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The Affordable Care Act, otherwise known as Obamacare, has had many business owners scrambling to figure out [how it affects the organization](#) and their ability to offer health insurance to employees. As small businesses try to keep talent within the organization and compete with larger companies that offer health insurance, it's essential that all understand exactly what Obamacare means to small businesses.

## Mandate/Penalty Delay

Originally, the penalty for not offering health insurance to employees was supposed to begin in 2014. It was delayed to begin in 2015/2016. Under the mandate, any business with more than 50 full-time employees must provide health insurance that provides coverage to at least 95 percent of employees and any dependent until the dependent turns 26.

If employers fail to offer health insurance coverage to employees by a certain time, they are required to pay a fee based on the number of full-time employees after the first 30. If your business employs 74 people and you don't offer insurance, your company pays a flat \$2,000 fee for each employee after 30, and \$3,000 for employees that receive cost assistance. In order to avoid these penalties, many small businesses are choosing the win-win scenario of offering their employees a group insurance plan or some type of [reimbursement plan](#) for health insurance.

## Specifics of the Employer Mandate

Under the employer mandate, the following numbers apply:

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employee.

## What is an Affordable Plan?

An affordable plan is defined as costing no more than 9.5 percent of the household income for coverage for just the employee. Many employers choose a safe harbor value of keeping the cost at 9.5 percent or lower of the employee's income in order to avoid a fine.

If the mandate is fully implemented, over 250 million Americans will have health insurance. As the mandate has been delayed twice since the law was passed, once in 2013 and again in 2014, there is no guarantee that another delay isn't in the cards.

## Conclusion

Under the ACA, small businesses are required to offer some type of employee insurance coverage based on how many full-time employees the organization has. If that requirement is not met, companies pay a fee based on the number of employees that are uninsured. The ACA was passed as a way to provide health insurance to every American over time.

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*This article was originally published on the [Zane Benefits blog](#). Zane Benefits is a provider of defined contribution employer health benefits programs and tools to U.S. employers and their employees.*

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