

## A Scheme To Avoid or Reduce Accountable Care Act Taxes

---

The Affordable Care Act (ACA) requires employers with 50 or more employees to either offer an affordable, minimum value health plan or face tax penalties.

- An affordable, minimum value health plan could cost as much as \$4,000 or more per plan participant per year.
- If an employer offers no health insurance, the tax penalty is \$2,000 per employee per year
- If the employer sponsors an approved ACA plan that is not affordable or does not meet minimum value, the employer is taxed \$3,000 per year for each employee who receives a subsidy through an insurance exchange.

The key to this scheme is to offer a health plan that fails to meet either the affordable or minimum value requirement under ACA but covers certain “essential health benefits” required by law.

Under the Act, a self-funded employer plan is not required to provide all the benefits which ACA requires for fully-insured plans.

THE ONLY BENEFIT THAT IS UNCONDITIONALLY REQUIRED IS PREVENTIVE CARE COVERAGE.

This scheme entails offering a Preventive Care Plan to employees. The cost is minimal compared to other options with pricing around \$100 per plan participant or less. By offering this low cost plan, the employer avoids the \$2,000 tax penalty for not having a group health plan for employees.

Employees can seek coverage through an insurance exchange and receive a government subsidy. For each employee who receives a subsidy, the employer is taxed \$250 per month for every month the employee receives the subsidy (\$3,000 per year).

Very few employees will join the exchange since most low wage, blue collar employees do not value health insurance and are generally adverse to paying for it.

Cost Assumptions:

- 15% participation in preventive care plan @\$100 pepm \$ \_\_\_\_\_
- 5% participation in exchange @ \$3,000 \$ \_\_\_\_\_

Disclaimer: We believe this loophole will be closed by HHS at some point.

[www.RiskManagers.us](http://www.RiskManagers.us)