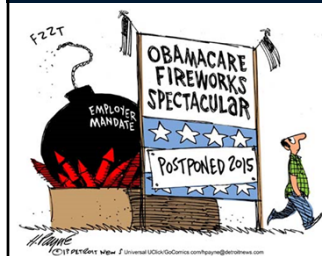


Breaking News on Obamacare (and for once it isn't bad!)



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Transition Relief Uncertainty

Transition Relief Announced

- **What is transition relief?**
- **Planning ahead**
 - **Schools that do NOT qualify for transition relief, could pay additional taxes 1/1/15**
 - **With transition relief, earliest most Nebraska schools would be taxed is 9/1/16**

Three Different Situations

1. Schools with less than 50 employees

2. Schools with between 50-99 employees

3. Schools with more than 100 employees

1) Less than 50 employees

>50

“Large Employer” Counting

▪ Keep separate from individual eligibility counting

Are you covered?

An employer's status as an applicable large employer for a calendar year is determined by taking the sum of the total number of full-time employees...for each calendar month in the preceding calendar year and the total number of FTEs...for each calendar month in the preceding calendar year, and dividing by 12.

- 26 CFR §54.4980H-2(b)(1) (final reg)

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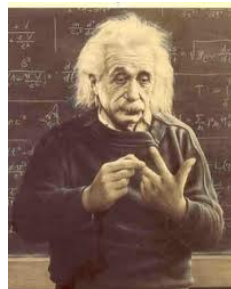
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How to count employees:

- **Full-Time Employees**
 - 120 hours in the month
 - Count as "1" no matter how many hours over 120
- **Full-Time Equivalent Employees**
 - Fewer than 120 hours in the month
 - Add up all hours of the month and divide by 120
- **"Hour of service" means paid or entitled to payment (vacation, holiday)**
- **All calculated by the month** (*summer months*)

Counting to 50

- **MONTHLY computation**
- **Each month will have one "FT" and a different "FTE"**
- **Add up the 12 "FT's" and 12 "FTE's" then divide by 12**



How ~~THOUGHT~~ count

Fake School Dist.

Sep: 42, 9.3 Jan: 42, 9.2

Oct: 42, 8.7 Feb: 42, 9.9

Nov: 42, 7.8 Mar: 42, 8.6

Dec: 42, 7.5 Apr: 42, 8.7

Jan: 42, 9.2 May: 22, 5.7

Feb: 42, 9.9 Jun: 8, 2.1

Jul: 8, 2.1

Aug: 22, 5.7

Counting under the new rules

Fake School Dist.

Sep: 42, 9.3

Mar: 42, 8.6

Oct: 42, 8.7

Apr: 42, 8.7

Nov: 42, 7.8

May: 22, 5.7

Dec: 42, 7.5

Jun: 8, 2.1

Jan: 42, 9.2

Jul: 8, 2.1

Feb: 42, 9.9

Aug: 22, 5.7

Large Employer Ex.

▪ $42+42+42+42+42+42+42+42+22+8+8+22 = 396$ FT

▪ $9.3+8.7+7.8+7.5+9.2+9.9+8.6+8.7+5.7+2.1+2.1+5.7 = 85.3$ FTE

▪ $396 + 85.3 = 481.3$

▪ $481.3 / 12 = 40.108$

▪ Round down: 40 EEs = NOT "Large Employer"

The Bottom Line

- If you have less than 50 employees, your school does not have to comply with the employer mandate
- Under the new counting rules, many more schools will be under the 50 employee threshold
- This “divide by 12” rule will apply for all subsequent years as well

2) 50-99 employees

50-99

No Mandate until 9/1/16 if:

- 50-99 employees
 - Use counting rules above
 - Can use 6 month period for 2014-15*
- Don't cut hours to get to 99
- Don't eliminate or reduce insurance coverage already offered*
- File yearly forms with IRS beginning in 2015

3) 100 or more employees

≥ 100

Limited Transition Relief

- To understand this, we need to quickly review the tax penalties:

Tax Penalties under ACA

- “Death Penalty:”
 - Offer no insurance
 - pay \$2000 times total staff (less 30)
- “Unaffordable Penalty”
 - Offer insurance, but it isn’t affordable to everyone
 - 9.5% = affordable*
 - Pay \$3,000 for each staff member who
 - Doesn’t take school’s insurance
 - Obtains insurance on the exchange
 - Receives a subsidy

Limited Transition Relief

- If coverage offered to at least 70% of full-time (30 hours per/week) employees, district will only have to pay individual penalty (not group or “death” penalty) if any of the plans are unaffordable
- “Death penalty” calculated by total employees less 80 (not 30) for 2015

[illegible]

What you NEED to do NOW

- **If you're not tracking hours, START**
 - Consider having all staff track, at least in specific months
- **If you are over 100, calculate 70%**
- **If you don't qualify for any of the relief listed here, other options may be available – contact your attorney**
- **Make your PPACA database**

[illegible]

After transition relief...

- **DIFFERENT COUNTING...**
- **May-Jun, 2015: begin lookback**
- **Feb-Mar, 2016: new subgroups**
- **June 1, 2016: administrative period**
 - Make “offers”
 - Can make offers earlier
- **July 1, 2016: EHA app deadline**
- **Sept 1, 2016: tax penalties kick in**
 - Must offer to 95% of FT employees

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