

Health care law paperwork costs small businesses thousands

March 18 2015, by Joyce M. Rosenberg



In this Monday, March 16, 2015 photo, Brad Mete, a managing partner at Affinity Resources, a temporary staffing company, left, talks new recruiter Obed Blanco, right, through procedures on his first day at work at their Miami Lakes, Fla., office. Complying with the Affordable Care Act is costing small businesses like Mete's thousands of dollars that they didn't have to spend before the new regulations became law. (AP Photo/Wilfredo Lee)

Complying with the health care law is costing small businesses thousands of dollars that they didn't have to spend before the new regulations went

into effect.

Brad Mete estimates his staffing company, Affinity Resources, will spend \$100,000 this year on record-keeping and filing documents with the government. He's hired two extra staffers and is spending more on services from its human resources provider.

The Affordable Care Act, which as of next Jan. 1 applies to all companies with 50 or more workers, requires owners to track staffers' hours, absences and how much they spend on health insurance. Many small businesses don't have the human resources departments or computer systems that large companies have, making it harder to handle the paperwork. On average, complying with the law costs small businesses more than \$15,000 a year, according to a survey released a year ago by the National Small Business Association.

"It's a horrible hassle," says Mete, managing partner of the Miami-based company.

But there are some winners. Some companies are hiring people to take on the extra work and human resources providers and some software developers are experiencing a bump in business.

Companies must track workers' hours according to rules created by the IRS to determine whether a business is required to offer health insurance to workers averaging 30 hours a week, and their dependents. Companies may be penalized if they're subject to the law and don't offer insurance.



In this Monday, March 16, 2015 photo, Brad Mete, a managing partner at Affinity Resources, a temporary staffing company, poses for photos in his Miami Lakes, Fla., office. Complying with the Affordable Care Act is costing small businesses like Mete's thousands of dollars that they didn't have to spend before the new regulations became law. (AP Photo/Wilfredo Lee)

Businesses must also track the months an employee is covered by insurance, and the cost of premiums so the government can decide if the coverage is affordable under the law.

Many companies have separate software for payroll, attendance and benefits management and no easy way to combine data from all of them, says John Haslinger, a vice president at ADP Benefits Outsourcing Consulting. And early next year, employers must complete IRS forms using information from these different sources. The process is more complex for businesses with operations in different states.

Mike Patton's health insurance broker is handling the extra administrative chores for his San Francisco Bay-area flooring company DSB Plus, but he's paying for it through higher premiums—about \$25,000 a year.

To pay for the extra services the business is getting from his broker, Patton cut back on workers' bonuses and raises.

"They understand it didn't emanate from us," Patton says. "They're just disappointed that \$25,000 could have gone into a bonus pool."



In this Monday, March 16, 2015 photo, Brad Mete, a managing partner at Affinity Resources, a temporary staffing company, left, talks with recruiters about which job orders still need candidates to fill the positions, during a meeting at their Miami Lakes, Fla., office. (AP Photo/Wilfredo Lee)

That kind of spending has led to a surge in business for payroll providers, human resources consultants and [health insurance](#) brokers that track hours and keep records for [small businesses](#), and even file documents with the government.

Sales have more than doubled in the last year at human resources provider Engage PEO. Many of its clients are small companies.

"They want to comply with the law and don't want to be subject to an unintended penalty," says Dorothy Miraglia King, executive [vice president](#) of the St. Petersburg, Florida-based company.

Businessolver, a company whose primary business is creating software to help companies administer benefits, also reports an uptick in demand. In 2013, when clients started becoming aware of the law's paperwork requirements, they asked for software that could take care of all their needs, says Rae Shanahan, a human resources executive at the West Des Moines, Iowa, company.

"The traditional systems that people have can't handle it," she says.

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