

# SelfInformed

Published by the National Association for the Self-Employed

January 2015



***NASE Member  
Fred Diamond***



# How the Affordable Care Act Will Impact Your Business in 2015

**SINCE IT PASSED IN 2010, THE PATIENT AND PROTECTION** and Affordable Care Act (the full title of the bill) or “ACA” has transformed the way Americans and business buy health insurance. From access to availability, minimum requirements of health care coverage, and enhanced consumer protections, every single American’s health insurance has been impacted. This year additional changes could be coming down the pipe, including implementation of the individual coverage penalty, a Supreme Court challenge to health care subsidies, and repeal of the entire bill by the Republican controlled Congress. As a business owner, it is important that you keep abreast of the latest health care news!

## Quick ACA Re-Fresher

The three core elements of the ACA were: access, coverage and affordability. The law created the establishment of health insurance marketplaces that allowed for individuals and small businesses (49 or less employees) to purchase health insurance through an “exchange”; either run by your state or the federal government. Within those exchanges you had the option of four plans: Platinum, Gold, Silver, or Bronze, all with various monthly deductibles and out-of-pocket expenses. The Platinum plan would have a higher monthly deductible but very low or no out-of-pocket expenses versus the Bronze plan that would be opposite, low monthly deductible and higher out-of-pocket expenses.

The ACA also set new standards for the coverage requirements in an acceptable health insurance plan. Plans now must cover ten essential health benefits like hospitalization coverage, prescription drugs, and maternity care. States could also expand essential health benefit requirements in their state, for instance, Washington State covers acupuncture and cochlear implants.

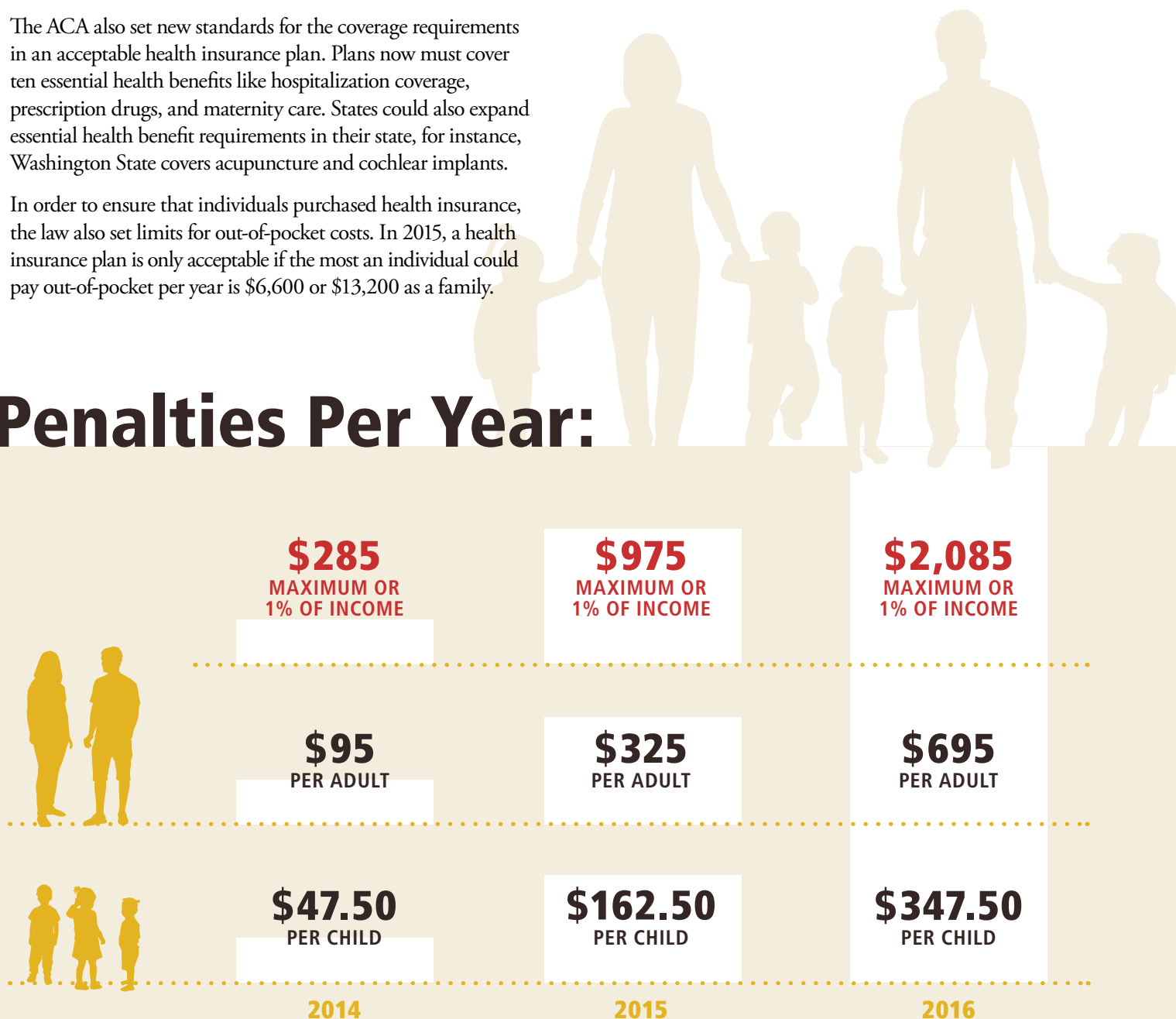
In order to ensure that individuals purchased health insurance, the law also set limits for out-of-pocket costs. In 2015, a health insurance plan is only acceptable if the most an individual could pay out-of-pocket per year is \$6,600 or \$13,200 as a family.

## Changes in 2015

### Individual Penalty

In 2015, the biggest impact of the ACA for millions of individuals will come into effect, verification of coverage via your 2014 tax filing. The ACA requires every individual to have a qualified health care plan, failure to provide verification of health care coverage on your 2014 tax filing will result in a penalty that will be assessed on your 2014 return. The penalty for 2014 is the higher of either \$95 or 1% of your total household income above roughly \$10,000. In 2015, this goes up to \$325 or 2% of your income above \$10,000.

## Penalties Per Year:



# in 2014



**NEARLY 87%**  
of health care  
exchanged  
enrollees,  
roughly 4 million  
Americans,  
received nearly  
\$36 million  
in subsidies

### *King v. Burwell*

The U.S. Supreme Court will hear arguments in *King v. Burwell* in the coming weeks, challenging the distribution of federal subsidies for health care premiums paid to individuals and families enrolled in the federally-facilitated health exchange because their state of residence declined to establish a state-based exchange. Plaintiffs argue that the legislative language in the ACA established premium assistance only allows for enrollees in state facilitated exchanges to receive premium assistance and that the IRS incorrectly interpreted the language to allow for premium subsidies to be distributed to all ACA enrollees regardless.

In 2014, nearly 87% of health care exchanged enrollees, roughly 4 million Americans, received nearly \$36 million in subsidies. Many health care experts believe that should the Supreme Court rule with the plaintiffs and block the use of subsidies in federally-facilitated exchanges, the individual marketplace created by the ACA will crumble sending health insurance costs skyrocketing.

### *Republican Control of Congress*

Without a doubt the upcoming year will see numerous legislative attempts to repeal, replace, and in some cases generally undermine the ACA by the Republican controlled Congress. Already in the 114th the Republican led House of Representatives voted to repeal the 30 hour work week definition to the generally accepted 40 hour work week definition of full-time employee, it is unclear when the Republican led U.S. Senate will take-up the measure. Congressman Boustany (R-LA) has re-introduced legislation repealing the employer mandate, requiring companies with 50 or more employees to provide employer-sponsored health insurance or face significant, crippling fines. It is expected that Republicans will introduce legislation repealing the individual mandate penalty in the coming weeks.

It is unlikely that even if the House and Senate pass popular repeal measures that the President would sign them into law, due to their nature of undermining the core tenets of the ACA. In fact, already the President has

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## HEALTHCARE ACA TIPS

issues a veto threat deceleration on the changes to the full-time work week definition passed by the House Republicans. However, it would not be surprising if Republicans and the Obama White House do find some areas of reform that they could agree on, but first Republicans must work through their repeal efforts.

### **NASE Tackles Health Reimbursement Arrangements Restrictions**

While Congress is distracted with their efforts to repeal the ACA, the NASE is laser-focused on bringing attention to a significant consequence caused by the Departments of Treasury, Health and Human Services, and Labors decision to restrict Health Reimbursement Arrangements (HRAs) for the self-employed and under 49 employee, employers.

On September 13, 2013, the Departments of Treasury, Health and Human Services, and Labor, released Technical Release No. 2013-03, "Application of Market Reform and other Provisions of the Affordable Care Act to HRAs, Health FSAs, and Certain other Employer Healthcare Arrangements." The guidance stipulates that an employer that offers an HRA to two or more employees, but does not offer a group health care plan, is not compliant with annual limit regulations and the business would



Do a full assessment of your current health care needs. Being able to assess what is important to you and your family will make it easier to sift through the plan option in the exchange. For example, do you anticipate any "big" medical expenses (birth of a child, surgery, etc.)? What is your current prescription drug needs? Do you require specialists for a known health ailment?

Have your 2013 tax filing information ready and available? Your 2013 tax filings will be important for you to have available in order to gauge what, if any, health care subsidies you may be available to take advantage of in 2015.



Make sure you have a full list of your current doctors in front of you. You'll want to ensure that your doctors are considered "in network" for any of the potential plans you are considering selecting.

For those already enrolled previously in the exchange, do you need to increase or decrease your coverage? Having the right health care plan that best fits your individual needs is essential. Paying for an oversized plan that provides many bells and whistles you haven't utilized in the past – and will be unlikely to utilize in the future – may be a good place to start in order to help cut costs around your health care budget next year.



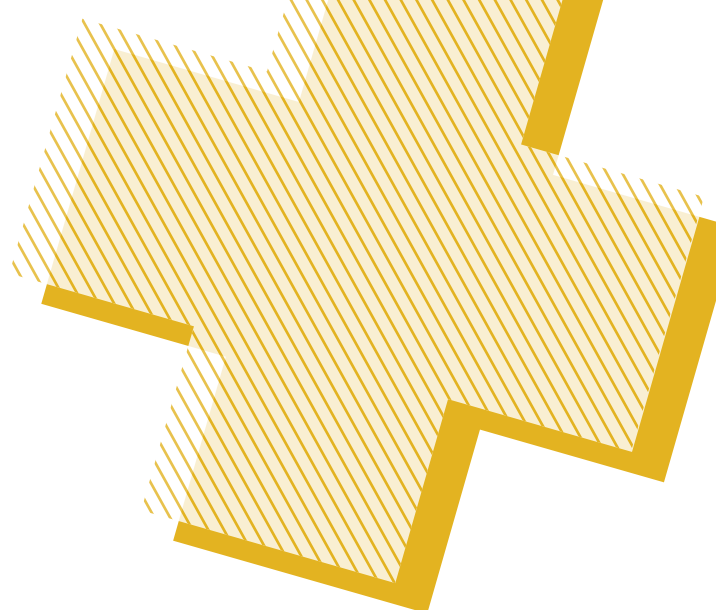
Establish a realistic business budget that includes calculating health care costs. Any good business owner knows to prepare a budget that helps provide planning and stability down the road. Have an idea of what your budget is for health care costs in 2015 and what's a realistic amount for you to spend on coverage for you and/or your family.



be subject to penalty. However, a single employee business can still offer an HRA plan and would not run afoul of compliance issues under the ACA.



The NASE does not believe that an HRA should be viewed under any circumstance as a qualified group plan and we do not disagree with the following assessment within the technical guidance, “HRA 105 Plans, by definition, will not meet the requirements of an ACA compliant health insurance plan.”

Our assessment of the technical guidance has found support on Capitol Hill, in the closing days of the 113th Congress, Reps. Boustany (R-LA) and Thompson (D-CA) introduced bi-partisan legislation, H.R. 5860, *Small Business Healthcare Relief Act of 2014*, which would allow for standalone health reimbursement arrangements (HRAs) for small employers (with 49 employees or less). The legislation will be re-introduced in the early weeks of the 115th Congress. For the NASE, this will remain our top legislative priority in the 114th Congress.






## Crystal Ball Predictions

Perhaps there is no crystal ball, but undoubtedly 2015 will see the possibility of significant changes to the ACA. From the enforcement of the individual mandate penalty, the a earthshattering supreme court ruling, and the systematic, coordinated effort by House and Senate Republicans to repeal the core of the ACA, the health care crystal ball is hazy at best. The NASE will continue to advocate and supports efforts that make health insurance flexible, affordable, and comprehensive for the 23 million self-employed.



- Reach out to your customers.
- Results that start with **Email Marketing**.
- **Go Social** using media integration.





*Request a*  
**HEALTH QUOTE**



- Get help accessing Health Coverage that protects **you, your family & your business**.
- Request a Health Quote *today*.



# Benefits At A Glance



Grants & Scholarships



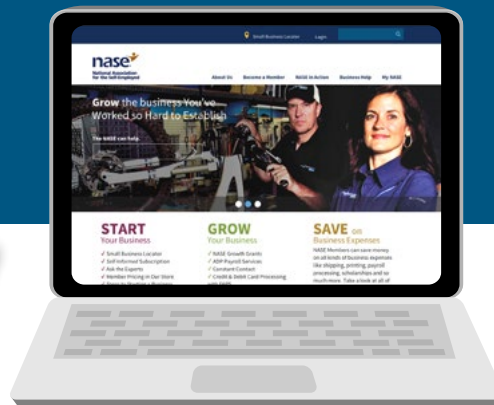
Ask the Experts



Access to Health Insurance



SelfInformed



Visit [www.NASE.org](http://www.NASE.org) to learn more about the following benefits!

## Business

FREE 24/7 Access to Experts Online – Tax, Finance, Legal, Business Strategy & Health Reform	✓
NASE Growth Grants – apply for grants up to \$4,000, awarded monthly	✓
QuickBooks – save up to 20% on financial software	✓
TurboTax Online save 15%	✓
Tax Resource Center – tax assistance	✓
LegalZoom – Online legal document preparation	✓
Constant Contact – Email Marketing that Works	✓
Host Gator – Web Services – 30% discount	✓
ADP Payroll Services – Up to 40% discount	✓
UPS – save up to 32% on UPS overnight, international and ground delivery service	✓
Life Lock – Discounted monthly plans	✓
Credit & Debit Card Processing with FAPS	✓
Xtech – Computer Support as low as \$15	✓
Pitney Bowes – discount on mailstation 2	✓
PODS – save 10% on your initial delivery	✓
TripAlly – Free iPhone app for tracking business miles, a \$9.99 value	✓

NCSPlus – low-cost collection on delinquent accounts	✓
Fast Collect Check Recovery	✓
Tell your Story	✓
Small Business Locator – FREE Member Directory, get your business listed for free	✓
NASE Startup Kit – top 10 tips for starting your business	✓
Full access to articles, in-depth guides and more in the NASE's Business Learning Center	✓
SelfInformed – monthly educational e-newsletter	✓
BizFilings – up to \$60 off business formation services	✓
NASE Printing Services – discounts on high quality printing of business cards, letterhead and more	✓
crowdSPRING – discounted graphic design services	✓
NASE Webinars – tax issues and business strategy	✓
Legislative Action Center	✓
Washington Watch – weekly legislative email update	✓
Self-Employed – Out Front Weekly	✓
NASE Member Badge for your website	✓

## Health

Access to Affordable Health Insurance	✓
Included Benefit – MetLife Term Life Insurance	✓
Renaissance Dental – Individual and Family NASE discounted plan options	✓
Rezilient Direct – Supplemental health insurance	✓
CVS Caremark Prescription Drug Card – 55% savings	✓
Health Resource Center	✓
NASE HRA 105 – deduct up to 100% of health insurance premiums – Let NASE walk you through the process	✓
MRI, CT, and EMG Medical Services	✓
NASE HSA (Health Savings Account)	✓

## Home

Legal Club Family Plan – access to free and discounted attorney services – Discounted legal fees	✓
Wyndham Hotel Group – 20% Savings Program	✓
Auto Insurance through MetLife	✓
Budget Car Rentals – save 20%	✓
Enterprise Rent-A-Car – save 10%	✓
Hertz – save 15%	✓
1-800-flowers.com – 15% discount	✓



# Ask the Expert

**Q.** *I know most people are confused, but exactly how much will my penalty be if I didn't have the required ACA compliant health insurance policy?*

**A.** The most difficult part of your question is the word 'exactly' since the actual amount that any of us would pay is kind of a moving target. Let's start with the basic idea of how much your penalty could be. There are two calculations and you will be required to pay the HIGHER of these two amounts:

- 1) \$95 per adult, plus \$47.50 per child. Maximum amount is \$285, or
- 2) 1% of your total household. Maximum amount is the national average premium cost for a Bronze Plan times the number of people in the family, up to five people. (Bronze plan for an individual for 2014 was \$2,448)

A single individual with no children would pay a penalty between \$95 and \$2,448 depending on their household income. A married couple would pay a penalty between \$190 and \$4,896 depending on their household income. And a married couple with two minor children would pay a penalty between \$285 and \$12,240 depending on their household income.

As you can already see, the most difficult part is determining the second of the two calculations which is based on your total household income. The first thing to remember is that taxable income up to the IRS threshold for required tax return filing doesn't count. If you are below that threshold for your specific filing status, then there will be no penalty. That filing threshold for single taxpayers for 2014 is \$10,150. For a married couple filing a joint return, the threshold amount is \$20,300.

Your family's total income for the calculation was generally the adjusted gross income from your 2014 Federal

income tax return. This is the amount on line 37 at the very bottom on page one of the return. If you have an excluded income such as tax-free interest income, some social security benefits, and perhaps some foreign income, those amounts must be added back to arrive at your total household income.

If you are single and your adjusted gross income is \$35,000, your penalty will be \$249. That is \$35,000 less the filing threshold amount of \$10,150, times one percent. ( $\$35,000 - \$10,150 = \$24,850 \times 1\% = \$248.50$ ) If your adjusted gross income was \$18,000 your penalty would be \$95. \$18,000 less the filing threshold amount of \$10,150 times one percent would be \$79 so you would be subject to the minimum amount of \$95.

If you are married filing jointly with one child and your adjusted gross income is \$70,000 your penalty will be \$497. That's \$70,000 less the filing threshold amount of \$20,300 times one percent. ( $\$70,000 - \$20,300 = \$49,700 \times 1\% = \$497$ ) If your adjusted gross income was \$40,000 your penalty would be \$238. \$40,000 less the filing threshold amount of \$20,300 times one percent would be \$197, which is less than the minimum amount of \$95 for you, \$95 for your spouse, and \$47.50 for your child for a total of \$238.

As you probably guessed there are additional complications but there are a number of good websites that can help you calculate the amount of the penalties depending on the size of your family and your family's total household income. The U.S. Centers for Medicare & Medicaid Services maintains a very good website at [HealthCare.gov](http://HealthCare.gov) as does the Tax Policy Center at [TaxPolicyCenter.org](http://TaxPolicyCenter.org). You can click straight to their calculators <http://taxpolicycenter.org/taxfacts/acacalculator.cfm>.

As always, don't forget that you are not alone. Bookmark our website at [NASE.org](http://NASE.org) as well as the [HealthCare.gov](http://HealthCare.gov) site and the [TaxPolicyCenter.org](http://TaxPolicyCenter.org) site and you will always be able to find the help you need.





# Marketing Self-Employment

**Fred Diamond** is the President of *Diamond Strategic Marketing (DSM)* and Founder of the *Institute for Excellence in Sales & Business Development (IES&BD)*. Though Fred joined the NASE in 2004 initially for the health insurance, he agrees the NASE has proven over the years to offer much more than just a source of health insurance. *Diamond Strategic Marketing* helps growing companies (local, national and international) develop sound and smart product and vertical marketing strategies that lead to revenue rewards. The *Institute for Excellence in Sales & Business Development* provides thought leader-led workshops for selling professionals across the US.

### What inspired you to enter the field you are in?

I have always been in product and corporate marketing with companies as large as Apple Computer to tiny start-ups. When I decided to work for myself, it seemed natural to offer my marketing expertise to as many companies as possible. A lot of companies have benefitted from my expertise. I was also fortunate to have Microsoft offer my services to many of their exceptional partners.

### When and why did you start your business?

I opened Diamond Marketing (now Diamond Strategic Marketing) in February 2002. To be honest, I started working for myself because I had just been laid off. I had wanted to work for myself for years and the opportunity quickly and unavoidably presented itself. Although getting laid off is not fun, it forced me to finally start working for myself, which is what I wanted to do for years.



**What challenges have you faced in your business?  
How have you overcome them?**

A big challenge is getting associates and partners to truly understand what your new company offers. I started a few lead share groups so that I could have the opportunity to let these people know what I do. Another challenge is that when you work for yourself, you have to get really good at time management and prioritization. I've created support networks and hired business coaches to help me stay on track.

**How do you market your business?**

I do a ton of networking in professional, social, and charitable organizations. I also started a number of my own networking groups to help associates understand what DSM does and how it could help their clients. I also started an adjunct entity, the IES&BD, to help bring clients to where I was. Many of the IES&BD members are trying to accelerate their sales processes and DSM is able to help put smarter marketing programs in place to help do so.

**That does not seem like "traditional marketing," can you elaborate on why and how you came to the decision that this was the best path for your business?**

90% of my clients come from referrals from colleagues or past clients or word-of-mouth. My goal was to establish myself as the go-to-marketing consultant to tech companies looking to grow. Most of the time, clients are looking for evidence that you're that person. I knew early on that if I was going to be successful, it was going to be from referrals from personal relationships. I have not gotten one client at all from "traditional marketing" mechanisms and I think most service professionals would probably say the same thing.

**Tell me more about your business, do you have any employees?**

I don't have any full time employees although at times I've had up to 20 people working on our projects. These people included other consultants and marketing support people such as graphics designers, writers, and researchers. I don't anticipate bringing anyone on board full time. There are great resources out there to tap into as needed.

### You mentioned you work with local, US and International markets, do you travel a lot?

At this time, I do not travel much. It all depends on the client load. I've had times when my client base was distributed around the country so I was flying frequently. With technology such as skype and go-to-meeting, I can support clients without ever meeting them. For example, I've been providing product marketing leadership to a client in the Far East and we've never met!

### What's your schedule like, what's a typical day for Fred Diamond?

Good question, have a look:

5:00 AM	Exercise.
6:00 AM	Blog or book writing.
7:00 AM	Make children breakfast and prepare them for school.
8:00 AM	Mandatory breakfast meeting with anyone. I always make it a point to have breakfast with someone, even though I typically drink a protein shake in the morning.
9:00 AM–Noon	Client activity. Attend meetings at their location typically.
Noon	Mandatory lunch meeting with a prospect or colleague/partner.
1:30–4:00 PM	IES&BD meetings, either with members or sponsors.
4:00 PM	Phone calls with prospects.
5:00–7:30 PM	Charity or professional networking.
7:30 PM	Dinner, homework, etc., quality time with wife and kids.
10:30 PM	Sleep.



### What's the best thing about being self-employed?

You have the freedom to pursue additional business opportunities. When you work for a company, you really need to give your best effort to making the company successful, which restricts you from pursuing new opportunities that might arise. If you have any entrepreneurial drive, this can be quite frustrating.

### What's the best compliment you've ever received from a client?

One client hired me for a three month engagement that lasted nine years. They also usually tell me how smart I am.

### What's the most important piece of advice you would give to someone starting their own business?

Get your spouse on board. If your spouse or life partner is not on-board, the experience can be much, much more difficult than it should be.



## Learn More in the NASE Small Business Locator

Learn more about Fred Diamond, Diamond Strategic Marketing, Institute for Excellence in Sales & Business Development, and other Self Employed businesses in the **NASE Small Business Locator directory**. You can add your own company to the NASE Small Business Locator in up to three categories at no charge – it is a free benefit to NASE members.



# ACCESS TO HEALTH REIMBURSEMENT ARRANGEMENTS FOR SELF-EMPLOYED

## #1 LEGISLATIVE PRIORITY



Health Reimbursement Accounts have historically been a very powerful and effective tool for the small business community.

### IN THE CLOSING DAYS

of the 113<sup>th</sup> Congress, Representatives Boustany (R-LA) and Thompson (D-CA) introduced H.R. 5860, the *Small Business Healthcare Relief Act of 2014*, which would allow for standalone health reimbursement arrangements (HRAs) for small employers (49 or less employees).

Health Reimbursement Accounts have historically been a very powerful and effective tool for the small business community. HRA's allows small business owners to do the right thing by helping provide financial assistance to their employees for qualified health care expenses. Established in 2002, Health Reimbursement Arrangements (HRAs) or Health Reimbursement Accounts are employer-funded, tax-advantaged employer health benefit plans that reimburse employees for out-of-pocket medical expenses and individual health insurance premiums. Health Reimbursement Accounts are funded solely by the employer, and cannot be funded through employee salary deductions. The employer sets the parameters for the Health Reimbursement Accounts, and any unused funds remain with the employer. There are

only two requirements to establish an HRA plan: 1) the plan must be in writing; 2) the plan must be non-discriminatory (i.e. each employee receives the same reimbursable rate).

In September 2013, through Technical Release No. 2013-03 the Departments of Treasury, Health and Human Services, and Labor, significantly restricted the use of HRAs by small employers, stipulating that an employer that offers an HRA to two or more employees, but does not offer a group health care plan, is not compliant with annual limit regulations and other health insurance market requirements and therefore, the business would be subject to significant penalty.

H.R. 5860 would reverse the Technical Release for employers with 49 or less employees that offer an HRA to their employees. While the legislation will have to be re-introduced in the 114<sup>th</sup> Congress, the NASE remains steadfast in its determination to have HRAs unrestricted to the self-employed and micro-business community as way in which employers can help financially contribute to their employees' health care costs.

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