

# Affordable Care Act Services



*Will the Affordable Care Act trigger penalties for your company?*

*Should you redesign or possibly terminate your company's health plan to reduce costs or avoid penalties?*

## How will the Affordable Care Act affect your company?

Employers today are facing major decisions regarding employee health benefits due to the financial impact of the Affordable Care Act (ACA). Employers with 100 or more employees may pay hefty tax penalties if they fail to comply with the ACA in 2015. Penalties on smaller employers (50 to 99 employees) are delayed until 2016 if special rules are met in 2015. Although normally exempt, employers with less than 50 employees could be subject to penalties if they have owners in common with other companies.

Employers that do not offer health coverage to substantially all full-time employees (employees who work on average at least 30 hours per week) could be assessed penalties by the IRS of \$2,000 per full-time employee. Even employers that offer a health plan to all full-time employees could be subject to penalties if the plan fails to meet new minimum value and affordability standards. In this case, the penalty is \$3,000 for each employee who declines the employer plan and purchases health insurance through a state exchange using federal tax subsidies.

In addition, employers with 50 or more full-time employees (including full-time equivalents) face new information reporting responsibilities for 2015. They must report information about their workforce and health coverage to employees and the IRS or risk penalties. Even employers with less than 50 full-time employees could be subject to

the information reporting requirements if they have owners in common with other companies.

### What employers need to know

Employers need answers to the following questions to make informed decisions:

- How do the ACA information reporting requirements impact my company?
- Is my company at risk for ACA penalties?
- How can my company redesign its health plan to avoid penalties or reduce expenses?
- How would terminating the health plan affect my company and its employees?
- What will compliance with the ACA cost?

### How McGladrey can help

McGladrey can help you assess the financial impact of the ACA on your company and its employees and assist you in developing and implementing an ACA strategy.

Our team of experienced professionals can:

- Answer your questions about the ACA
- Advise you about the information reporting requirements
- Determine your company's exposure for IRS penalties and fees
- Create customized reports using data about your workforce and benefit plans to illustrate how the ACA will affect your company's bottom line under various what-if scenarios

- Offer recommendations to help you comply with the law, control costs and meet your objectives
- Partner with you in developing and executing an ACA action plan

## Our services

McGladrey offers a variety of services to help you understand how the ACA will affect your company. With deep expertise in tax and financial planning, we are uniquely qualified to help you navigate the ACA.

**Information reporting advice.** We can help your company ensure processes are in place to comply with the information reporting requirements.

**Controlled group analysis.** Since employers with less than 50 employees may be at risk for ACA penalties due to common ownership with other companies, a controlled group analysis is an important first step in complying with the ACA. We analyze company ownership and determine whether companies are related for ACA purposes.

**Rapid assessment of penalty exposure.** The goal of the rapid assessment is to quickly calculate the amount of the employer mandate penalty your company may be facing based on its health plan's coverage, value and affordability. We use information about your workforce and health plan to create a personalized report explaining the potential penalty and your options for reducing or eliminating the penalty.

**Financial impact analysis.** This analysis uses detailed data about your company, employees and health plan to create customized reports illustrating the financial impact of the ACA. With our modeling software, we can determine the financial effect on your company and employees under three scenarios:

- The current health plan is maintained
- The current health plan is redesigned to meet ACA minimum requirements
- The current health plan is terminated, and employees purchase health coverage on the exchange

The employer mandate penalty, the "Cadillac" tax, and ACA fees are computed, and your options for minimizing these costs are explained. Data inputs can easily be changed to create additional what-if scenarios, allowing you to explore various plan design and compensation strategies.

**Compliance review.** The purpose of the review is to assess your compliance with the ACA. This service can be tailored to your needs and may include reviewing government filings, plan documents, and communications to employees, such as summary plan descriptions and notices.

## Our approach

As an independent advisor, we bring an unbiased approach to evaluating your benefits and strategies. Whether you are considering maintaining, redesigning or even terminating your health benefits, we can provide you with the financial information necessary to make informed decisions today and to proceed with confidence tomorrow.

**888.811.1023**  
**[www.mcgladrey.com](http://www.mcgladrey.com)**

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