

# The Affordable Care Act – for Child Care Employers

## A Basic Question and Answer Overview

Child care workers often do not have health insurance. Many child care centers cannot afford to offer health insurance for their employees. And many child care teachers cannot afford to buy health insurance on their own. Below are some questions often asked by child care employers about the new national health insurance initiative. The answers to these questions provide a basic overview to help child care employers. There is also a companion factsheet for individuals that can provide basic information for your employees.

### What is the Affordable Care Act (ACA)?

The Affordable Care Act (sometimes referred to as Obamacare) was designed to help protect the consumer and hold insurance companies accountable for their rates and actions. The intention was for every American, regardless of age, gender, income or preexisting condition to have access to quality, affordable health insurance. It was signed into law on March 23, 2010 and changes will be phased in over time.

### What is the Marketplace (or Exchange)?

The federal government has set up a Health Insurance Marketplace (formerly referred to as the Health Insurance Exchange) to create one place for people and small businesses to shop for affordable health insurance options. With one application, you will find out if you are eligible for Medicaid, CHIP (for children) or Marketplace subsidies.

Open enrollment for these policies begins November 15, 2014 and coverage will begin as early as January 1, 2015. While open enrollment for 2014 coverage is closed, there are some qualifying life events that may make you eligible for a special enrollment period. You can enroll online, by mail, over the phone or in person.

There are a number of physical locations with trained staff to help with the enrollment process. These specific community locations can be found at [localhelp.healthcare.gov](http://localhelp.healthcare.gov).

**Definition of full time employee:** someone who works an average of 30 hours or more per week.

### Determining the Number of Full Time Equivalent (FTE) Staff:

A full time equivalent is someone who works 30-hour per week. If a person works less than 30 hours, they count as a partial FTE.

Adding the FTEs of your entire staff will tell you how many FTEs you have. To do this, count the total numbers of hours worked by part-time staff in 1 month and divide by 120.

#### Example:

- *Jane Teacher* works 40 hrs/wk. and is counted as 1 FTE.
- *Sally Cook* works 30 hrs/wk. and is counted as 1 FTE.
- *Susie Director* works 20 hrs/wk.
- *John Assistant* works 10 hrs/wk.

Together Susie and John work 30 hrs/wk. and are counted as 1 FTE.

Although there are 4 employees, they represent 3 FTE employees.

Individuals with an employer-offered plan that is not deemed 'affordable' may be eligible for a discounted health insurance policy through the Marketplace. In this case, 'affordable' generally means the premium cost is less than 9.5% of an individual's household income.

### We are a medium-sized child care center and already provide insurance to our staff. Do we need to do anything?

More than likely, you can just keep the insurance you have and changes won't be required.

Beginning in 2014, tax credits may be available to your business if you purchase a policy through the federal Marketplace and pay at least 50% of the cost of your full-time employees' premium costs. Non-profits can also receive a credit! There is a specific area of the Marketplace for Small Businesses. This is called SHOP (Small Business Health Options Program).

If you decide to keep your current plan, it is recommended that you contact your insurance provider to ensure that the policy you have meets the quality standards set up by the ACA. In addition, you should find out if your policy is considered 'affordable' as this may impact whether or not your employees are eligible to shop around for a different policy through the Marketplace. If the plans you offer are not considered affordable for certain employees (based on family income) and those employees choose to purchase insurance through the Marketplace you may be subject to a tax.

## We don't currently provide insurance. What do we need to do?

At this time, no employers are required to offer health insurance to their staff. While this is currently scheduled to change in 2016 for larger businesses, small businesses (fewer than 50 FTE) will not be subject to the Employer Shared Responsibility parts of the law.

Tax credits and discounts are only available on policies secured through the Marketplace.

Affordable plans are available for small businesses through the SHOP Marketplace, if you decide you would like to offer insurance to staff. This option is only available to employers with fewer than 50 FTE and tax credits may be available if you have 25 or fewer FTE. More information can be found on [www.healthcare.gov](http://www.healthcare.gov).

## Is there a North Carolina Marketplace? What about the Medicaid expansion I've been hearing about?

North Carolina lawmakers voted to decline the option for a state run Marketplace. Plans for North Carolina residents will only be available through the federal Marketplace. North Carolina lawmakers also voted to decline Medicaid option. Some residents of North Carolina may find that they make too much money to qualify for Medicaid, but not enough money to qualify for tax credits. This is being referred to as the 'Medicaid Loophole'. These individuals will likely qualify for a hardship exemption from the health insurance requirement.

## What if I can't afford insurance for my staff? Do I have to contribute? How much?

At this time, employers are not required to offer health insurance. You are encouraged, however, to share resources with your staff to support them in finding quality, affordable health insurance.

In order to receive the tax credit for plans purchased through the SHOP Marketplace, the employer must contribute a specific percentage towards the cost of the premiums. Credits may vary and you should contact a tax professional or accountant to determine how much your credit may be.

## Where can I go for more help?

More information is coming out regularly. It is critical that you seek the latest information.

- Visit [healthcare.gov](http://www.healthcare.gov) for new details, worksheets, online Marketplace applications and to sign up for regular email updates related to ACA.
- Visit <http://marketplace.cms.gov/> for new details specific to the Marketplace, sample applications and brochures to share with staff.
- Talk to your tax professional
- Talk to your accountant
- Contact your current health insurance provider



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