

Health Reform Employer Impact Analysis Tool


Help employers analyze how various elements of the ACA will affect their unique situation

Employers are confused by how the ACA will impact them. Compounding the uncertainty is the fact that the rules will have dramatically different effects on different employers based on factors such as the employer size, employee demographics, and current plan designs. The Benefit Comply Health Reform Impact Analysis Tool uses the employer's unique information to estimate the financial impact of various health reform rules including:

- The employer "shared responsibility rules" and possible employer penalties
- The potential cost of expanded eligibility requirements
- The effect of expanded Medicaid eligibility rules on employer plans
- The cost of not offering a health plan to all full time employees and paying applicable penalties including factors such as replacement income and tax impacts on the employer
- Setting contributions based on the IRS employer affordability safe harbors
- Estimating Cadillac tax liability

How it Works

The Benefit Comply Impact Analysis Tool analyzes data from an employee census, current plan, and employer contribution information. Then data from the U.S. Census related to household size and income are applied to calculate the range of costs an employer can expect to experience related to each health reform provision.

 CUSTOMER FEEDBACK

“ We have had tremendous success using Benefit Comply's ACA employer impact tool. Not only have we used this to ensure that we are providing sound advice to our clients, but we have had success using this tool to turn prospects into clients. At the end of the day, knowledge is power, and we feel that Benefit Comply and their ACA analysis tool provide us with the leverage we need.

Austin Madison
Vice President
The Crichton Group

What-if Scenarios

Once employers understand how the rules affect their current plans, their next question will be, “so what happens if I change _____?” The tool takes the analysis one step further, and allows the employer to consider the impact of various changes to plan design, employer contributions and eligibility rules.

Set Yourself Apart from Other Benefit Consultants

Few competitors are able to provide this level of detail in regards to the ACA's impact on their employer clients' plans - specific to the particular employer, and presented in a way that they can understand and act on. The tool is available for a flat fee - not based on the number of employers or number of reports you generate - allowing you to affordably run the analysis for all of your clients and prospects!

Summary of 4980(H)(b) Employer Risk

Employer Penalty	Number	Savings from EEs leaving plan	Cost of Penalty	Net Cost
Subsidy likely employees currently on employer plan	6	\$ 18,414	\$ 18,000	\$ 1,413
Subsidy likely employees not currently on employer plan	16	\$ 0	\$ 48,000	\$ 48,000
Total Estimated Cost			\$ 66,000	\$ 46,587

Note: Employer penalties capped at 5000-times number of FTEs (not counting first 30)

Chart 3

4980(H)(b) Employer Penalty Safe Harbors

IRS guidance has established a series of safe-harbors which relieve employers of 4980(H)(b) penalties due to the "affordability" of employer sponsored coverage. If an employee's required contribution for single coverage is less than the permitted safe-harbors, the employer will not be liable for the 4980(H)(b) penalty regardless of the individual's household income. The 3 safe harbors defined by the IRS include:

- The W-2 wage safe harbor: Employee contribution is no more than 9.5% of the employee's W-2 wages.
- Rate of pay safe harbor: Employee contribution is no more than 9.5% of the employee's "rate of pay".
 - Hourly employees - Determine the hourly wage rate for and multiply by 130 hours per month
 - Salaried employees - use the employee's monthly salary (using any reasonable method to convert periods to a monthly salary).
- Federal poverty level safe harbor: Employee contribution is no more than 9.5% of the Federal poverty individual (2013 FPL currently \$11,490).

Employer 4980(H)(b) Safe Harbors	Safe Harbor Employee Contribution
Lowest Reported Full-time Wage on Census	\$ 12,490.40
Lowest rate of pay per hour example	\$ 123.50
Federal Poverty Level	\$ 11,490.00

* Note -- reported wages on the census used in this analysis may not reflect actual W-2 wages