

OBAMACARE MANDATES THE END OF THE ENDLESS WINTER!
OR
OBAMACARE MEANS WE WILL NEVER HAVE SPRINGTIME AGAIN!
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We are beginning to see the outlines of the impact that the Affordable Care Act will have on health care in our country. At this point, it is clear it will neither be the solution to all of our problems with healthcare nor the “socialization” of medicine with government telling you what doctor to see and what care you can get. In reality, it is an insurance-based plan that has positive and negative impacts from whatever perspective you take. From the perspective of small employers, here are some of the main impacts that I see.

Most small employers not affected. In reality, for most small businesses there will be no impact at all. Employers with less than 50 employees will have no obligations under the Act. Since 96% of all firms in the United States have under 50 employees, most businesses will not be penalized for choosing not to provide health coverage to their employees.

Obligations for employers with more than 50 employees. Employers with more than 50 employees will have to provide insurance to full-time employees or pay a “shared responsibility fee.” The penalty for businesses with over 50 employees not covering their workers is \$2,000 per employee and \$3,000 if they purchase health insurance through the exchange with premium credits (the first 30 workers are excluded from the penalty).

Tax hikes on some employers. There will be a Medicare tax hike on some small businesses, but only on those with over \$250,000 in taxable profits. There is a small business Medicare tax hike of .9% increase on the current Medicare part A tax for those businesses. Small businesses making under \$250k in taxable profit don't have to pay this tax increase. Taxable income is defined as profit above and beyond expenses, tax credits provided by Obamacare for insuring employees, tax breaks and money reinvested into the company.

Tax credits. The biggest benefit to small businesses may be the tax credits a business can receive if it does offer health insurance to its employees. Small businesses can apply for a tax credit of up to 35% of the cost of their employees’ premiums if they have fewer than 25 full-time employees. To qualify, businesses must pay for at least 50 % of their employees’ premiums and their workers’ average annual wages can't be more than \$50k. By 2014, the tax credit amount is increased to 50% (35% for non-profit).

Businesses with 10 or fewer employees and average annual wages of \$20k or less are eligible for the full 35% credit between 2010 and 2013 and then a 50% tax credit beginning in 2014. Small business employers with over 25 full-time employees will not have access to the same tax breaks as those small businesses with under 25 employees. Tax credits are available for small businesses on a sliding scale depending on the number of employees and average annual wages.

Premium rate increases or decreases. If your company does provide health insurance currently, you should be talking to your insurance broker now about whether your covered group fits into the profile of a high- or low- risk group. Since the Act will prevent the exclusion of coverage for pre-existing conditions and only allow consideration of two factors, age and smoking, the impact will be a leveling out of the cost of insurance. That means that high-risk groups will actually see their costs decrease while low-risk groups will see an increase. If you are a low-risk group, you might want to renew before December 1, 2013 to lock in an additional year of your current rates.