable Care Act (PPACA), the time to wait is over. This year is a critical planning year to strategize around cost containment and compliance for 2014. These areas should be a key focus for Green Industry employers to get a hold of before this fall.

Don't panic! I believe employers and employees don't have all the cost and plan design options yet, so this factor will drive decisions. Here are some facts and myth-busting ideas to consider.

First, get a handle on the elements of the legislation so you can formulate a plan to navigate the requirements. Under the law, businesses are considered a "large employer" and thus must provide health insurance to all full-time employees if they have 50 or more full-time employees. Employees are considered full time if they average 30 hours per week or more. As a large employer, you can be subject to penalties for not providing qualified health coverage to your employees at a rate of $2,000 per year for each employee (minus the first 30).

For example, if you have 70 full-time employees and offer no coverage, you're liable for 70 less the minimum 30 requirement. That's 40 people times $2,000 for a grand total of $80,000—clearly a large number. If you have fewer than 50 employees, you get a pass from providing coverage. But beware of strategies like these to minimize head count:

› **Breaking up your company** (i.e., each branch or division will be its own company). Don't bother. The IRS is wise to this approach and you'll fail the control group regulations under IRC 414(b), 414(c) and 414(m). If employees of multiple businesses are deemed to fall under a master control group, the aggregate sum of employees will be totaled.

› **Reclassifying workers as seasonal employees or part-time workers.** Proceed with caution. The law addresses this loophole. Each month employers will be required to calculate total aggregate part-time service hours and divide the total by 120 hours. This is called the "full-time equivalents" (FTEs). Employers can be deemed large if the sum of full-time employees and FTEs breaks 50.

The key for most employers who are required to provide coverage is to understand plan design, minimum essential benefits and employee contribution limits. Employees cannot contribute more than 9.5 percent of their W-2 wages to total annual premiums.

The families of our production workforce may qualify for government subsidies for health insurance premiums (as will many people with household income below 400 percent of the national poverty level or about $90,000 of household income) by bypassing the employer plan and going directly to the exchanges to get more affordable coverage.

Why is this important? The $15-per-hour young foreman may opt out of the employer's plan, keep his or her $247 per month and elect to get a better deal individually on the exchange with subsidies. The big individual coverage hurdle previously was pre-existing conditions. This is no longer the case under the new law. As long as the employer-sponsored plan has design and benefits that are in compliance with PPACA regulations the employer is not required to pay a penalty for employees who pass on the employer plan and pursue more cost-effective options on the exchange,

Many employees will pass altogether on taking coverage despite the individual mandate to carry health insurance (through your employer or individually). Why? The annual penalty is $95, which is very little compared to what a monthly plan may cost them. It may become simply an economic decision for some workers.

Lastly, every employer should conduct a financial analysis and plan design offering this spring and summer. Work with your consultant, lawyer and insurance broker to create the right strategy for you and your team. Prepare information to share with your staff members so they're educated on options, both from a benefits and cost perspective. This is too big to screw up. Get it right.