 by Lisa VanFleet

The ACA Deadline Clock Is Running—Are You?

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Key deadlines have passed for insurance-plan management—and more are looming.

Business executives harboring hopes that the November 2012 elections would absolve them of the need to prepare for health- insurance reforms are finding out that they're well behind the curve. They must move—quickly—to address reporting and compliance issues. For many, this is a good time to conduct a strategic assessment of how health insurance for employees fits into your benefits package.

This column will focus on deadlines directly impacting small businesses, including the self-employed and those on either side of the 50-employee threshold for exemption from the employer mandate. But note that regulators have been writing the rules of implementation for 2½ years, and are still not done. Many moving parts will continue to shape—and re-shape—considerations of health-insurance administration. Some of the year-to-year impacts:

2012. Perhaps most significantly, effective Jan. 1, employers were to begin tracking information necessary to report the aggregate cost of each employee's health coverage on Forms W-2 for 2012 and thereafter. Companies that haven't been diligent in this regard have a very narrow time frame to gather this information and should make compliance here a priority.

Employers with open enrollment periods beginning on or after Sept. 23 were required to provide a summary of benefits and coverage to eligible employees and participants. The law also requires that companies provide 60 days advance notice of any material changes to summary descriptions.

2013. For calendar-year plans, Jan. 1 will herald additional changes (such changes are effective on the first day of the plan year beginning on or after Sept. 23, 2012). The annual limit on health-related flexible spending accounts caps salary-reduction contributions at $2,500, subject to annual cost-of-living adjustments. Plans must be amended by Dec. 31, 2014.

By Jan. 31, employers are required to issue employees' Forms W-2 reporting the aggregate cost of health coverage, with 2012 as the first reporting year. And by March 1, employers must provide new hires and current employees with written notice about the health exchange and the consequences of purchasing coverage through an exchange in lieu of any employer-provided coverage. The government is scheduled to issues sample notices prior to that date.

Individuals with annual incomes of more than $200,000 a year will be subject to an additional tax of 0.9 percent; for married couples filing jointly, the threshold for that tax is $250,000, or $125,000 for a married person filing separately. These higher-income individuals will also be subject to an additional Medicare tax of 3.8 percent on unearned or investment income.

2014. Beginning Jan. 1, employers with an average of at least 50 full-time and full-time equivalent employees during the preceding plan year may be subject to a penalty tax for failing to provide health care coverage to all full-time employees and their dependents; or offering minimum essential coverage that is either not affordable or under which the plan's share of the total allowed cost of benefits is less than 60 percent of the actuarial value. The penalty for failure to provide coverage is $2,000 for each full time employee. The penalty for failure to satisfy the affordability mandate is $3,000 for each employee who obtains a premium subsidy or cost-sharing assistance.

Individuals who do not qualify for exemptions on religious or financial grounds are subject to a tax penalty for each month in which they do not possess minimum essential coverage. The annual penalty starts at $95, rising to $695 by 2016 for individuals. For families, that figure will be $285, rising to $2,085.

Grandfathered plans must extend eligibility to dependent children without regard to whether they are eligible for other employer-provided coverage.

Waiting periods of more than 90 days are prohibited, as are pre-existing condition exclusions—even for grandfathered plans. Annual limits on essential health benefits are prohibited. Annual deductibles may not exceed $2,000 for individuals; $4,000 for family coverage.

Certain small businesses will be eligible for up to two years of tax credits, a subsidy of up to 50 percent of the cost of premiums. To qualify for the full credit, those business must have an average full-time equivalent compensation of $25,000 or less, with 10 or fewer full-time equivalent employees, excluding seasonal employees, owners and their relatives. That subsidy is reduced by 3.35 percentage points for each employee over the limit, and by 2 percentage points for every $1,000 of average compensation over the limit.

2015. Annual return reporting plan information required.

2018. On Jan. 1, 2018, the 40 percent excise tax on so-called "Cadillac" plans will take effect.

Those are broad bush strokes; compliance will be much more detailed. So it's vitally important that business executives and owners move quickly to get up to speed on the requirements and changes that could affect their ability to offer these benefits.