CURCHIN NAVIGATOR
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The implementation of "Obamacare" 2013: It starts now!

By Robert Fouratt, CPA and Rob Swikart, Walsh Benefits

The objective of a health insurance plan should not be to carry you over to the next year with as little pain as possible, but to address your company's healthcare expenses for the long term. You need a road map that will allow you to offer affordable coverage to employees while keeping your costs in line.

The Patient Protection and Affordable Care Act (PPACA), more commonly known as "Obamacare" is the law of the land. It is highly unlikely it will be repealed in its entirety. There may be a few portions of the law that have a chance for repeal or amendment but the majority of the law is currently here to stay. So how will businesses, both large and small survive the new law with all its new rules, new and additional paperwork and potential new additional costs? What obstacles or advantages lie ahead for your company as you prepare for these changes? Over the next few years will healthcare and health insurance become more affordable?

Small business owners must be wary of the fact that they will be lumped into 1 of 2 categories; those with under 50 full time equivalent employees (FTEs) and those with over 50. The ramifications depending on which bucket you fall into are drastic. The problem is, depending on which provision of the law you are dealing with, you could fall into both!

The employer mandate brings into play new responsibilities for the employer, ones that, if not adhered to will lead to the possible payment of penalties and/or taxes. PPACA requirements say that an employer must count all full-time (30 hours) and part-time employees to determine if they total 50 or more full-time equivalent employees. If they do go over that 50 number, they have to offer coverage that is deemed "affordable" and "of minimum value."

Whether you hire a broker, an advisor and/or consultant to get through this myriad of new requirements or you attempt to read the 2700 page law page law and subsequent thousands of pages of regulations and guidance yourself, now is the time to make a strategic plan and conduct a company audit to assure you are in compliance with each aspect of the employer responsibility aspect of the law.

There were a few employer rules implemented back in 2012. Premium tax credits, Summary of Benefits Coverage distribution, Medical Loss Ratio (MLR) requirements and grandfathering plans but these pale in comparison to what lies ahead.

The small employer faces many tough questions to answer as the January 1, 2014 date looms a few months away. One of the most pointed will be, "How do I keep my employees insured without it affecting my bottom line more than it already has?" For our purposes here and now, this rhetorical question poses very few answers that would be considered satisfactory.

Over the last 60 days, a lot of guidance has been issued by HHS, CMS, the IRS and Treasury department with respect to minimum essential coverage, counting employees, minimum value plans, exchanges and a host of others. With all that has been released, there are still some significant issues we still await final rules about.

Rolling up to January 1, 2014

In August 2012, IRS Notices 2012-58 and 2012-59 preliminarily dealt with how employees were to be counted at least through 2015. You add your full-time employees (remember full-time is defined as working 30 hours or more per week) and your part time employees (also known as full-time equivalents) divide by 130 hours for a given month to see if a company has 50 employees or not. Companies with fewer than 50 full-time employees, while not required to provide health insurance, need to inform employees about the law and make sure new healthcare plans (if they offer them) comply with Obamacare.

If you are required to provide health care it must be "affordable" and meet "minimum essential coverage" requirements. Affordability is defined as 9.5% of your employee's household income. A safe harbor has been established based upon the employees W-2 wages. Employees can apply for tax credits if they cannot afford the coverage. The credit is based upon the employee's household income, the size of the family and the poverty line.

Obamacare Quick Facts:

Patient Protection and Affordable Care Act (PPACA) mandates currently in effect:

- **Provides tax credits** to employers with no more than 25 employees and average annual wages of less than $50,000 that provide health insurance for employees.
- **For tax years 2010 through 2013,** provides a tax credit of up to 35% of the employer's total contribution toward the health insurance premium for an employer with 10 or fewer employees that contributes at least 50% of the premium. The credit phases out as firm size and average wage increases.
- **Provides grants** for small employers that establish wellness programs beginning in 2011, and allows greater employee incentives under all wellness programs beginning 2014.
- **Increases Medicare tax** rate by 0.9% on earnings over $200,000/$250,000 (individual/married) and imposes a 3.8% tax on unearned income for these same higher income taxpayers, beginning 2013.
- **Plans cannot place annual or lifetime limits** on the value of benefits received by any participant, effective September 2010 for annual limits and January 2014 for lifetime limits.
- **All plans required to provide dependent care coverage** up to age 26, beginning September 2010.
- **Requires guaranteed issue and renewability** beginning January 2014, with no pre-existing exclusions for children effective September 2010.
- **Requires all plans to cover certain preventative care** without cost-sharing by the participants, effective September 2010.

January 1, 2014 implementation:

- **Requires all U.S. citizens to have qualifying health coverage** with a phase-in of penalties for non-compliance. Provides tax credits for certain workers based upon the federal poverty level compared to their earnings and who do not have employer-sponsored coverage.
- **Creates state-based Health Benefit Exchanges**, through which individuals and small businesses with up to 100 employees can purchase qualified coverage.
- **Assesses employers with 50 or more employees** who do not offer health insurance, a fee of $2,000 per employee (excluding the first 30 employees).
- **Assesses employers with 50 or more employees** who do offer health insurance a fee, if any of their employees opt out of the employer coverage and receive government premium tax credits to purchase insurance through the exchanges. The fee is the lesser of $3,000 per employee who receives government tax credits or $2,000 per employee.

The poverty line is established on a state by state basis. So who qualifies for the credit varies by state. Beginning in 2014, large employers, whose employees receive the federal tax credit can be fined for not providing affordable coverage.

In the Works or Newly in Effect

Exchanges – New state-based health insurance exchanges, or marketplaces, should be in place by 2014, allowing small businesses and individuals to shop for coverage, choosing from a variety of competing plans that meet federal requirements. The law mandates that large and small companies alike must inform employees in writing about the individual health insurance exchanges and the implications of participating in them. Employers are expected to have access to information about available exchange plans in October of this year.

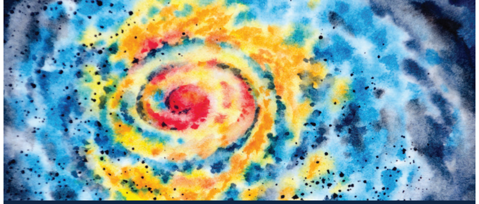
Group coverage – The law allows businesses with 100 or fewer employees to purchase health plans through the Small Business Health Options Program (SHOP) exchanges (Visit: http://1.usa.gov/15KyLeM). Keep in mind that the law permits states to limit the small-group market to employers with 50 or fewer employees until 2016, and many are doing so, according to the Kaiser Family Foundation.

The Big Question: Costs

Businesses of at least 50 employees that were not offering health insurance before can prepare for the biggest bite. That said, more than 90% of businesses with 51 or more workers already provided coverage in 2011, according to Kaiser's Employer Health Benefits Survey. In contrast, only 57% of businesses with 50 or fewer employees provided health benefits.

Critics say Obamacare will hurt business expansion and job growth, while advocates answer that many businesses actually will save money. An Urban Institute analysis (Vist: http://bit.ly/ZGkagi) last year found that "the law leaves large businesses' costs per person largely untouched and reduces them for small businesses." Costs per person would be noticeably higher only among mid-sized businesses, the institute says, reflecting penalties for those not offering coverage.

The PPACA also places a number of administrative requirements on employers, such as provisions newly in effect that businesses report on workers' W-2 forms, like the costs of company-sponsored health coverage for the previous year, and supplying employees with a summary of benefits coverage. This too, will impact small business costs. For a breakdown of the health-care costs your business will face and insight on the future of healthcare for small-business owners and their employees, take a look at What Obamacare Means for Your Business (Infographic) (Visit: http://bit.ly/10IR8l8) from the accounting software firm Intuit.



2013 Property Tax Relief for Hurricane Sandy Victims

New Jersey property tax law allows residents whose homes have been damaged by Hurricane Sandy property tax relief for 2013. Residents will be able to have their homes reassessed at the post-Hurricane value because the hurricane hit during a small window of opportunity.

- An exception under N.J.S.A. 54:4-35.1 may apply if a building was 'materially depreciated, either intentionally or by the action of storm, fire, tornado, or earthquake or other casualty' after October 1, 2012 and before January 1, 2013. In this case a January 1, 2013 valuation date would be used, reflecting the damage caused by Hurricane Sandy to the property.

- Once the property is rebuilt, or restored, the assessment may be re-adjusted to reflect improvements.

To take advantage of the relief provisions:

- The damaged building or structure must have caused the property value to be materially depreciated.

- Property owners must notify the tax assessor of the damage before Jan. 10, 2013.

- It is advisable to send a written notice to the tax assessor, via certified mail, immediately and to follow up with a phone call, according to county officials.

In Memoriam:
Remembering H. Alan Schneider, CPA

The Curchin Group is deeply saddened to bid farewell to one of its own, H. Alan Schneider, CPA. In 1972, Alan joined George Curchin in founding **Curchin and Schneider, CPAs** which would later become known as **The Curchin Group, LLC**. Alan served as a Partner of the firm for 17 years focusing in small business and tax and also providing business consulting services. He retired in 1989, but later returned in a Senior Advisor role, providing guidance to Curchin's younger CPAs.

Alan also shared his accounting expertise with others as a professor of accounting at Monmouth College and was known for being active in his community. In Long Branch, he was an active member of St. Luke's Methodist Church where he served as Trustee and Treasurer for many years and participated in the Men's Club. He was also former Councilman for the Borough of Oceanport and served on the board of a number of other organizations. An avid sailor, Alan was also the past Commodore and Treasurer of the Shrewsbury Sailing and Yacht Club. He was also a past President and Board Member of the Red Bank Rotary Club as well as an active member of the Red Bank Root Beer and Checkers Club and the Navesink Country Club.

"Alan will be remembered by the Curchin Group for the genuine care and concern he expressed for his clients and for people in general," shared Partner, Dave Ferullo. "He made himself available to his clients 24/7 and was always there to help them." The same can be said for his approach to helping his students and the young CPAs and accountants at Curchin. Alan was always willing to work with the younger staff at Curchin helping guide them in their careers. As a professor, he was also known to make himself available after class to give his students an extra hour or two of help in preparing for the CPA Exam. Alan's passion, generosity and candor will be greatly missed by all of his friends at Curchin. ■

Firm News

Seventh Annual Curchin Open Raises Over $13,000 for Local Charities

Curchin raised approximately $13,500 for two local charities at the 7th Annual Curchin Open Miniature Golf Tournament, sponsored by more than 50 local businesses and individuals. Held at the firm's Red Bank, New Jersey office on November 20, 2012, clients, sponsors, and friends played a round of mini golf on Curchin's team-designed 9-hole course, which flowed throughout the firm's office.

This year's event proceeds benefited The Community YMCA, a non-profit organization committed to strengthening communities in Monmouth County by focusing on youth development, healthy living, and social responsibility; and Coastal Habitat for Humanity, a non-profit organization that builds affordable, safe, and efficient homes for low-income families throughout Monmouth County. ■

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From left to right: Lynn Conover; Dave Ferullo; Peter Pfister; Bob Fouratt; Carolyn Kvalo.

THE CURCHIN GROUP Celebrating over 55 years in Monmouth County, New Jersey, The Curchin Group helps small to mid-sized businesses and individuals reach their financial goals through providing a broad range of Assurance; Tax; Financial Planning; Business Advisory Services; and Litigation & Valuation Services. The firm is dedicated to giving solid financial advice, sustaining long-term relationships with its clients and employees and giving back to the surrounding community. For more information about Curchin, please contact Bob Fouratt at 732.747.0500 or bfouratt@curchin.com. ▪

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Visit ***Curchin's Family Business Advisor*** -- your go-to resource for best practices and up-to-date topics and advice on issues frequently impacting family businesses. We hope you find this blog site a valuable tool for helping navigate complex decisions within the family business.

For even more family business success stories and news updates, sign up to receive our quarterly family business e-newsletter when you visit the blog site! ▪

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