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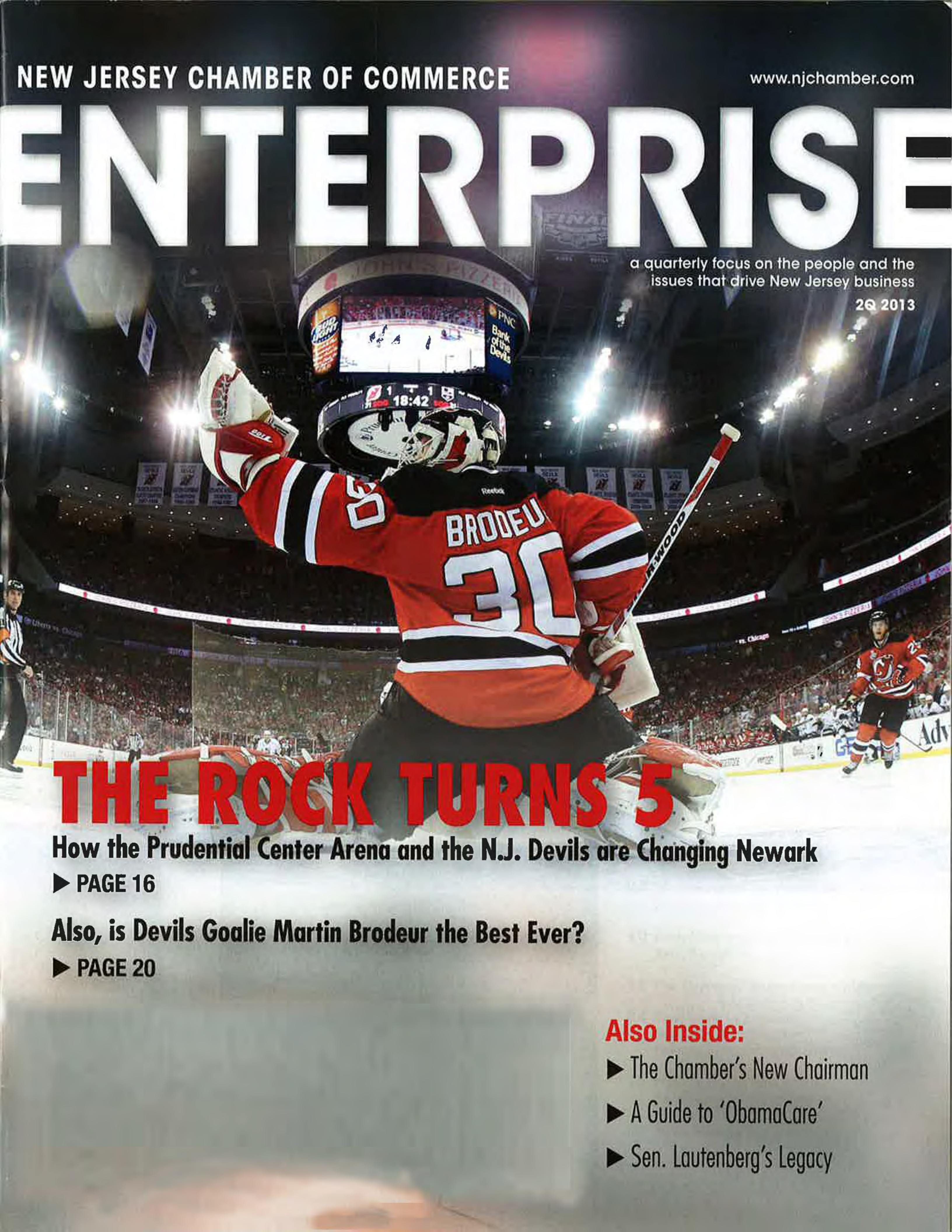

THE ROCK TURNS 5

How the Prudential Center Arena and the N.J. Devils are Changing Newark

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'ObamaCare' Is Coming. But What is it Exactly?

AND HOW WILL IT IMPACT YOUR COMPANY?

BY ALICIA BROOKS WALTMAN

The debate is over. Next year, all Americans will be required to have health insurance, and employers with 50 or more full-time employees will be mandated to offer their workers "affordable" and "minimum essential" health insurance policies. Employers can opt out of the mandate under the U.S. Affordable Health Care Act, but they would be forced to pay a tax, which some call a penalty.

Here's the tricky part: The feds still haven't issued precise rules on how to define terms like "affordable" and "minimum essential" coverage under the U.S. Affordable Health Care Act, leaving employers concerned and in many cases confounded.

In May, *Enterprise* asked several accounting firms that operate in New Jersey what companies can expect from these new regulations, and how to prepare for this monumental shift.

First, here is what we know:

- The mandate applies to employers with 50 or more full-time employees during the previous calendar year. The law considers anyone who works at least 30 hours a week a full-time employee, and two 15-hour employees count as one full-time employee. The mandate would not apply to employers that exceed 50 employees for 120 days or less, and whose extra employees are considered seasonal workers.
- While the federal government has yet to define the "minimum essential coverage" required under the law, it is expected that the law, in general, would require coverage for ambulatory care, hospitalization and emergency care, maternity and newborn care, mental health and substance abuse, prescription drugs, rehabilitative care, preventive and wellness care, and pediatric care.
- The law's affordability provisions state that an employee's contribution to the premium may not exceed 9.5 percent of the employee's income, but exactly how "income" is determined is still up in the air. Is it salary? Is it all income?
- If a company fails to offer employer-based coverage, the company could be subject to an annual penalty of $2,000 for each of its full-time employees that receives government-subsidized insurance through the government insurance exchange, minus the first 30 employees.
- Employers whose coverage is deemed unaffordable or low-value could be subject to an annual penalty of $3,000 for each full-time employee that receives government-subsidized insurance through the government insurance exchange.
- In New Jersey, a federal health care "exchange" will provide a marketplace for businesses with fewer than 50 employees and individuals to buy competitively priced health insurance. Some experts are saying large companies will eventually be able to purchase on the exchange, too.

HOWARD COHEN

"A lot of the regulations haven't been written yet, and the story is yet to be told," said Howard Cohen, chairman of EisnerAmper. "We tell our clients to be in constant touch with their insurance broker as this evolves."

Many companies are working to determine if they have the 50 or more full-time employees that subjects them to the law, said Kimberly Duffy-Wylam, president and managing partner of Vantagen, a human resources consulting company owned by accounting firm ParenteBeard. They are asking this: What exactly is a full-time employee under this law?

While a full-time position is defined as 30-hours per week, questions arise for industries that are seasonal, such as holiday or summer employees who work for just a few months a year. (The status of seasonal employees is generally determined by their yearly hours averaged over 12 months.) Also under the new law, businesses must offer benefits within 90 days of hiring a new employee, said Duffy-Wylam.

Despite the changes and uncertainty, Duffy-Wylam said most of her client businesses are renewing their current coverage. And she doesn't think that many companies, with their reputation in mind, will drop health insurance. "I don't believe employers want to be known as a company that is paying penalties rather than offering health benefits," she said.

Sheryl Coughlin, Head of Research for Deloitte Center for Health Solutions, said her company's 2012 survey of large companies found that only 9 percent of employers that offer health insurance were considering dropping it.

The ever-rising cost of health insurance premiums has long been a concern for employers, though that rise has slowed over the last few years. According to a study by the Kaiser Family Foundation, employer-sponsored healthcare premiums rose just 4 percent on average in 2012.

Parts of Obamacare are designed to contain costs. Timothy Speiss, chairman of Personal Wealth Advisors Practice of EisnerAmper, said the law's limits on insurance company profits and new government oversight of rate increases should help.

The law is spurring innovation in health care as providers scramble to contain costs, said Dave DeMarco, Northeast Life Sciences Leader at Ernst & Young. "The most important innovation may be the increased number of people with insurance," DeMarco said.

Just how that innovation will play out for New Jersey businesses and workers is what everyone is waiting to see. ❖