



MCPHERSON COUNTY
**Community
Foundation**

AFFORDABLE CARE ACT

How to leverage health care supports and credits for you and your team

You may have heard of the Affordable Care Act, or the ACA. The ACA is a health care law enacted in 2010 to make health insurance coverage available to more people, protect patients from predatory insurance companies, and reduce health care costs overall. It makes it mandatory for individuals and employers to have insurance. However, starting in 2018, only businesses with more than 50 employees may potentially be fined if they lack coverage. The ACA also establishes health insurance marketplaces, which are online spaces that allow you to shop for and compare insurance plans so that you can pick the option that works best for you!

The ACA impacts the way you provide health insurance to your employees with specific compliance requirements and can even offer you certain financial benefits! Leveraging the ACA and offering affordable health insurance to your employees can help you attract top talent, as the health care benefit makes your business an attractive place to work. If you don't have any employees at your business, this is an effective method of obtaining affordable health insurance for yourself and your family.

As a child care business owner, it's important to understand what the ACA does and how it applies to your business so you can take advantage of its benefits and remain in compliance with its mandates. To help you understand and benefit from the ACA, we will be discussing how the ACA impacts your business, the financial benefits that you can take advantage of the regulations that you need to be aware of, and offer more resources to help you!

HOW DOES THE ACA IMPACT ME AND MY BUSINESS?

As a business owner with employees and as a sole proprietor, there are a few options that you can consider when it comes to providing health insurance for yourself and those that you employ. It's important to be aware of all your options so that you can choose the one that best fits you and your circumstances.

Health Insurance Options for Businesses

- **Employer Sponsored Insurance:** If your business has 50 or more full-time or full-time equivalent employees, you're required to offer health insurance that meets the ACA's minimum essential coverage guidelines. This means your plan must cover at least 60% of the total cost of medical services and include essential areas like prescriptions, maternity care, and mental health services. Additionally, it must provide coverage for inpatient hospital services. Not complying with these requirements can result in fines of up to \$3,000 per employee, so it's important to make sure you're meeting these standards.
- **SHOP (Small Business Health Options Program):** SHOP is designed for businesses with less than 50 full-time employees. SHOP is an online marketplace designed specifically for small businesses to offer health and dental insurance to their employees. While using the marketplace, you can compare the various health plans available to find the best fit for your business, each with varying levels of coverage. You can choose to pick one plan for all your employees or allow them to select from the multiple options available on the marketplace to best meet their individual needs.

Individual Health Insurance Options

- **Health Insurance Marketplaces:** The ACA's health insurance marketplaces are online platforms where you can compare and purchase health insurance plans for yourself, similar to how you would when choosing coverage for employees. These marketplaces are available in every state, either run by the state itself or the federal government and typically cover 60-90% of costs with a variety of options so that you can find what works best for you and your family.
- **Medicaid:** Medicaid is a health coverage option for low-income individuals and families. To be eligible for Medicaid, your income cannot exceed 138% of the federal poverty level, which changes from year to year. Medicaid typically has no premiums and offers low or no cost for covered services, making it a great option if you qualify.

WHAT ARE THE FINANCIAL BENEFITS OF THE ACA?

The Affordable Care Act (ACA) offers several financial benefits that can help reduce your healthcare costs and make providing insurance more affordable for your business.

- **SHOP Tax Credit:** When utilizing the SHOP program explained above, you may be able to take advantage of a tax credit worth up to 50% of your premium contributions. To qualify, your business must have fewer than 25 employees, pay average annual wages of less than \$53,000, and cover at least

50% of premium costs for your employees. After enrolling, you'll complete Form 8941 to calculate your tax credit amount and file it with your tax return.

- **Advanced Premium Tax Credits:** If you or your employees qualify based on income levels and enroll in a silver-level health insurance plan through the Health Insurance Marketplace, you may be eligible for Advanced Premium Tax Credits. These credits are received monthly and help pay for the monthly cost of insurance to reduce the cost of premiums. When you or your employees apply for health insurance through the Marketplace, that is an option to apply for these credits to help make health coverage more affordable.
- **Self-Employed Health Insurance Deduction:** For those who are self-employed, you can deduct premiums for medical, dental, and qualifying long-term insurance for yourself, your spouse, and your dependents. To claim this deduction, you must not be eligible for an employer-subsidized health plan, either through your own employment or that of your spouse. Additionally, the deduction cannot exceed the income you earn from your business. This means that if your business doesn't generate a profit, you won't be able to claim the deduction for that year. This benefit helps lower your taxable income and can significantly reduce your overall tax burden.

HOW DO I ENROLL IN THE ACA?

Enrolling in the ACA is a simple process that can be completed online in just a few steps.

1. **Visit the Health Insurance Marketplace Site:** Start by going to the Health Insurance Marketplace website. Depending on your location, you may be directed to either the federal marketplace or your state's own marketplace website.
2. **Create an Account:** If you're using the marketplace for the first time, you'll need to create an account. This will require providing some basic information and setting up a username and password.
3. **Fill Out the Application:** Once your account is set up, you'll fill out an application. This application will ask for detailed information about your household, such as income, family size, and citizenship status. Make sure you have this information handy to streamline the process.
4. **Review Your Options:** After completing the application, you'll be presented with a list of health insurance plans available in your area. Take your time to compare these plans based on factors like monthly premiums, deductibles, copays, and coverage options to find the best fit for your needs.
5. **Choose a Plan:** Once you've reviewed your options, select the plan that best meets your needs and budget. Ensure that you fully understand the benefits and costs associated with the plan you choose.
6. **Confirm Enrollment:** After selecting a plan, you'll need to confirm your enrollment. This usually involves reviewing your information and agreeing to the terms of the insurance policy.
7. **Keep Your Information Updated:** It's important to keep your information up to date. If there are any changes to your income, household size, or other

relevant details, make sure to update your profile in the marketplace to ensure your coverage remains accurate and you receive the appropriate benefits.

ARE THERE MORE RESOURCES I CAN TAKE ADVANTAGE OF?

It's important to understand what the ACA does and how it applies to your business. This way, you can take full advantage of its benefits and stay on the right side of its mandates. To learn more about the ACA and take advantage of its benefits, check out the following resources:

- The Insurance Marketplace: <https://www.healthcare.gov/>
- Form 8941 to calculate the SHOP tax credit: <https://www.irs.gov/pub/irs-pdf/f8941.pdf>
- The SHOP Marketplace: <https://www.healthcare.gov/small-businesses/employers/>
- More info on the ACA from the U.S. Department of Labor: <https://www.dol.gov/agencies/ebsa/laws-and-regulations/laws/affordable-care-act>

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