



PPACA UPDATE



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**Karen Haase
Bobby Truhe**
KSB School Law
(402) 804-8000

Karen@ksbschoollaw.com
bobby@ksbschoollaw.com

 KSB School Law
@KarenHaase
@btruhe

The Agenda

- Where do things stand?
- Key considerations with tax penalties
 - Assessment of tax penalties
 - Which type of measurement method?
- Employer reporting requirements



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**"There's a high co-pay for your prostate exam.
Your insurance will only pay for one knuckle."**

Where do things stand?

- Transition relief has begun!
- 100+ "Large Employers" may be subject to "unaffordable" tax penalties
- Collect 2015 "Large Employer" data
- Be proactive about planning

King and House

- *King v. Burwell* (4 cases)
 - Challenging federal exchange subsidies
- *House v. Burwell*
 - Challenging subsidies and delays

PPACA Tax Penalties



Full-time Employees

"The term full-time employee means, with respect to a calendar month, an employee who is employed at least 30 hours of service per week, or 130 hours of service in a calendar month."

- $30 \times 52 = 1560 / 12 = 130$
- Employment break period: 4 weeks or more
- Hours (numerator) / Weeks (denominator)
- Create your "Impact List"

"Shared Responsibility Tax"

- 2 Types of "Tax" (aka "Penalties")
 1. "Death Penalty": Fail to offer insurance to 95% or all but 5 FT employees (PPACA margin of error)
 2. "Individual Employee Penalty": Offer "unaffordable" insurance to any full-time employees

** Assumes EHA plans all meet minimum coverage/value requirements**

Affordable v. Unaffordable

- EE can't pay more than 9.5% of **household income** on the cheapest **single only** plan
 - W2, Poverty Level, and ROP safe harbors
- *Monthly Tax* is 1/12th of \$3,000 (\$250) for each EE who obtains
 - (1) insurance on the health insurance marketplace ("exchange"), AND
 - (2) an insurance premium credit

- **Monthly Measurement Method**
 - Allows calculation of penalties monthly based on hours for that month
- **Lookback Method**
 - May fully eliminate as “full-time” some who would be “full-time” in certain months

- The IRS assumes you know the rules!
- For “Large Employers” to the IRS
 - Collect employee data (TIN, dependent info)!!!
 - Certify “Large Employer” number
 - Reprieve from reporting penalties for 2016
 - 2 Forms: 1094-C and 1095-C
 - Must be filed with the IRS on Feb. 29, 2016 (paper) or March 31, 2016 (electronically)

[illegible]

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---------------------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Hours of Service by Month | | | | | | | | | | | | | |
| Financial Data | | | | | | | | | | | | | |

Reporting Requirements

- For “Large Employers” to all “full-time” employees
 - This assumes you have properly calculated “full-time” status for each employee—penalties in 2017
 - Provide “statement” to “full-time” employees by Jan. 31, 2016, which can be form 1095-C
 - May be done electronically with 5-factor test satisfying “consent”—(remember those Oct. 31 forms from 2013!?)

Reporting Requirements: Large Employer—1094-C

1094-C Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Returns

Part I Applicable Large Employer

Part II Health Insurance Information

Part III Other Information

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"Run the numbers, then crunch them just to be sure."

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bobby@ksbschoollaw.com

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 @btruhe
