Understanding the Patient Protection and Affordable Care Act and Its Impact on Individuals and Small Businesses

Drew Feeley
Adjunct Scholar – Alabama Policy Institute

February 2014
The Alabama Policy Institute (API) is an independent, nonprofit research and education organization that is issue-centered and solution-oriented. We provide in-depth research and analysis of Alabama’s public policy issues to impact policy decisions and deepen Alabama citizens’ understanding of, and appreciation for, sound economic, social, and governing principles.

Since 1989, API has been on the front lines of critical public debates, helping Alabama citizens, lawmakers, and business leaders better understand and apply principles that maximize individual freedom, limit government interference, and encourage personal responsibility. API is the largest free-market, solution-based policy research center in Alabama.

For additional copies, please contact:

Alabama Policy Institute
402 Office Park Drive, Suite 300
Birmingham, AL 35223
205.870.9900
info@alabamapolicy.org
www.alabamapolicy.org
Understanding the PPACA

By Drew Feeley, Adjunct Scholar
Alabama Policy Institute

Drew Feeley is an adjunct scholar with the Alabama Policy Institute. Prior to his work with API, he practiced law at a small civil defense firm in Birmingham where he represented small businesses throughout Alabama in various legal matters. He is a graduate of the University of Alabama School of Law and Emory University. He resides in Birmingham.

Published February 2014 by
The Alabama Policy Institute
Birmingham, Alabama

Permission to reprint in whole or in part is hereby granted, provided the Alabama Policy Institute is properly cited.
# TABLE OF CONTENTS

Introduction ........................................................................................................................................... 1

What is the PPACA? ................................................................................................................................. 2

What Does the PPACA Mean for Individuals and Families? ................................................................. 3
  - How Does the Online Marketplace Work for Individuals? ......................................................... 3
  - How Does the PPACA Change Medicaid? .................................................................................... 4
  - Penalties: What is the Individual Mandate and How Does it Affect Individuals? ..................... 4
  - Exceptions to the Individual Mandate ......................................................................................... 5
  - Will I Lose My Existing Health Coverage? .................................................................................. 6
  - Will I Keep My Doctor? ................................................................................................................ 7

How Does the PPACA Impact Small Businesses? ............................................................................... 8
  - Businesses with Fewer than 50 Full-Time Employees: Exemption and Benefits Under the PPACA .............................................................................................................. 8
  - Businesses with 50 to 99 Full-Time Employees: Provisions and Penalties Starting in 2016 .... 9
  - Non-Discrimination Ban for Group Health Plans Impacts All Businesses ............................... 10

Additional Important Taxes and Fees ................................................................................................. 11
  - New Taxes Directly on High Income Individuals ......................................................................... 12

Conclusion .............................................................................................................................................. 13
INTRODUCTION

The Patient Protection and Affordable Care Act (PPACA), better known as “Obamacare,” was signed into law in March 2010 as part of the largest and most significant expansion of the American healthcare system since the 1960s. The Congressional Budget Office (CBO) estimates that it will cost over $2 trillion through 2024.¹ The Act stands as one of the most complex, broad, and misunderstood laws in recent history. In Alabama, poll data released in January 2014 found that only 16% of Alabamians felt they “knew a lot” about the PPACA.² Recent problems implementing the law and rolling out the federal government’s healthcare website resulted in delays and changes that only further deterred people’s knowledge of the Act.

Unlike most individuals and small businesses, large corporations have the resources to understand and influence the effects of the PPACA. This paper provides a concise explanation of the PPACA as it currently exists, with a focus on the important provisions that relate to individuals, families, and small businesses, including a discussion of the PPACA as it relates to Alabama. It covers the penalties/taxes, terms, changes, and the likely impact of the law on individuals and small businesses.
WHAT IS THE PPACA?

The PPACA requires Americans to have health insurance that offers essential health benefits through an employer-based plan, an individual plan, or a government program such as Medicare or Medicaid. The Obama Administration argues that the Act will curb the rapid growth of healthcare spending in America and control inefficiencies and abuses that plagued the healthcare system for decades. Among the intended benefits, the PPACA requires insurers to cover persons with pre-existing medical conditions; allows young adults to remain covered under their parents’ insurance plans until age 26; bans insurance companies from placing a lifetime dollar limit on the amount of services they will pay for a patient’s care; ends the insurer’s ability to rescind coverage for patients based on an unintentional, non-fraudulent mistake on the insurance application; requires insurance companies to justify any rate increase of 10% or more before raising premiums; and requires that at least 80% of premiums collected go to healthcare and medical claims instead of internal costs and overhead.

Beginning in 2014, anyone failing to possess the minimum level of healthcare coverage under the PPACA must pay a penalty. In June 2012, by a narrow 5-4 ruling, the United States Supreme Court upheld the penalty as a constitutional use of Congress’s enumerated power to “lay and collect Taxes.”

To streamline the purchase of health insurance, the U.S. Department of Health and Human Services (DHHS) launched an online “Health Insurance Marketplace” or health insurance “exchange” at www.healthcare.gov. The Marketplace contains PPACA-compliant individual and group health plans offered by private insurers choosing to participate in the exchange. Individuals who use the Marketplace enjoy access to potential premium tax credits and financial assistance. States may also set up their own exchanges at their discretion. In 2012, Alabama Governor Robert Bentley announced that Alabama would not set up a state insurance exchange. As of early 2014, Blue Cross and Blue Shield of Alabama is the only insurer offering plans throughout Alabama on the federal exchange, while Humana Insurance Company offers plans to residents of Jefferson, Madison, and Shelby counties.
WHAT DOES THE PPACA MEAN FOR INDIVIDUALS AND FAMILIES?

In 2012, roughly 48 million Americans, or 15.4% of the U.S. population, lacked health insurance.\textsuperscript{17} The PPACA requires Americans to obtain “minimal essential coverage” by March 31, 2014, which is the close of the six-month enrollment period for 2014.\textsuperscript{18} To be considered insured, individuals must be covered by a plan that offers “essential health benefits.”\textsuperscript{19} Essential health benefits are the basic minimum benefits that must be offered in any health plan.\textsuperscript{20} They include at least the following: ambulatory patient services; emergency services; hospitalization; maternity care; mental health and substance abuse services; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services; chronic disease management; and pediatric services, including oral and vision care.\textsuperscript{21}

The enrollment period is expected to shrink in coming years, with the proposed window for 2015 lasting only two months and ending January 15, 2015.\textsuperscript{22} When the period closes, the ability to purchase insurance without the risk of penalties will be limited to certain exceptions, discussed in detail below.\textsuperscript{23}

How Does the Online Marketplace Work for Individuals?

Americans with low incomes greatly benefit from using the online Marketplace. To ensure these persons can afford health insurance, the government offers an “advance” premium tax credit for insurance purchased on the Marketplace.\textsuperscript{24} In other words, the government provides advance payment for immediate use to partially cover monthly insurance premiums.\textsuperscript{25} Persons and households with annual incomes that fall between 100% and 400% of the federal poverty level qualify for this benefit.\textsuperscript{26} The CBO estimates that roughly 5 million people will receive exchange subsidies in 2014, with the number increasing to about 19 million by 2016 as more people use the Marketplace.\textsuperscript{27} The CBO further estimates that the expenses for premium and cost-sharing subsides due to the PPACA will skyrocket from $18 billion in 2014 to $166 billion in 2024.\textsuperscript{28}

Qualifying for the premium tax credit is based on an estimate of income in the coming year.\textsuperscript{29} Anticipated wages/salary, tips, unemployment compensation, alimony, social security payments, retirement income, and investment income factor into the estimate of future income.\textsuperscript{30} Child support, workers’ compensation benefits, veterans’ disability benefits, gifts, and proceeds from loans are not counted.\textsuperscript{31} Any difference in the amount of the advanced credit received and the amount due after actual income is known will be added or deducted from the federal tax return at the end of the year.\textsuperscript{32}
Individuals not insured through their employers who earn too much to qualify for premium tax credits may see their premiums rise. This increase primarily stems from the PPACA’s ban on cheaper plans offering benefits that fall below the acceptable coverage threshold. In terms of costs, purchasing insurance on the individual Marketplace benefits lower-income Americans while forcing the remainder of participants to pay higher premiums for PPACA-compliant plans.

**How Does the PPACA Change Medicaid?**

Medicaid expansion was a large component of the PPACA when it became law in 2010. All states were to receive additional federal Medicaid funding to extend coverage to adults under age 65 with incomes of up to 133% of the federal poverty limit. The federal government would cover 100% of the extra costs through 2016, with the states gradually assuming part of the tab, beginning in 2017. If a state refused to expand Medicaid, it would lose all of its Medicaid funding. In *NFIB v. Sebelius* the U.S. Supreme Court’s June 2012 decision addressing the PPACA, the Court ruled this threat to the states was an unconstitutional use of Congress’s spending authority. Accordingly, the Court’s decision left states with the choice of rejecting the money for Medicaid expansion without risking all Medicaid funding.

As of January 2014, 25 states and the District of Columbia decided to expand Medicaid. In its 2014 report, the CBO predicted that Medicaid enrollment would jump by 4 million from 2013 to 2014 due to the Act. It also anticipated that states will gradually adopt the Medicaid coverage option, and that by 2018 80% of the Medicaid eligible population will reside in states that extended coverage under the PPACA.

Alabama declined the additional Medicaid funding, affecting roughly 300,000 people who would have been newly covered under the program. As a result, individuals in Alabama who fall into the gap that the Medicaid expansion was to cover will not receive Medicaid or qualify for the premium tax credit through the Marketplace. Governor Bentley justified his decision as saving state taxpayers from incurring further expenses to enlarge an “absolutely broken and flawed” federal entitlement program. Medicaid is the largest budget item in Alabama, surpassed only by education-related spending. Medicaid enrollees and costs in Alabama continue to increase each year. Issues with Medicaid's method of measuring health services utilized and its continued growth despite funding instabilities represent some of the program's shortcomings that impact Alabama.

**Penalties: What Is the Individual Mandate and How Does it Affect Individuals?**

Subject to certain exceptions, individuals without health insurance that offers essential health benefits face a monetary penalty, which the government refers to as the “individual mandate,” an “individual responsibility payment,” or a
Exceptions to the Individual Mandate

Exceptions to paying the penalty arise when someone experiences a “qualifying life event” or qualifies for an exemption after the enrollment period closes. A qualifying life event is a change in someone’s circumstances that causes that person to lose coverage or need to switch coverage. It includes marriage, loss of employer-provided insurance, adoption/placement of a child, and moving to another state with different health plan options. This eligible individual receives a 60-day “special enrollment period,” starting at the time of the qualifying life event, to select a health plan without incurring a penalty.

Someone with an exemption can opt out of healthcare coverage entirely without penalty. The Act recognizes general exemptions for the following: persons uninsured for less than 3 months of the year; persons who are part of a federally recognized Indian tribe; members of a recognized religious sect with religious objections to insurance (referred to as “the religious conscience objection”); incarcerated persons; persons not lawfully in the United States; and persons exempt due to low income.

There is also a list of “hardship exemptions” which apply to homelessness; recent victims of domestic violence; bankruptcy in the last 6 months; property damage due to a natural or human-caused disaster; eviction; recent medical debt; receipt of a shut-off notice for utilities; and the recent death of a close family member. The government has not clarified some of its vague language and broad exemptions (i.e. what are the guidelines for, and how can one verify an exemption based on the “recent” death of a “close” family member?), which will likely result in exploitation of exemption-related loopholes and fewer covered individuals than intended under the law.
Will I Lose My Existing Health Coverage?

One of the most contentious issues leading up to the PPACA provisions going into effect was whether or not people will lose existing health insurance because their plans do not meet the PPACA’s “essential health benefits” standards. First, the PPACA does allow existing plans to be “grandfathered” into the program. To qualify as a grandfathered plan, the plan must have existed on March 23, 2010 and not reduced benefits or increased costs for consumers since that time.62 Job-based grandfathered plans can continue enrolling new persons.63 Health plans must disclose whether or not they are grandfathered in all materials describing their benefits.64

President Obama and other officials failed to publicly clarify that some existing plans may not be grandfathered in or otherwise comply under the PPACA. Instead, they repeatedly promised that people would not lose their existing healthcare plans.65 These assurances proved false as insurers and/or employers began announcing cancellations/non-renewals of some plans in late 2013 based on the determination that those — often less expensive — plans did not meet the new heightened coverage requirements under the law.66 Blue Cross and Blue Shield of Alabama, the largest health insurer in Alabama, notified 87,000 policy holders that their existing plans would not be renewed in 2014 because they did not comply with the PPACA.67

In November 2013, the Centers for Medicare & Medicaid Services (CMS) announced that existing non-grandfathered individual and small group plans could be renewed between January 1 and October 1, 2014 without being considered out of compliance with the Act.68 Despite this extension, Blue Cross and Blue Shield of Alabama announced that it still would not renew plans that fell below the Act’s requirements.69 It asserted that the last-second temporary renewals would destabilize Alabama’s insurance market and risk pools, and result in higher healthcare costs for customers.70

In December 2013, CMS announced that persons whose existing plans had already been cancelled or would not be renewed, and who cannot afford the costs of a new plan would qualify for a hardship exemption entitling them to purchase a catastrophic health plan.71 A catastrophic plan generally offers lower monthly premiums and protects against worst-case scenarios such as serious accidents or illnesses.72 These plans generally come with higher deductibles.73 They were originally meant for persons under age 30.74 President Obama acknowledged that this “transition policy” will not entirely solve the disruption caused by people losing their plans.75 The Obama Administration has not ruled out extending these decisions beyond 2014, depending on their effectiveness.76
Will I Keep My Doctor?

Whether by choice or due to a previous plan’s cancellation, individuals who change coverage may not be able to keep an existing healthcare provider.\textsuperscript{77} One reason is because provider networks shrank in order for insurers to minimize costs.\textsuperscript{78} Therefore, the new provider network may exclude doctors that patients regularly consulted in the past.\textsuperscript{79} This change not only frustrates individuals denied access to certain preferred treatment, but also aggravates some medical providers who find themselves omitted from provider networks, thereby keeping them from patients they rely upon for developing innovative and experimental new treatments (and also profits from new patients).\textsuperscript{80} The online Marketplace does offer a list of healthcare providers in each plan’s network so that consumers can verify whether their current doctor/medical provider is part of the plan.\textsuperscript{81}
HOW DOES THE PPACA IMPACT SMALL BUSINESSES?

Nationwide, small businesses have provided 55% of all jobs, and 66% of all net new jobs over the past 40 years. In Alabama, small businesses accounted for 97% of all employers and employed 49% of the private sector workforce in 2010. Providing affordable healthcare to employees ranks as one of the largest concerns for small businesses over the last several years. Employer-sponsored healthcare plans are the main source of insurance for most Americans. In 2012, these plans covered roughly 149 million Americans.

Although the Obama Administration claims that the PPACA does not contain an “employer mandate” like the individual mandate, the Act will impose penalties on some larger businesses that do not provide health insurance to full-time employees after 2016 while exempting smaller businesses. The measure for determining business size under the PPACA is the number of full-time employees, or a combination of full-time and part-time employees at a business. A full-time employee is someone working at least 30 hours per week. A full-time equivalent (“FTE”) employee is calculated by adding together the total weekly hours of part-time employees to meet the 30-hour requirement (i.e. two part-time employees that work 15 hours per week equal one FTE employee). Thus, while businesses are not required to provide coverage for part-time employees, part-time employees do factor into the determination of whether a company is exempt from potential penalties under the PPACA.

In its 2014 ten-year economic outlook, the CBO made a startling prediction that the generous premium subsidies available to low-earning workers not receiving coverage through their employers will lead to a drastic reduction in hours worked. It reasoned that workers will choose to work less (through reduced full-time work, or moving to part-time work) and therefore earn less to maximize the healthcare premium tax credit amount that will increase as earnings decrease. The projected reduction in work hours represents a potential decline of 2 million FTE employees in 2017, and 2.5 million FTE employees by 2024. If this prediction proves correct, small businesses that do not provide employee health coverage could face a less ambitious and less productive workforce in the coming years.

Businesses with Fewer Than 50 Full-Time Employees: Exemption and Benefits Under the PPACA

Businesses with fewer than 50 full-time/FTE employees (referred to as “small employers” by the IRS) are exempt from any PPACA penalties if they choose not to provide health insurance to their full-time employees. As an incentive for these businesses to provide coverage, the PPACA created the Small Business Health Options Program (SHOP) Marketplace. The government promotes SHOP as a way for small employers to better predict and control premiums
paid and coverage provided. Self-employed individuals with no other employees are ineligible for the SHOP Marketplace, and must obtain individual coverage. In 2016, SHOP expands to employers with fewer than 100 FTE employees.

On November 27, 2013, the DHHS announced that the SHOP Marketplace will not be available online until November 2014 for the plan year 2015. DHHS claimed that this “high-profile setback” for the website is an opportunity to continue improving it for future use. The site is currently available for viewing SHOP plans and pricing information only. Businesses wishing to enroll using the SHOP Marketplace in 2014 must do so by contacting an agent, broker, or insurance company that offers a SHOP plan, and then submit a paper application. Details for this process, referred to as “direct enrollment,” can be found on www.healthcare.gov.

Qualifying to purchase coverage through the SHOP Marketplace does not automatically mean that businesses will qualify for tax credits. Small businesses with fewer than 25 FTE employees whose employees earn an average of $50,000 or less, and that pay at least 50% of full-time employees’ premium costs do qualify for a small business healthcare tax credit on the Marketplace. These eligible employers receive up to a 50% credit off their contribution towards employees’ premium costs (up to 35% for tax-exempt employers).

**Businesses with 50 to 99 Full-Time Employees: Provisions and Penalties Starting in 2016**

Businesses with 50 to 99 full-time/FTE employees risk incurring PPACA penalties beginning in 2016. In the wake of intense pressure from the business community, the Obama Administration first delayed enforcement of penalties for small/midsize businesses—set to begin January 1, 2014—for one year. On February 10, 2014, the U.S. Treasury further delayed implementing the penalties until 2016. Accordingly, beginning in 2016, employers with 50 to 99 employees will face the “Employer Shared Responsibility” penalty, which is designed to offset part of the costs of providing the premium tax credits on the Marketplace. The penalty applies in two scenarios.

First, employers who do not offer health coverage to at least 95% of full-time employees (and dependents) and have at least one full-time employee that receives a federal health insurance premium credit through the Marketplace will be subject to the penalty. The business will owe $2,000 per year multiplied by the total number of full-time employees less 30 (the penalty can also be calculated for each month).
In the second scenario, the penalty applies if the coverage offered to full-time employees is either not affordable, or lacks “minimum value” and at least one full-time employee receives a healthcare insurance premium credit through the Marketplace. Coverage is inadequate if it does not cover an average of at least 60% of the plan’s total cost of incurred benefits. Coverage is unaffordable if an employee’s share of individual coverage costs more than 9.5% of annual household income. Businesses in this situation owe $3,000 per year for each full-time employee that receives a premium tax credit through the Marketplace.

Since these penalties on employers are non-deductible for tax purposes, they will cost employers more than the penalty amount since they will affect the marginal tax rate.

**Non-Discrimination Ban for Group Health Plans Impacts All Businesses**

Another part of the PPACA affecting all employers is the ban on group health plans that offer better benefits for highly compensated employees. The government reasoned that since it provides substantial tax breaks for employment sponsored insurance, employers should not discriminate on plan coverage in favor of higher-earning workers. The rule was supposed to begin within months of the 2010 signing of the Act, but the IRS has struggled with issues such as measuring the value of some employee benefits, how to define “highly compensated,” and what constitutes discrimination. Once the rules are finally in place, companies will face a tax of $100 per day for each employee discriminated against (i.e. each employee that does not receive the better plan). These forthcoming regulations are not meant to apply to existing policies.
ADDITIONAL IMPORTANT TAXES/FEES

Including the above-mentioned penalties/taxes, there are over a dozen new taxes and fees created by the PPACA that apply to individuals, businesses, and insurers that will offset the costs of the PPACA by roughly 50%.125 Some of them, such as the 10% excise tax on indoor tanning salons,126 have been in effect since 2010. Below are a few of the more considerable taxes that already impact, or surely will impact, individuals and small businesses.

Beginning in 2014, insurers and third-party administrators for employers that self-insure must pay a “Transitional Reinsurance Fee” that funds a temporary reinsurance program created to coax insurers into the Marketplace.127 Participating in the Marketplace is a tremendous risk for insurers since they do not know whether their new customers will require more costly treatment (especially ones with pre-existing conditions).128 The reinsurance program is intended as temporary protection against insurance companies incurring huge costs by covering individuals that require more treatment.129 It is meant to combat fears that the high volume of persons needing significant and costly treatment will not be offset by the young and healthy Americans who must enroll for insurers to balance losses.130

To fund the reinsurance program, the government imposes a fee of $63 per covered life (including dependents) on health insurers and third-party administrators of self-insured group plans in 2014.131 The tax is expected to raise $12 billion in 2014, $8 billion in 2015, and $5 billion in 2016 to redistribute to insurers covering very sick persons.132 The program is expected to end after 2016 when it is believed that insurance companies will have a better understanding of the market and risks.133 Representative Paul Ryan criticized the program as nothing more than a bailout of the insurance companies akin to the infamous bank and auto industry bailouts in 2008.134

A second significant and controversial tax starting in 2014 is the health insurance premium tax135 This tax is levied against health insurers based on premiums collected.136 It is expected to bring in $8 billion in 2014, and $101 billion over the next decade.137 Employers who provide healthcare through self-insurance are exempt from this tax.138 This exemption is at the heart of the controversy because of the strong belief that insurance companies will pass the burdens of the tax on to businesses, especially small businesses.139 Roughly 13% of small businesses that provide health insurance to their workers do so through a fully funded plan, whereas 82% of employers with 500 or more workers offer coverage through self-insured programs.140 With so many large self-insured employers exempt from this tax, the burden will fall on small businesses to absorb the added costs through higher premiums and other expenses.141 The Congressional Joint Committee on Taxation estimated that eliminating the tax could indirectly decrease the average annual family premium in 2016 by as much as $400.142

www.alabamapolicy.org
An even greater worry is that small businesses will react to cost increases from this tax by cutting their workforce. A study by the National Federation of Independent Business estimated that the health insurance premium tax would decrease national private sector employment by 146,000 to 262,000 jobs by 2022, with 59% of those losses coming in the small business sector.143 Although the tax is now in effect, legislation has been proposed to delay it until 2016 and to return to consumers any payments already made.144

A third tax expected to alter coverage and premiums for businesses and workers is a steep 40% permanent excise tax on high cost employer-provided group plans (“Cadillac plans”) set to begin in 2018.145 The tax is meant to discourage health plans that offer “excessive” benefits in favor of more efficient and cost-effective plans.146 It will be imposed on the value of health benefits that exceed thresholds estimated at $10,200 for individual coverage and $27,500 for family coverage.147

Proponents of the “Cadillac” tax argue that it will deter exorbitant, expensive and wasteful medical procedures that have contributed to the precipitous rise in healthcare costs.148 Opponents contend that employees will shoulder the burden as benefits are cut and deductibles are increased to avoid the heavy tax.149 It is possible that changes to the tax will be made by Congress (or by the new President who takes office in 2017) as the 2018 deadline draws closer.

**New Taxes Directly on High Income Individuals**

Two Medicare-related taxes on high-earning individuals that started in 2013 are expected to bring in $318 billion through 2022.150 The first one, called an “Additional Medicare Tax,”151 added a surtax of .9% per year onto the existing Medicare Hospital Insurance (HI) payroll tax for individuals with employment income exceeding $200,000 ($250,000 for joint filers).152 The original HI tax was 2.9% of total earnings, with half of that amount deducted from employees’ paychecks, and the other half paid by employers.153 The additional .9% surtax raised the employee portion to 2.35% of annual income (employers’ share of the tax does increase).154

In addition, those with adjusted gross incomes over $200,000 ($250,000 for those filing jointly) now owe a 3.8% Medicare tax on unearned income from dividends, interest, annuities, royalties and rent.155 This tax also applies to capital gains exceeding $250,000 for an individual, and $500,000 for a married couple meeting the income threshold, on the sale of a primary home.156
CONCLUSION

Despite ongoing administrative changes to the implementation of the PPACA, it remains current law, and present political dynamics suggest that material legislative changes to the law are unlikely despite its increasing lack of popularity with the public. For certain groups, the benefits of the Act are clear and significant, but those benefits are not without costs and policy changes for others.

Persons with pre-existing conditions and some young adults under 26 need not worry about coverage. Low-income Americans can receive substantial tax credits for obtaining health insurance through the Marketplace. In states where the Medicaid expansion under the PPACA is adopted, people previously without health insurance will now be covered. At the same time, health insurers will pass their new tax and regulatory burdens onto their customers through increased premiums.

Small businesses that do not offer health insurance and that fall below the threshold for penalties will see few changes. They could possibly benefit if they qualify for the premium tax credits to purchase health insurance for their employees on the Marketplace. If the CBO is correct, though, some small businesses could confront employees that work less to reduce their earnings to maximize the amount of the premium tax credit they may qualify for on the health insurance exchange.

The burdens of the PPACA will be borne by businesses that do, or must, provide health insurance to their employees, and by individuals who are healthy, higher-income earners, or covered by plans that no longer qualify under the law. Healthy young adults that do not need or desire to obtain insurance must purchase it under threat of the individual mandate penalty. Some individuals have lost or will lose their cheaper plans because the plans do not meet the PPACA’s benefit requirements, which results in higher premiums for “better” plans and possibly a loss of existing healthcare providers. Full-time workers may face reduced work hours—and therefore reduced income—as businesses attempt to avoid new costs from the PPACA. Worse yet, employees could lose their jobs due to companies struggling to manage premium increases and to avoid penalties.

Possible consequences aside, one foregone conclusion is that the PPACA provisions will continue to evolve with time. In spite of the immediate consequences of the law for small businesses and families, many final regulations will not be in place for years, and it may take even longer before America gains a comprehensive picture of the significant impacts of the law.

Supra note 35.

Supra note 10.

Id.


Supra note 1 at p.64.

Id.


Supra note 42.

Id.


Id.


Supra note 46.


Supra note 10.


Supra note 48.

Id.

Id.

Id.

Id.


Supra note 23.

45 C.F.R. §155.420(c)


Supra note 23.

Id.


Supra note 62.

Id.


Supra note 69.


Supra note 72.

Id.
Supra note 84 at p. 21.

Id. at p. 22.

Id. at p. 21.

Id. at p. 22.

Id.

Id. at p. 23.


Supra note 88.


Supra note 123.


Supra note 127.

Id.


Supra note 127.


Supra note 123.


Supra note 132.

Id.

Id.

Id.


Supra note 139.


Supra note 145.

Id.


Supra note 148.
Supra note 125.


Supra note 151.

Id.


Supra note 155.