

EMPLOYER COMPLIANCE REQUIREMENTS **of the Affordable Care Act**

Dear Client:

As you know, the primary purpose of the Affordable Care Act (also called the Healthcare Act) was to expand access to affordable health coverage and to make sure that all Americans have at least minimum level health coverage. Central to this is the creation of new Insurance Exchanges, which are being referred to as the Health Insurance Marketplace (or the Marketplace). The Marketplace is intended to provide a competitive private health insurance market where individuals and employees of small businesses can shop for affordable coverage. Every state will have a Marketplace – some will be run by the state, others by the Federal government or a combination of the two. They are currently being set up and are supposed to be up and running by 10/1/13.

Open enrollment for health insurance coverage through the Marketplace begins 10/1/13 for coverage beginning 1/1/14. Individuals who don't have insurance coverage after 2013 may be subject to a penalty.

Depending on their income, individuals who obtain coverage through the Marketplace may qualify for premium tax credits that immediately reduce the premiums they pay for coverage. They may also be eligible for cost-sharing reductions that reduce the amount they pay out of pocket for medical expenses. However, neither the credit nor cost-sharing reduction is available if the individual's employer offers a health plan with minimum essential coverage that is affordable and meets the minimum value standard. The plan meets the minimum value standard if the plan's share of the total allowed cost of benefits is no less than 60%. Coverage is affordable if the employee's share of the self-only premium for the employer's lowest cost plan doesn't exceed 9.5% of the employee's household income.

Employers Subject to the Notice Requirement

To make sure employees have the information they need to allow them access to the benefits offered through the Marketplace, starting 10/1/13, employers **must** provide its employees written notice of the health coverage it offers along with an explanation of the new Health Insurance Marketplace coverage options. Employees will take this information to the Marketplace when they apply for insurance. One notice says "Yes" you offer insurance to your employees. The other notice says "No" you do not offer insurance coverage to your employees. You will select the notice that is appropriate to you and complete Part B prior to mailing the whole notice to your employees.

Providing Notice to Employees

The notice **must** be provided to all employees, regardless of plan enrollment status (if applicable) or of part-time or full-time status. A separate notice does not need to be given to dependents or other individuals who are or may become eligible for coverage under the plan, but who are not employees.

Content of the Notice

The notice **must** include specific information. The DOL has provided two Model Notices (one for employers offering insurance coverage to employees, the other for employers not offering coverage) that may be used to meet these requirements. The model notices are on the DOL website at www.dol.gov. We are providing you copies of these notices on our website at <http://www.agtcpa.com/news-resources/resources>.

Time and Delivery of the Notice

The notice **must** be provided in writing by first-class mail or, if certain requirements are met, it can be delivered electronically. It **must** be provided by 10/1/13 to employees hired before that date. Employees hired after 9/30/13, **must** be given the notice at the time of hiring. For 2014, a notice is treated as provided at the time of hiring if it is provided within 14 days of an employee's start date. This becomes part of your new hire processes. You have employees fill out their W4 and I9, you give your employees a completed copy of the California Notice to Employee, and now you will also mail a copy of the Affordable Care Act notice to newly hired employees.

Fees for AGT Assistance Services

Our fees for assisting with these services will be billed at our standard hourly rate. However, employers who choose to have Aiello, Goodrich & Teuscher prepare the necessary and required documents to distribute to your employees will be billed based on the following breakdown:

| <u>Number of Employees</u> | <u>Fees</u> |
|----------------------------|-------------|
| 1-10 | \$ 95.00 |
| 11-20 | 145.00 |
| 21-30 | 195.00 |
| 31-40 | 245.00 |

CALL OUR OFFICE FOR ASSISTANCE OR ADDITIONAL INFORMATION TO DISCUSS HOW WE CAN HELP YOU IMPLEMENT THIS MANDATE AND THEREBY STAY IN COMPLIANCE WITH THE REQUIREMENTS OF THE HEALTHCARE ACT.

AIELLO, GOODRICH & TEUSCHER

www.agtcpa.com

530-926-3881