

## *Health Reform Impact on Farm and Ranch Employers*

Beginning in 2014, employers are required to provide affordable minimum essential coverage to their full-time workers unless they employ fewer than 50 full-time/full time equivalent employees.

- Full time workers are those that work an average of 30 hours or more per week.
- Full time equivalents are determined by dividing the aggregate numbers of hours worked by non-full time employees in a month by 120 hours.
- Seasonal workers that are employed for 120 days or less during the calendar year are not included in the employee calculation. (Regulations defining season workers are pending. Farm Bureau's comments on the proposed rules are attached.)
- Affordable coverage means that an employee's premium for employee-only coverage doesn't exceed 9.5 percent of W-2 earnings.

Employers may delay covering employees for 60 days without penalty, or delay coverage for 60 to 90 days and pay a \$600 penalty.

Beginning in 2014, employers with more than 200 employees must automatically enroll employees into health insurance plans offered by the employer. Employees may opt out.

A penalty is imposed when an employer with 50 or more full time employees/equivalents receives a premium tax credit. A premium tax credit is a tax credit for eligible individuals and families with incomes between 100-400 percent of the federal poverty level, used to purchase insurance through the Exchanges.

- Employers who do not offer coverage must pay \$2,000 per full-time employee, excluding the first 30 employees.
- Employers that offer coverage must pay the lesser of \$3,000 for each employee receiving a premium credit or \$2,000 for each full-time employee, excluding the first 30 employees.

Tax credits are available to small employers with no more than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees.

- Through 2013, there is a tax credit of up to 35 percent of the employer's contribution toward the employee's health insurance premium. The full credit is available for employers with 10 or fewer employees and average wages of \$25,000 or less.
- For 2014 and 2015 there is a tax credit of up to 50 percent of the employer's contribution toward the employee's health insurance premium. The full credit is available for employers with 10 employees or less with average wages of \$25,000 or less.