

Federal Health Care Legislation – Key Provisions

Senate:

Majority Leader Harry Reid(D-NV) merged the Senate Health, Education, Labor and Pensions Committee and Finance Committee bills to create the Patient Protection and Affordable Care Act. The legislative language was released on November 18th, and the Senate voted 60-39 to approve a motion to proceed to the bill on November 21st. Debate, including floor amendments, will begin November 30th when the Senate returns from Thanksgiving recess. A vote on a Senate bill could be taken before the end of the year. Below are the major provisions as introduced; changes may occur on the Senate floor.

House:

Below are the major provisions that are contained in the House passed bill, H.R. 3962, the Affordable Health Care for America Act. The bill passed the House on November 7th by a narrow margin of 220-215.

	H.R. 3590 – The Patient Protection and Affordable Care Act	H.R. 3962 - The Affordable Health Care for America Act
Status	Majority Leader Harry Reid (D-NV) released this merged language on November 18th. The Senate voted to proceed to debate 60-39 on Saturday, November 21st, with debate to begin November 30th when they return from Thanksgiving recess.	Introduced on October 29 th , debate occurred the week of November 2 nd and the House passed the bill 220-215 on November 7 th .
Employer Responsibility	<p>There is no employer mandate per se; however, employers with more than 50 full-time employees (full-time is defined as an employee who is employed on average at least 30 hours per week) that</p> <ul style="list-style-type: none"> ▪ <u>do not offer</u> minimum essential coverage and one or more full-time employees use a tax credit to obtain coverage through the Exchange, the employer must pay an assessment of 1/12th of \$750 (\$62.50) multiplied by the number of full-time employees in that month. ▪ <u>does offer</u> coverage <u>but</u> an employee uses a tax credit to access coverage through the exchange, the employer must pay the assessment, that shall not exceed 1/12th of \$750 (\$62.50) multiplied by the number of full-time employees during that month. <p>An employer with 50 or more full-time employees can choose to apply a waiting period of 30 days without penalty to enroll new hires on any minimum essential</p>	<p>Employers must provide qualifying coverage or pay an 8% of payroll tax (reduced for small employers – see below). Pro-rated tax per employee for part-time workers (< 30 hrs).</p> <p>Employer must cover 72.5% of the employees’ premium costs for individual coverage and 65% for family coverage.</p> <p>Small business exemption/percentage of payroll tax is based on annual payroll size:</p> <ul style="list-style-type: none"> • \$500,000 or less (0%); • More than \$500,000, but less than \$585,000 (2%); • More than \$585,000, but less than \$670,000 (4%); • More than \$670,000, but less than \$750,000 (6%); • \$750,000 and higher (8%)

	<p>coverage under an employer-sponsored plan. If the employer chooses a longer period (up to 90 days allowed), there is a tiered \$400-600 assessment imposed.</p> <p>An employer who employs 200 or more full-time employees and offers their employees enrollment in one or more health benefit plans, shall automatically enroll new full-time employees in one of the plans offered (and continue enrollment for current employees).</p>	
Part-time Workers	<p>Part-time workers are not included in any coverage or penalty calculations.</p> <p>Additionally, seasonal workers (less than 120 days) are excluded from any full-time employee count.</p>	Included. (See above)
Small Business Exemption	Employers with less than 50 full-time employees are not subject to the assessment if their employees access coverage through the Exchange.	Employers with \$500,000 or less in payroll are exempt from penalties.
Small Business Tax Credit	<p>Eligible small employers are:</p> <ul style="list-style-type: none"> ▪ those with no more than 25 “full-time equivalent employees; ▪ the average wages of those employees do not exceed \$20,000; and ▪ the employer’s contribution towards a qualified health plan in the Exchange is not less than 50% of the premium. <p>Credit is available beginning in 2011 for two consecutive years, beginning in the first year the employer offers one or more qualified health plans in the Exchange.</p> <p>Amount of the credit is 50% of the lesser of:</p> <ul style="list-style-type: none"> ▪ aggregate amount of employer contribution for employees’ premiums (in Exchange); or ▪ average premium in the small group market. <p>Can be used against AMT liability (beginning in 2011 and to carrybacks).</p>	<p>The legislation provides for a tax credit equal to 50% of the amount paid by an employer for employee health coverage.</p> <p>The tax credit is phased out in the case of an employer with 10 to 25 employees, and is also phased out in the case of an employer with average wages of \$20,000 to \$40,000 per year.</p>