

5 Things Landscape Contractors Need to Know About Health Reform



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By Sean O'Connor

Landscape contractors have so many things to worry about as it is: managing staff, keeping pace with new products and trends, marketing to attract new customers, and making a profit in today's challenging economies. Are things about to get even more hectic now that the Supreme Court has upheld the majority of the Affordable Care Act? The answer is: not necessarily.

Knowledge is power. Here are five things landscape contractors need to know about health care reform:

1. Employer-sponsored plans must be "affordable" and provide "minimum value"

Well, that sounds kind of vague, doesn't it? In the eyes of the law, "affordability" means that out-of-pocket premiums paid by workers cannot exceed 9.5 percent of their family income.

"Minimum value" translates to this: the health insurance plan has to pay for a minimum of 60 percent of medical care covered. This all works to prevent employees from being overwhelmed by co-pays and deductibles. The U.S. Department of Treasury has not yet released a detailed proposal clarifying whether or not the law will set requirements for what a plan must cover.

2. Smaller landscape contractors do not have to offer health insurance

Under the law, small businesses (under 50 employees) are under no obligation to provide health insurance to employees.

3. Larger landscape operations that do not offer health insurance coverage will likely face a penalty tax

Contrary to popular belief, the law does not automatically fine large businesses (over 50 employees) for not providing health insurance. A large business is only penalized if or when any one of their employees receives a tax credit for buying their own private health insurance plan. If your larger

landscape firm does not offer health insurance, chances are good that at least one of your full-time workers will seek out their own coverage through one of the new health insurance exchanges.

The employer penalty is equal to \$2,000 multiplied by the number of workers in the business in excess of 30 workers (with the penalty amount increasing over time).

4. Small landscape contractors are eligible for tax credits

Even though small businesses aren't obligated to offer health insurance, some still may want to.

If your business employs up to 25 people, pays average annual wages below \$50,000, and provides health insurance, you may qualify for a small business tax credit of up to 35 percent to offset your health insurance costs. As of 2014, the small business health insurance tax credit increases to up to 50 percent for qualifying businesses.

5. Part-time workers don't apply

The new law considers only employees who work over 30 hours a week to be full-time. Your landscape company is not required to extend health insurance coverage to part-time employees.

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