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# Strategies for Compliance with "Obamacare" for 2014

**Kathryn B. Solley**  
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## **Mission of Pro Bono Partnership of Atlanta:**

To maximize the impact of pro bono engagement by connecting a network of attorneys with nonprofits in need of free business legal services.

## Pro Bono Partnership of Atlanta Eligibility & Other Information

- In order to be a client of Pro Bono Partnership of Atlanta, an organization must:
  - ✓ Be a 501(c)(3) nonprofit.
  - ✓ Be located in or serve the greater Atlanta area.
  - ✓ Serve low-income or disadvantaged individuals.
  - ✓ Be unable to afford legal services.
- *Visit us on the web at [www.pbpatl.org](http://www.pbpatl.org)*
- We host free monthly webinars on legal topics for nonprofits
  - ✓ To view upcoming webinars or workshops, visit the Workshops Page on our website
  - ✓ Join our mailing list by emailing [rla@pbpatl.org](mailto:rla@pbpatl.org)

## Today's Agenda

- Understanding the basics of Healthcare Reform
- Are you part of "play or pay"?
- Can you qualify for a tax credit/refund?
- How the "individual mandate" affects your employees
- Compliance: by October 1, 2013 and after

## Both Sides Now

- Employers: "pay or play"
  - ✓ Offer substantially all full-time employees
  - ✓ Offer affordable coverage that is minimum value
  - ✓ Fail to offer & pay penalties
- Employees: "individual mandate"
  - ✓ Each individual (employee & family) must have "minimum essential coverage" OR
  - ✓ Pay a tax penalty (\$95 per person in 2014)

## Are you a "Large" Employer?

- Do you average 50+ full-time employees?
  - ✓ Count all full-time (30 hours/week) plus full-time equivalents (FTEs)
  - ✓ FTEs – add all non-full-time hours per month; divide by 120
- Large Employers are subject to "pay or play" but are not required to offer health coverage
- Small employers have no penalty if no coverage is offered

## Small employer

- SHOP – Small Business Health Options Program
  - ✓ Employer-provided coverage
  - ✓ May be required to enroll at least 70% of FT employees
  - ✓ A part of the Insurance Exchange

## SHOP

- Open to employers with 50 or fewer FTE
- Online application at [www.healthcare.gov](http://www.healthcare.gov);  
compare plans and prices; you can use a broker
- Must offer coverage to all full-time employees  
(work 30+ hours per week average)
  - ✓ Can exclude employees with coverage under another  
employer plan, Medicare, Medicaid, military/veteran's
- 70% of employees must enroll



## Small Employer Tax Credit

- Nonprofits must be tax exempt under 501(c) & 501(a)
- Coverage purchased by employer through SHOP
- Employer must
  - ✓ pay uniform percentage (at least 50%) of premiums for self-only coverage for enrolling employees
  - ✓ Have fewer than 25 FT employees (including FTEs)
  - ✓ Average wages under \$50,000
- Employer gets up to 35% credit for premiums paid in 2014
- Recover credit against income tax withholding and social security withholding and employer portion – Form 8941
- Report on line 44f on Form 990-T (must file 990-T, even if not otherwise required)

## Premium Tax Credits

- For small businesses and small non-profits
- Premium tax credits for nonprofits - 2014
  - ✓ 35% of average wage of full-time employees – credited against social security & income taxes
  - ✓ Sequestration may reduce this
  - ✓ Tax credits – 25% for 2013
  - ✓ Take tax credit for only 2 consecutive years for an employee

## Individual Mandate

- Minimum essential coverage: employer-provided, government-provided, purchased on the Insurance Exchange, others
  - ✓ NOT – vision, dental, workers comp, specific disease or condition (e.g. cancer)
- Penalty for no coverage:
  - ✓ \$95/person in 2014 or 1% of household income
  - ✓ \$325/person in 2015 or 2% of household income
  - ✓ \$695/person in 2016 or 2.5% of household income

## Individual Mandate

- People not subject to individual mandate
  - ✓ Uninsured for less than 3 months of the year
  - ✓ Very low income and coverage is unaffordable
  - ✓ File no tax return because income too low
  - ✓ Would qualify for Medicaid but state chose not to expand Medicaid eligibility (GA)
  - ✓ Member of Indian tribe
  - ✓ Member of religious sect with religious objections to health insurance

## Individual Mandate Penalties

- Paid through tax return (1040)
  - ✓ 2014 fee paid in 2015 when 2014 return is filed
- IRS can recover through future tax refunds
- No liens, levies or criminal penalties if fail to pay fee

## Insurance Exchange

- In Georgia, federal (HHS) administered marketplace for 4 levels of coverage
  - ✓ Bronze
  - ✓ Silver
  - ✓ Gold
  - ✓ Platinum
- Premium tax credits for individual/family:
  - ✓ Depends on household's federal poverty level (FPL)
  - ✓ Not available if offered ACA-compliant coverage by employer

## Advance Premium Credits for Employees

- Employee applies on the Exchange; buys coverage through the Exchange
- Employee completes forms indicating household income and no insurance coverage and not offered affordable coverage
- Employer must complete forms on employee eligibility, as asked
- Employee gets premiums credits to reduce premiums before household income for year is determined

## Federal Poverty Level – 2013 Chart

Family Size	100%	150%	200%	300%	400%
1	\$11,170	\$16,755	\$22,340	\$33,510	\$44,680
2	\$15,130	\$22,695	\$30,260	\$45,390	\$60,520
3	\$19,090	\$28,635	\$38,180	\$57,270	\$76,360
4	\$23,050	\$34,575	\$46,100	\$69,150	\$92,200
6	\$30,907	\$46,455	\$61,940	\$92,910	\$123,880
8	\$38,890	\$58,335	\$77,780	\$116,670	\$155,560



## October 1, 2013 Exchange Notice

- All employers subject to FLSA
- Notice to all current employees by October 1
- Notice to all new hires after October 1
- DOL has issued model notices:  
<http://www.dol.gov/ebsa/healthreform/>

## ACA Notice to Employees

### ➤ Tips on using model notice

- ✓ Download the Word version; do not change numbering
- ✓ 3<sup>rd</sup> page is optional; most employers omit it
- ✓ If you offer coverage, use SPD to fill in description of eligibility and dependents
- ✓ If employees reside in Hall or Gwinnett counties, add Spanish disclosure:

**SPANISH (Español): Para obtener asistencia en Español, llame al [insert tel. no.]**

## Delivery of ACA Notice

- Hand delivery
- First class mail
- Email – if employee has own email and computer at work, or, employee has signed form giving you email and asking for notices by personal email [DOL electronic delivery rules]

## More to Come....

- Large Employer reporting
  - ✓ Information to let IRS coordinate with individual mandate and "pay or play"
  - ✓ Proposed rules and likely to be changes
  - ✓ Will cover data on full-time employees during 2015; 2014 data is voluntary

## Staying Up to Date

- **Government websites**
  - ✓ [www.healthcare.gov](http://www.healthcare.gov) (Insurance Exchange, plus other information)
  - ✓ <http://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions> (IRS)
  - ✓ <http://www.dol.gov/ebsa/healthreform/> (Dept. of Labor)
- **Private websites with small employer help**
  - ✓ <http://kff.org/health-reform/> (Kaiser Family Foundation)
  - ✓ <http://www.gahealthcarereform.org/smallbusiness> (to be updated by October 1)

## **For More Information:**

If you would like more information about the services of Pro Bono Partnership of Atlanta, contact us at:

Phone: 404-407-5088

Fax: 404-853-8806

[Info@pbpatl.org](mailto:Info@pbpatl.org)

[www.pbpatl.org](http://www.pbpatl.org)