

# [ MONOTELO ] QUARTERLY

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## GREAT NEWS FOR SMALL BUSINESS

**owners who have struggled to provide  
health care coverage to their employees!**

### NEW HEALTH PLANS FOR SMALL BUSINESSES

There have been a lot of changes to healthcare in the last several years, and these changes can make it difficult to figure out the best way to handle your own healthcare as well as the healthcare of your employees. With the implementation of the Affordable Care Act, many small businesses found that providing health insurance to their employees was either too complicated, or too expensive. As a result, many small businesses chose not to provide health benefits to their employees. Fortunately, there is now a solution for small businesses.

Starting January 1, 2017 small businesses with fewer than 50 employees can set up a qualified small employer health reimbursement arrangement and start helping their employees with their health insurance. This new plan allows you to deduct the cost of the insurance as an expense, and allows you to provide this benefit to your employees, tax free.

**Using this process, you  
can reimburse medical  
costs up to \$4,950  
for an individual, or  
\$10,000 for a family.**

### PUTTING THE PLAN IN PLACE

The steps below outline the necessary process you need to follow to cover your employee's health insurance and other medical costs:

1. You need to provide written notice to your employees of the plan before March 12, 2017 (or 90 days before the beginning of the year in 2018 and beyond). This notice should include:
  - The amount of the employee's permitted benefit for the year.
  - A notice that the employee must notify any health insurance exchange to which the employee applies of the benefit received.
  - A warning that if the employee is not covered under minimum essential coverage for any month, any reimbursements they receive will be included in gross income and subject to tax.
2. Have your employees submit proof of coverage as a request for reimbursement. Once the employee has submitted proof of coverage, reimburse the expense either as a separate payment or as an additional amount included in payroll but not subject to taxes.
3. Include the tax free benefit on the employee's W2 for the year as a separate item from gross wages. The IRS is expected to make a provision for this when it revises form W2 for 2017.