



Legislative Alert



NCA Legislative Alert: The New Health Care Reform Law

After more than one year of debate, The Patient Protection and Affordable Care Act is now the law of the land and the “fix it” bill that tweaks the law has been passed as well. As such, the battle is over and the job of implementing the statute is now at hand.

Under the new law, many private clubs will have administrative and paperwork requirements that will take extra time, but there will be other more significant matters that private clubs will have to take into consideration as this measure takes full effect over the next few years.

To help members understand its effects and their new responsibilities, NCA has outlined some of the more crucial elements of the law that will directly and indirectly impact clubs.

New Employer Mandates – effective January 1, 2014:

1. Clubs with an average of 50 full-time employees during the last year must offer insurance to their full-time employees.
 - a. “Full-time employee” is defined as one who is employed on average at least 30 hours/week during any month.
2. Part-time employees are to be counted when determining if your club has 50 full-timers, but you are not required to offer them insurance. The formula used to count part-time employees is as follows:
 - a. Take the total hours worked by part-timers in a month and divide by 120, then
 - b. Add that number to the number of full-timers to see if you reach 50.
3. Clubs that meet the 50 full-time employee threshold and do not offer insurance will be fined up to \$2,000 per full-timer (less the first 30 full-timers) if:
 - a. One full-time employee enrolls in a separate plan, and
 - b. That employee is eligible to receive a tax credit or subsidy.
4. Clubs that meet the 50 full-time employee threshold and do offer insurance can still be fined. The fine is up to \$3,000 for each full-time employee who:
 - a. Enrolls in a separate plan, and
 - b. Is eligible to receive a tax credit or subsidy.
5. If a club has 50 full-time employees, then its full-time seasonal workers must also be offered insurance.
6. If a club has less than 50 full-time employees but its full-time seasonal workers push it over the threshold, then:
 - a. The club will have to offer insurance to its full-time employees if it reaches the threshold for more than 120 days.
 - b. The club will not have to offer insurance to its full-time employees if it reaches the threshold for 120 days or less.
7. “Seasonal worker” is defined as one who performs labor or services on a seasonal basis.

8. Clubs with 200 or less full-time employees may have up to a 90 day probationary period before offering new full-time employees insurance.
9. Clubs with more than 200 full-time employees may not have a probationary period that delays enrollment in an insurance plan. They must automatically enroll new full-timers in their insurance plan and give the new employee an opportunity to opt-out.

New and Increased Taxes on Private Club Members – effective January 1, 2013

Before these tax changes take place, private clubs will need to consider whether to budget for a potential decrease in revenue.

1. A new 3.8% tax on interest, investment and dividend income for those individuals making \$200,000 or more per year and for those couples making \$250,000 or more per year.
 - a. This tax is in addition to any capital gains tax and income tax already levied against those funds.
2. The Medicare payroll tax is increased by .9% for those individuals making \$200,000 or more per year and couples making \$250,000 or more per year.
 - a. If a club has 50 families making \$250,000 per year, then this comparatively small payroll tax increase could cost it over \$100,000.

New Fees and Taxes Affecting Current Health Insurance Premiums

Private clubs will need to be prepared for a potential health insurance rate increase that may arise from the expected pass through of the following revenue raisers found in the new law.

1. A new fee on pharmaceutical manufacturers for all items sold – beginning January 1, 2011.
2. A 2.9% tax on medical device manufacturers for all products sold – beginning January 1, 2013.
3. An insurance company fee for all policies sold – beginning January 1, 2014.
4. A 40% tax on health insurance policies costing more than \$10,200 for an individual plan or \$27,500 for a family plan – beginning January 1, 2018.
 - a. The tax is levied only on the amount above the threshold limit.

Certainly, there will be a lot to do to prepare for this new law. However, with the relatively long lead time before many of these provisions take effect, private clubs should have ample opportunity to be ready.

With such a delay before full implementation, it is clear there will be Congressional efforts to alter the law. Naturally, NCA will continue to work with our Democratic and Republican friends in Congress to pass measures that will relieve some of the more problematic aspects of this legislation.

Unfortunately, even if Members of Congress are willing to make changes, the President has indicated he will not. As such, it would be prudent for clubs to begin making the necessary changes to comply with the law as it is written.

As always, should you have any questions about this new law or if we can help in any way, please do not hesitate to contact NCA and its Vice President of Government Relations and General Counsel, Brad D. Steele, at steele@nationalclub.org.



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