

# PPACA – Large Employer Penalties Overview

Version 1-15-2010

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## **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:**

Provisions within the PPACA law impose financial penalties on large employers who do not offer employer-sponsored health coverage. Recognizing if you are considered a large employer under PPACA and subject to financial penalties maybe an important part of your future business strategy.

## **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 you determine if you are considered a large employer under PPACA and what penalties may be assessed if you do or do not offer employer-sponsored health coverage.

## **Learning objectives:**

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

- Determine if you are a small or large employer under PPACA.
- Determine the penalties for not offering employer-sponsored health coverage.
- Describe the penalties for offering employer-sponsored health coverage.
- Describe when penalties are not imposed.

## **Agenda**

Introduction

Learning objectives

PPACA Definition of Small and Large Employers

- Full time employee definition
- Full time equivalent employees
- Example Company A

Potential Tax Penalties – Large Employers

Large employer NOT offering coverage

- \$2,000 per employee per year minus first 30 employees
- Example Company B

Large employer offering coverage

- Lesser of \$3,000 per employee receiving coverage via the Exchange
- Or penalty for not offering coverage (whichever is less)
- Example Company C

No Penalty Illustration

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".

### Questions and answers: (Correct answers underlined)

1. What is the definition of a large employer under PPACA?
  - a. At least 50 full-time employees during preceding calendar year.
  - b. At least 50 full-time equivalent employees during the preceding calendar year.
  - c. At least 50 full-time employees during the current calendar year.
  - d. At least 50 full-time equivalent employees during the current calendar year.
2. How are full-time equivalent employees determined?
  - a. Calculate the total hours worked in a month by all part-time employees divided by 120 hours.
  - b. Calculate the total hours worked in a month by full-time seasonal employees who worked less than 120 days during the year.
  - c. Calculate the total number of part-time hours worked in a week multiplied by the total number of part-time employees divided by 120 hours.
  - d. Both A and C.
3. True or False: Part-time employees don't count towards calculating PPACA employer penalties.
  - a. True
  - b. False
4. The monthly penalty for NOT offering coverage is equal to the number of
  - a. Full-time employees minus 30 multiplied by 1/12 of \$2,000 for any applicable month.
  - b. Full-time equivalent employees minus 30 multiplied by 1/12 of \$2,000 for any applicable month.
  - c. Full-time employees multiplied by 1/12 of \$2,000 for any applicable month.
  - d. Full-time equivalent employees multiplied by 1/12 of \$2,000 for any applicable month.
5. Which of the following statements is true concerning the monthly penalty for large employers offering coverage:
  - a. 1/12 of \$3,000 for each full-time employee who purchases coverage via the Exchange and receives a premium credit.
  - b. 1/12 of \$2,000 for the total number of full-time employees minus 30.
  - c. None of the above.
  - d. Either, whichever is less.