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Care Act means less money for training and new technology.

Nov. 10, 2013

For Marty Smith, co-owner of a small accounting firm in Charlotte, the Affordable Care Act means less money for training and new technology.

For financial adviser Richard Joyce, it means not hiring any more part-time employees, working longer days and filing more paperwork.

And for Rick Seifert, owner of the Pest Control Authority, it means administrative headaches and group insurance premiums potentially three times higher than last year's.

None of these small-business owners is subject to the new health law's "employer mandate." That provision, which starts in 2015, will require owners of businesses with 50 or more full-time-equivalent employees to offer workers health insurance or pay a fine.

But like many small-business owners, the health care overhaul already has brought complications and higher premiums — and a hit to their bottom line.

Small businesses have an outsized effect on the economy: In Mecklenburg County, for instance, 97 percent of all employers have fewer than 100 workers. So their experience with the Affordable Care Act will have a major impact on how the law plays out.

"It's been mass chaos and confusion," Seifert said. "Everything has changed so fast. I don't even know how to play the game."

Among North Carolina companies with fewer than 50 employees, just under one-

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And according to many small-business owners, the higher premiums are making the last two options more attractive.

Kelly Wage, marketing director for Blue Cross and Blue Shield of North Carolina, said the new law's provisions have forced insurance companies to raise premiums.

For one, the government is levying a new set of taxes — \$8 billion in 2014, increasing to \$14.3 billion in 2018, according to Blue Cross — to help pay for the health care overhaul. Those costs get passed to the consumer, Blue Cross says.

Then, starting in 2014, all health insurance policies must be more comprehensive, including 10 mandated benefits, such as maternity care and prescription drugs.

“They're getting better benefits, it's just that better benefits and more benefits may result in higher rates,” Wage said.

And then, because of a provision in the ACA that limits how much premiums can vary based on a person's age or health condition, businesses that previously got discounted insurance for their workforce makeup can't get that anymore, said Cathy Graham, benefits specialist for Charlotte-based consulting firm the Employers Association.

That means “younger and/or healthier people will subsidize coverage for older individuals,” Blue Cross says on its website.

Increases keep coming

The increases come after years of steadily climbing premiums. The average premium for family coverage has increased 80 percent over the past 10 years, according to a 2013 employer health-benefits survey by the Henry J. Kaiser Family Foundation.

And any sort of increase is a big one to a small business.

That explains the “fear factor” in the discussion, said Kenny Colbert, president of the

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But the new system and the inevitable premium increases could make for “some painful decisions” for small businesses, he said.

U.S. Sen. Kay Hagan, D-N.C., who voted for the Affordable Care Act, said last week, “I'm disappointed and I'm frustrated” with problems surrounding the law's rollout, including glitches with its website, healthcare.gov. Recently she has been targeted by a \$1.6 million television ad campaign that criticizes her for supporting the law.

On Wednesday she and other Senate Democrats met with President Barack Obama about the health care rollout's problems. She asked him to specify what's been fixed and what problems remain.

Hagan also said she thinks the healthcare.gov website is “getting better” because she's tried it a few times and recently has been able to get on.

Tax credits available

Advocates of the law acknowledge potentially higher premiums. But they also point out one facet of the Affordable Care Act: an insurance exchange for small-business owners that could save businesses money and broaden their insurance options.

Similar to the individual exchange, the Small Business Health Options Program, known as SHOP, is a site where businesses with 25 or fewer employees can compare providers' group medical plans. Small businesses aren't required to sign up, but if they meet certain criteria, they can get a tax credit through SHOP.

To be eligible for the tax credit, employees must have an average wage of less than \$50,000, and the owner must cover at least 50 percent of the cost of single health care coverage for each employee.

The idea is to encourage small-business owners not currently offering coverage to

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Moreover, SHOP also has been plagued by technical issues. The site — reachable by going to healthcare.gov and clicking on “small business” — was supposed to be operational Oct. 1, when the individual exchange opened. But after several delays, SHOP's online enrollment isn't expected to be fully functional until later in November.

Small-business owners can visit the website, create a SHOP account, fill out a paper application and mail it in. But they won't be able to finish their enrollment until the website is fully operational.

'Navigators' trained to help

Small businesses can also seek help from “navigators,” who are trained and approved by the federal government to assist individuals and businesses with questions about the new law.

Madison Hardee, a navigator and staff attorney at Legal Services of Southern Piedmont, said navigators can help business owners assess their options. “It's important for people to sit down and have their individual questions answered because every individual situation is unique,” she said.

She said that though her schedule has been packed with individuals wanting to get enrolled, she hasn't met with small-business owners about their employee group insurance plans.

“We have the capacity to see more than 50 (people) a week,” Hardee said. “But no small-business owners have reached out to us for SHOP assistance.”

She did, however, meet with local small-business owner Caroline Cook-Frers, who owns Plaza Midwood's The Frock Shop, a boutique featuring a mix of vintage and re-

sale apparel and accessories.

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hours. Researching her options and the individual exchange. Her enrollment was stymied by the ongoing healthcare.gov issues, and she still has a slew of coverage questions.

Realizing she likely wasn't the only person confused by the new law, Cook-Frers asked Hardee whether she and her fellow navigators would give a series of presentations at her shop to other confused individuals and small-business owners.

The first will start at 6 p.m. Nov. 19 at the Frock Shop, 901 Central Ave.

"I don't think it's necessarily going to be a rosy outcome for everyone, and certainly people who attend the workshop aren't going to be thrilled," Cook-Frers said.

But, she said, it's the new reality.

"I need to find out more myself," Cook-Frers said. "The Affordable Care Act — it's here." The McClatchy Washington Bureau contributed.

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