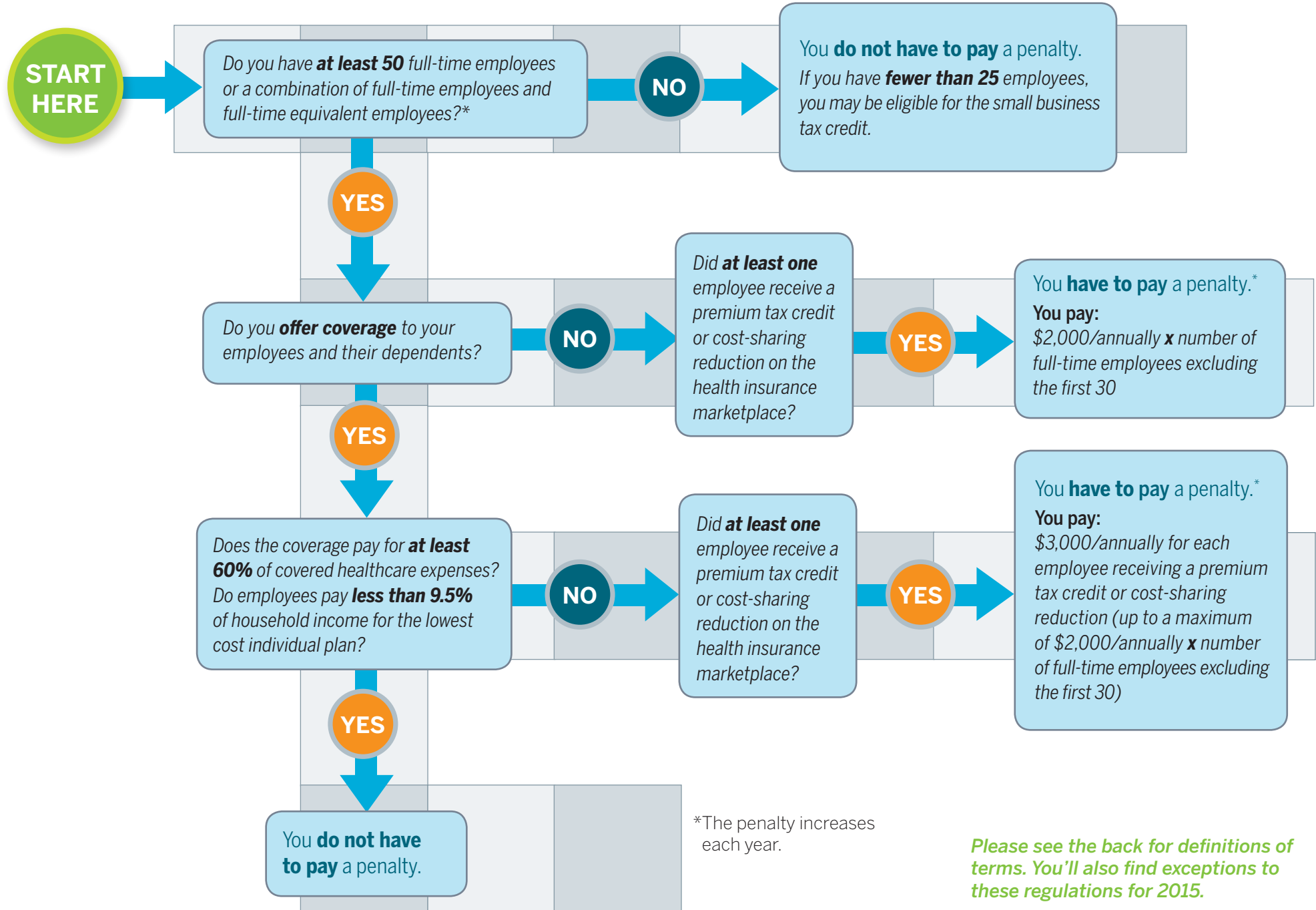


Will Your Business Have to Pay a Penalty?



Healthcare Reform Definitions & Exceptions for 2015

Definitions

Cost-sharing Reduction Program

A discount that lowers the amount people have to pay out-of-pocket for deductibles, coinsurance, and copayments. This reduction is available for those who get health insurance through HealthSource RI, have an income below a certain level, and choose a health plan from the Silver plan category. Members of federally recognized tribes may qualify for additional cost-sharing benefits.

Full-time Employee

An employee with an average of at least 30 hours of service per week. Hours of service include paid time out of work due to vacation, holiday, and illness as well as other kinds of paid leave.

Full-time Equivalent Employee

Part-time employees (those working less than 30 hours per week) who are counted to determine employer size. To determine the number of full-time equivalent employees, the employer adds up all of the hours worked by part-time employees in a month and divides by 120.

Health Insurance Marketplace

A health insurance market (also called an exchange) where individuals, families, and small businesses can learn about their health coverage options, compare health insurance plans based on costs, benefits, and other important features, choose a plan, and enroll in coverage. The health insurance marketplace also includes information on programs that help people pay for coverage, including ways to save on monthly premiums and out-of-pocket costs, and other programs like Medicaid and the Children's Health Insurance Program (CHIP). Individuals and families can apply for coverage online, by phone, or with a paper application. In Rhode Island, the health insurance marketplace is called HealthSource RI.

Premium Tax Credit

A new tax credit provided by the Affordable Care Act to help people afford health coverage purchased through the health insurance marketplace. Advance payments of the tax credit can be used right away to lower monthly premium costs.

Small Business Tax Credit

Small businesses may be eligible for a tax credit to offset the cost of providing health insurance to employees. Employers must buy coverage through the health insurance marketplace to take advantage of the tax credit, which is only available for two consecutive taxable years. To qualify, small businesses must have 25 or fewer full-time equivalent employees, pay at least 50 percent of employees' health insurance premiums, and pay annual average wages that are below \$50,000 per full-time employee.

Exceptions for 2015

To help businesses transition to the new regulations, the federal government has made several exceptions for 2015 only:

- Subject to certain conditions, only employers with 100 or more full-time employees and full-time equivalents are subject to the penalty. After 2015, this will change to 50 or more full-time employees and full-time equivalents.
- Employers have to offer coverage to at least 70% of their full-time employees and their dependents to meet this requirement. After 2015, this changes to 95%.
- The first 80 employees are excluded from the penalty calculation. After 2015, this changes to the first 30 employees.



www.bcbstri.com

500 Exchange Street • Providence, RI 02903-2699

Blue Cross & Blue Shield of Rhode Island is an independent licensee of the Blue Cross and Blue Shield Association.
10/14 PER-15768