

## What Category Is Your Business in the New Health Care Reform Act

### Small Biz? Large Biz? Red Biz? Blue Biz?

In [our previous article](#), we offered several important questions that you could be asked in trying to navigate the complicated waters of Health Care Reform (HCR) and help to clarify its effect on your company.

In an attempt to keep things simple, we have broken things down to the two major groups that are affected by the rules of the HCR. This article will clarify how to determine to which of these groups you belong.

### Where do I fit in the small business equation?

A small business, as defined on the [Obamacare Facts website](#), is a business that is privately



owned and employs 1-250 workers. For the purpose of expanding on our previous post, we will begin with the number of employees. HCR is very tricky in the way that it classifies where a company fits in the small business equation. While there are a few exclusions to these rules, most employers must exercise care in how they calculate the number of employees.

As discussed in the previous article, HCR uses the term *full-time equivalent (FTE)* employees. The number of employees is set at 50. Those employers having 50 or fewer FTE employees have fewer requirements placed upon them than those with 51 or more employees.

### What does the term “FTE” actually mean?

Cutting back the number of full-time employees and replacing them with multiple part-time employees is not enough to take you below the 50 person threshold.

An employee is considered full-time if they work an average of 30+ hours per week. You will want to review each employee's hours over the past 3-12 months and average the total amount of time they have worked to find out whether or not they have worked the 30+ hours. If they are below that mark, they are considered part time.

Here is the caveat to keep everyone on an even playing field: the total number of hours worked by all part-time employees is divided by 120, which then gives you the number of FTE employees.

For example: If an employer cuts back full-time employees to 40 and hires 15 part-time employees who work 24 hours per week, the FTE is calculated as follows:

- 15 employees x 24 hours per week (96 hours per month)= 1440 hours divided by 120 hours = 12 FTE employees.
- 40 full time +12 FTE employees = 52 FTE employees thus making the company a large business and subject to the regulations governing the larger businesses.

It is important to know how many FTE employees your company has. While there are a few mandates that are in effect now for companies with more than 50 FTE employees, some of the mandates have been pushed off until 2015.

To learn detailed information on how HCR will affect your company and the revisions that have recently been enacted, visit the [Obamacare Facts Website](#) and if you have questions make your appointment to [get a strategic HR consultation](#) to prepare for the HCR changes that will affect you.