

PPACA –Financial Essentials for Employers Overview

Version 2-17-2010

Introduction:

The Patient Protection and Affordable Care Act (PPACA) may fundamentally change the American healthcare and health insurance industries. It is critical that small and mid-size employers understand how health reform provisions will affect employer-sponsored health insurance coverage. While most federal and state enabling regulations have yet to be written, this seminar will share the most up-to-date information available.

Module Introduction:

PPACA will offer very generous financial subsidies to low-and-moderate income individuals who take advantage of state Health Benefit Exchanges. At the same time the law imposes financial penalties on employers who do not offer coverage. Health reform offers employers an opportunity to re-evaluate their business financials and total compensation strategy to determine if not offering coverage and paying the penalty makes more financial sense.

Who should attend:

Business owners, CEOs, CFOs, COOs, HR Managers, Benefit Administrators, Health Insurance Agents and Brokers responsible for employer-sponsored benefits.

Purpose:

The purpose of this session is to help employers determine if it makes financial sense to offer employer-sponsored health coverage or direct employees to state Health Insurance Exchanges and compensate employees in other ways such as increasing base pay or enhancing other employee benefits to minimize the impact of PPACA.

Learning objectives:

At the end of this session you will be able to:

- Determine the financial cost of providing employer-sponsored health coverage.
- Determine the financial cost of not providing employer-sponsored coverage.
- Evaluate the financial impact of both health coverage options on an employer.
- Evaluate the total compensation strategy for employees.

Agenda

Introduction

Learning objectives

Typical costs of employer-sponsored health coverage.

- PPACA large for-profit employer example.
- PPACA large non-profit employer example.

Financial penalties imposed on employers for not offering health coverage to employees.

Financial impact of both health coverage options on an employer.

- PPACA large for-profit employer example.
- PPACA large non-profit employer example.

Total Compensation strategies that minimize the impact of PPACA on employees.

Questions and Answers

Free Handouts:

None.

Associations/Magazines to target:

National Association of Health Underwriters, state and local chapters. (<http://www.NAHU.org>)

Independent Insurance Agents and Brokers of America (<http://www.iiaba.net>)

National Association of Insurance and Financial Advisors (<http://www.naifa.org/>)

U.S. Chamber of Commerce (<http://www.uschamber.com/>)

CFO (<http://www.cfo.com/>)

Instructor Profile:

See Bio.

Related Technical/Regulatory documents:

<http://nctahu.org/ppaca.html>

Keywords:

Key word search "Patient Protection and Affordable Care Act, PPACA, Affordable Care Act, Health Reform".

Questions and answers: (Correct answers underlined)

1. What is the PPACA employer penalty for not offering health coverage?
 - a. \$2,000 per full-time employee per year.
 - b. \$3,000 per full-time employee per year.
 - c. \$2,000 per full-time equivalent employee per year.
 - d. \$3,000 per full-time equivalent employee per year.
2. True or False: PPACA employer financial penalties are tax deductible?
 - a. True.
 - b. False.
3. True or False: If a for-profit employer drops health coverage, the funds previously used for health premiums becomes taxable income.
 - a. True.
 - b. False.
4. Which of the following is a compensation strategy to minimize the impact of PPACA on employees?
 - a. Gross-up salary.
 - b. Increase 401k contributions.
 - c. Provide additional employee benefits.
 - d. All of the above.
5. If an employer chooses to increase employee salaries (gross-up), which of the following statements is true?
 - a. Worker's Comp rates may increase.
 - b. Disability insurance premiums may increase.
 - c. Payroll taxes will increase.
 - d. All of the above.