



ESTIMATED WORKFORCE SIZE & INPUT

# SUMMARY

Health care reform is structured around the number of **Full-time Equivalent (FTE)** employees a business has on staff. Below is an estimate, based on your inputs, of your business' FTEs. Federal rules vary on how to calculate this number. Because of this, we use a conservative approach by including seasonal employees and using 1,440 hours (2,080 is also acceptable) as the benchmark for full time work hours. Changing either of these assumptions would lower the estimated FTEs.

Non-Full-Time Employee Estimated Hrs		Full-Time Hrs		Equivalent Full-Time		Full-Time Employees		Total Estimated FTEs
63 Emp x 25 Hrs x 24 Cycle = 37800 Total Hrs	÷	1440	=	26	+	59	=	85

Pay Cycle	Twice per month	Employee-Only Monthly Premium Cost	N/A
Offer Medical Benefits	Yes	COBRA Management	Do it myself
Plan Renewal Date	08/01/2013	Premium Deductions	Pre-tax
Updated SPD and SBC Documents	Yes	Have POP and/or FSAs	Yes
95% of FT Employees Eligible	No	Reporting Benefits Value on W2	No
Lowest Paid Eligible Employee Wages	N/A	Payroll Processing	Use a service

## ESTIMATED RESULTS

### POTENTIAL PENALTY

JAY JAY may be subject to the Employer Shared Mandate. Based on your inputs we estimate that your business has more than 50 FTEs. This would indicate that you are subject to the shared responsibility mandate included in the health care reform law. Although you do provide medical benefits, you indicated that less than 95% of your full-time employees are currently eligible. This opens you up to a potential penalty of \$2,000 for each full-time employee you have on staff (the first 30 are exempt). This penalty is triggered if just one full-time employee receives a subsidy to purchase insurance from a state exchange.

Full-Time Employees		Mandate Exemptions*		Penalty Eligible Employees		Penalty Amount		Potential Penalty
59	-	30	=	29	X	\$2,000	=	\$58,000

The first 30 full-time employees are exempt from the shared responsibility mandate penalty.

THIS REPORT IS ONLY A GUIDE

This law is new and constantly evolving. We (and everyone else) are still processing the thousands of complex provisions. The calculations here will change based upon your input, and is meant to be an educational tool for you to use in understanding how healthcare reform may impact your business. We recommend you work closely with your BenefitMall broker and local counsel to receive the most accurate and up-to-date information.

HERE ARE SOME POTENTIAL

## ACTIONS YOU CAN TAKE

### REVIEW ELIGIBILITY RULES

Review your plans eligibility rules to ensure that at least 95% of full-time employees (non-seasonal employees that work on average more than 30 hours per week) are eligible for the medical benefits you offer. Adjusting these rules to meet the standards could reduce or even eliminate your potential penalty. See topics 4 - 9 of the [IRS's FAQs](#) on employer shared responsibility mandate.

### PAY THE PENALTY

This is both a financial decision (am I better off paying the penalty then increasing benefits) as well as a strategic decision (e.g., what is the impact on my workforce if I do not increase benefits). There is no additional impact to you as the employer beyond the penalty itself. Paying the penalty doesn't affect your tax rate, ability to declare deductions or receive credits. Although paying the penalty may be viable for some, it can put you at a disadvantage in the employment marketplace.

### MANAGE WORKFORCE MIX

An additional strategy is to review and adjust your workforce mix. Health care reform rules apply differently depending on the employee group (e.g., full-time employees, part-time employees, seasonal employees, etc.). Modifying your workforce mix, assuming it is operationally feasible, can reduce or even eliminate your risk of a penalty.



## NOT SURE OF YOUR NEXT STEPS?

GIVE ME A CALL TODAY AT (914) 207-6161 OR [EMAIL ME](#)  
SO WE CAN IDENTIFY YOUR WINNING STRATEGY TOGETHER.

**REVIEW PAYROLL** and tax filing processes. Did you know your tax filings to the IRS are a key component of health care reform implementation? It is one of the mechanisms used to audit compliance. [CompuPay, a BenefitMall company](#), has a tax filing service that keeps up with relevant regulations so that you don't have to.

**ENSURE COBRA** is accurate given the regulations have been amended twelve times since inception. Penalties can cost you time, productivity, and money (\$100 per day per individual fines). [Federal COBRA](#) rules apply to employers with 20+ FTEs, while many states have *continuation of coverage* rules that apply to smaller groups.

**VERIFY PAYROLL REPORTING** accuracy now that health premiums must be included on an [employee's W-2](#). This rule was implemented with health care reform and, for now, only applies to employers that file 250 or more W-2's. In the future, we anticipate this 250 W-2 threshold will be removed so that rule will apply to all employers.

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