

The essential checklist for complying with the Affordable Care Act

What is the Affordable Care Act?

On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act, requiring all U.S. citizens and legal residents to have health insurance. The law, often referred to as “Obamacare” or “ACA,” states that companies with 50 or more full-time equivalent employees have to provide health insurance to at least 95 percent of their full-time employees and dependents up to age 26 — or pay fines. Employers with fewer than 50 workers are exempt from the mandate but are eligible for tax credits if they provide coverage. Here is a checklist to help your business meet the health care requirements:

- Calculate how many full-time equivalent employees you have

The government defines full-time employees as those who work at least 30 hours per week or whose service hours equal at least 130 hours a month. Your total number of full-time equivalent (FTE) employees includes full-timers plus the accumulation of part-timers who count as full-time for calculation purposes. Find out exactly how many full-time equivalent employees you have with the [FTE Calculator](#).
- Distribute the Health Insurance Marketplace notice to employees

Employers should give the Health Insurance Marketplace notice to employees. This lets employees know whether you offer health insurance and that the marketplace is available to them. The Department of Labor provides [model notices](#) to give to your employees.
- Make benefits available within 90 days of eligibility

There is a [90-day maximum waiting period](#) for eligible full-time employees to be offered health insurance. This applies to new hires and employees who are eligible for health coverage for the first time, such as part-time workers who become full-time.

See if you qualify for tax credits

If you have fewer than 25 employees and are providing coverage, check to see if you're eligible for credits with the [tax credit estimator](#). To qualify, you must provide benefits through the [SHOP Marketplace](#), among other things.

Account for employees whose hours vary

If you have fewer than 50 employees, you must monitor those whose hours change. These employees, called Variable Hour Employees (VHEs), have hours that can't be determined when they're hired. In general, they must be offered health insurance if they average more than 30 hours per week. The IRS provides [guidelines](#) on defining VHEs and when coverage must be provided.

Make sure coverage meets standard for essential benefits

The ACA sets standards that all small group and individual health insurance plans must meet, including a set of [essential benefits](#) that need to be covered. While these benefits vary from state to state and plan to plan, don't sweat all the details. If your plan began before 2010, you should contact your carrier to make sure it meets ACA requirements. If your plan was established after 2010, it likely meets all the requirements, but it never hurts to double check with your carrier.

Report coverage to the IRS

If you have more than 50 employees, you are required to fill forms [1094-C](#) and [1095-C](#) to the IRS. If you provide self-insured coverage for your team, you need to file forms [1094-B](#) and [1095-B](#). We explain [the difference between each form](#) on our website, but check the [IRS requirements](#) for more specifics about the forms, including dates and deadlines for your business.

We'll have more checklists available, so be sure to come back to our [resources page](#) for more information. If your benefits provider is Gusto, please contact us with any questions at my-benefits@gusto.com or 800-936-0383.

The information provided here is for general purposes. As always, refer to your health care specialist, carrier, or compliance officer for your specific needs.