

## 2014 HEALTH CARE LAW UPDATE

The *Affordable Care Act* (the ACA) – the health care law known as “Obamacare” – got off to a rough start. It was passed amidst contentious debate in Congress in 2010, faced legal challenges before the U.S. Supreme Court upheld it in 2012, and sputtered at the end of 2013 when technical glitches on the government’s website deterred enrollment in health insurance plans. So where does the ACA stand in 2014?

It’s the law of the land. Some ACA changes are already in place, some have been postponed and some are still scheduled for the near future.

- **Changes for individuals:** Certain tax-related provisions – including the imposition of a new 3.8% Medicare surtax on the net investment income of upper-income taxpayers – went into effect in 2013.

Various consumer protections were triggered dating back to 2010, while a prohibition against discrimination based on pre-existing conditions became effective on January 1, 2014.

Significantly, if you don’t have access to health insurance, you can now acquire it directly from healthcare.gov. Open enrollment for 2014 lasts until March 31, 2014. At that point, individuals are generally required to be enrolled in a plan offering “minimal essential health insurance coverage” or face penalties from the IRS.

- **Changes for businesses:** A tax credit can be claimed by a qualified small business providing health insurance coverage to a staff with fewer than 25 full-time employees and average wages of less than \$50,000. The maximum credit, which has been 35% since 2010, increases to 50% in 2014.

A provision in the ACA initially required a business with 50 workers or more to offer health insurance or pay a fine. This mandate for businesses, which was initially scheduled to take effect in 2014, has been postponed to January 1, 2015.

Reminder: Other key ACA deadlines will arrive after 2014. Be aware that this law could affect your tax planning for years to come.