



Affordable Care Act Employer Provisions to Provide Health Care Sept. 19, 2012 (updated July 23, 2013)

On June 28, 2012, the U.S. Supreme Court ruled that the Affordable Care Act (ACA) was constitutional. Employer provisions to provide health care in the ACA remain the same except that the provisions for businesses with more than 50 employees have been delayed until January 2015.

Background

Existing health insurance plans as of March 23, 2010

Employers who already provide insurance coverage to their employees are considered grandfathered health plans. Employers will be able to make routine changes to their policies and maintain their status. These routine changes include cost adjustments to keep pace with medical inflation, adding new benefits, making modest adjustments to existing benefits, voluntarily adopting new consumer protections under the new law, or making changes to comply with state or other federal laws.

Plans will lose their grandfathered status if they choose to make significant changes that reduce benefits or increase costs to consumers. If a plan loses its grandfathered status, then consumers in these plans will gain additional new benefits including:

- Coverage of recommended prevention services with no cost sharing; and
- Patient protections such as guaranteed access to OB-GYNs and pediatricians.

Compared to policies in effect on March 23, 2010, grandfathered plans:

- Cannot significantly cut or reduce benefits,
- Cannot raise co-insurance charges,
- Cannot significantly raise co-payment charges,
- Cannot significantly raise deductibles,
- Cannot significantly lower employer contributions,
- Cannot add or tighten an annual limit on what the insurer pays, and
- Cannot change insurance companies.

For the vast majority of Americans who get their health insurance through employers, additional benefits will be offered, irrespective of whether their plan is grandfathered, including:

- No coverage exclusions for children with pre-existing conditions, and
- No “restricted” annual limits.

For more information, go to www.healthcare.gov/law/features/rights/grandfathered-plans.

Employers with more than 50 employees

- Beginning in 2015, employers with 50 or more employees that currently do not provide health care coverage will receive “Free Rider Assessments” if at least one worker receives federal subsidized coverage through the exchange.

- The penalty for non-compliance is the lesser of \$3,000 for each employee receiving a premium credit or \$2,000 for each full-time employee, excluding the first 30 employees from the assessment.
- Employers with less than 50 full-time employees are exempt from the above penalties.
- Employers with more than 200 employees are required to automatically enroll employees in health insurance benefits offered by the employer. Employees may opt out of coverage.

Small employers

Small employers with no more than 25 employees and average annual wages of less than \$50,000 may receive tax credits in two phases:

- Phase 1: (Tax years 2010-2013) 35 percent of employer's contribution toward employee's health insurance premium if employer contributes at least 50 percent of the total premium cost.
 - Full credit available to employers with 10 or fewer employees and average wages of less than \$25,000. The credit phases out as firm size and average wage increases.
 - Tax-exempt small businesses meeting these requirements are eligible for tax credits of up to 25 percent of employer's contribution toward employee's health insurance premium.
- Phase 2: (Tax years 2014 and beyond) For eligible small businesses that purchase coverage through the state exchange, a tax credit will be provided up to 50 percent of the employer's contribution toward the employee's health insurance premium if the employer contributes at least 50 percent of the total premium cost.
 - The credit will be available for two years. Full credit will be available to employers with 10 or fewer employees and average annual wages of less than \$25,000. The credit phases out as firm size and average wage increases.
 - Tax-exempt small businesses meeting these requirements are eligible for tax credits up to 35 percent for tax credits up to 35 percent of the employer's contribution toward the employee's health insurance.

Early retiree reinsurance program

- Employer-based plans that provide health insurance to retirees ages 55-64 can now get financial help through the Early Retiree Reinsurance Program. This program is designed to lower the cost of premiums for all employees and reduce employer health costs.
- In 2014, small businesses with generally fewer than 100 employees can shop in an Affordable Insurance Exchange which will be a new marketplace where individuals and small businesses can buy affordable health insurance.

For more information on Employer Provisions to Provide Health Care go to www.healthcare.gov/using-insurance/employers/small-business or www.dol.gov/ebsa/healthreform/ .

The Oklahoma Hospital Association has prepared Fact Sheets on numerous topics related to the ACA of interest to hospitals. The Fact Sheets may be accessed at www.okoha.com/aca.