

**The Affordable Care Act will be implemented before we know it.**

**2014, after all, is only 6 months away! *Insert big gasp here....***

When you think about the changes coming in 2014, as part of the Affordable Care Act, do you understand them all? Or are they as clear as mud? Navigating the murky waters of the changes employers like you need to make by 2014 can be like wading through muck.

**Here's the skinny on the changes...**

If you have **less than 50 employees**, many of the changes DO NOT APPLY to your company, but here's what will apply. If you are an employer with under 50 full time employees you will be able to purchase coverage through the new Health Insurance Exchanges and by doing so receive a tax credit for two years of up to 50 percent of your contribution. Tax-exempt small businesses meeting these requirements will be eligible for tax credits of up to 35 percent of their contribution.

**BUT** if you have less than 50 employees, you are not out of the woods completely. If there is any common ownership in your company and another company, you may be required to adhere to the changes. (Contact McCloskey Partners, LLC 215-453-1978 to discuss.)

If you have **more than 50 full time equivalent employees**, the changes **DO APPLY** to your company.

**Companies with Over 50 employees, read on...**

Beginning in 2014, companies with more than 50 full-time equivalent employees (FTEs) face a fine of \$2,000 per employee/annually if they **don't offer health coverage** for those employees that work an average of at least 30 hours or more per week. For the purposes of healthcare plan coverage, a full-time employee is any employee that works 30 or more average hours per week or 130 hours per month. Calculating FTEs, for determining the employer coverage exemption, is calculated on a monthly basis. Keep in mind these calculations can become tricky for those companies who have seasonal workers or employees who work variable weekly schedules.

(The Affordable Care Act only affects only Health Insurance ***NOT*** Dental, Vision or Supplemental Coverages. You should manage these coverages in 2014, how you are managing them today in 2013.)

Beginning in 2014, companies with more than 50 full-time equivalent employees face a fine of \$3,000 per employee if they continue to offer a group health insurance plan **BUT** the plan offered is unaffordable or inadequate.

In order for a plan to be considered “affordable,” the amount the employees’ contribute towards the cost of the health coverage, through payroll deduction, cannot exceed 9.5% of the amount to be paid by the lowest paid employee at the company. ARGGG... that’s clear as mud!

Use your lowest employee’s his/ her previous year’s reported W2 gross earnings.

**Example:** Let’s say your lowest paid employee made \$35,000 in 2012.

Take  $\$35,000 \times 9.5\% = \$3,325$

\$3,325 is the highest amount, annually, that the company can charge to employees towards their portion of the health insurance cost (regardless if the employee has single coverage or family coverage)

If you’re payroll is processed biweekly, the highest amount you can deduct from someone is \$127.88 (biweekly= 26 pays)

***Yikes this is a lot to take in...are you still with us???***

The Affordable Care Act makes some major changes to the landscape of health insurance, ones that you and your business need to pay serious attention to. At McCloskey Partners, we have years of proven experience helping small businesses like yours understand the complexities of their hiring and employee-benefits decisions. As 2014 draws closer, we encourage you to contact us to discuss what the intricacies of healthcare reform mean for you and your company. We can help you clear a path through the muck and get you situated with the healthcare options that make the most sense for YOU!

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