

EMPLOYER UPDATE

The Affordable Care Act



**Corey, Luzaich, de Ghetaldi,
Nastari & Riddle LLP**
Attorneys at Law

Beginning in 2016, businesses that employ 50 or more full-time equivalent employees will have to offer health insurance coverage, meeting certain criteria, to all full-time employees.

Definition of Full-Time Equivalent

Under the applicable legislation, a “full-time employee” is defined as one who works an average of 30 hours per week, or at least 130 hours per month. Your business’ number of “full-time-equivalent employees” is determined by adding together the hours of full-time and part-time employees. For instance, if you have four employees who work 15 hours per week, you have two full-time equivalent employees.

Requirements of Coverage

Your coverage must be both affordable and provide a minimum value. Coverage is considered affordable if it costs no more than 9.5% of your employee’s household income. The health plan you offer to employees meets the minimum value requirement if it pays for at least 60% of covered services.

Penalties

If you don’t offer health coverage, the annual penalty is \$2,000 per full-time employee, excluding the first 30 employees.

If you do offer coverage, but it doesn’t meet the requirements described above, the annual penalty is \$3,000 for each full-time employee who qualifies for reduced premiums under Covered California.

Our Legal Services

Avoiding costly employment litigation begins with the establishment of effective employee policies and procedures. Our attorneys work with our employer clients to develop and update employment policies and practices focused on each business’ particular needs. We draft employee handbooks and keep up to date on evolving State and Federal laws so that we can advise our clients to ensure compliance with workplace matters. In addition, we advise our business clients on handling “problem” employees, internal grievances, leaves of absence, independent contractor/employee distinction issues, disability accommodation, wage and hour matters, and employee severance agreements.

Our attorneys also present seminars on a variety of employment topics, such as Prevention of Sexual Harassment, California’s Sick Leave Law, and Family and Pregnancy Leave Laws.

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If you have questions about this information or any other employment law inquiries, please contact one of our employment law attorneys.

Amanda L. Riddle, Esq.

Jennifer E. McGuire, Esq.

COREY, LUZAICH, DE GHETALDI,

NASTARI & RIDDLE LLP

700 El Camino Real

Millbrae, CA 94030

(650) 871-5666

alr@coreylaw.com

jem@coreylaw.com

625 Miramontes St, Ste 106

Half Moon Bay, CA 94019

(650) 726-7578

www.coreylaw.com