

BottomLine

Just a quick chat from your accounting firm

FREDRICKZINK & Associates
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Fall 2013

Let's Go Back To School On Health Care

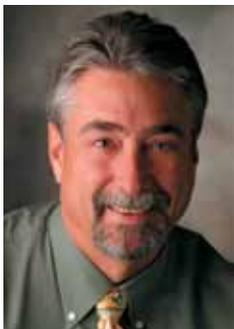
Because we care...

You'll notice this issue of the BottomLine is mostly about Health Care Reform, the Patient Protection and Affordable Care Act, and what's going to take place as soon as January 1, 2014. If, after you've read through the information, you have additional questions (and we'd be surprised if you didn't), please contact us, we'll help you figure it out.

IN OTHER (SORT OF) HEALTH NEWS:

- Our own Michelle Sainio and her husband Kevin welcomed a **healthy baby girl** into the world on April 22nd. Aubrey Ann Sainio joins Durango and the extended FZA family. Congratulations Michelle, Kevin and Aubrey.
- Our firm continues on a **healthy growth path** with the addition of Steve Housley as staff accountant. Steve is a 2010 Fort Lewis College graduate with a double major in Accounting and Business Administration. He returns to Durango from his most recent position with a CPA firm in Glenwood Springs and will concentrate in the areas of audit, tax, and accounting service for our clients. Welcome back Steve.

So that's about it for this issue, except to say that we hope you have a healthy and happy "Back to School" season.



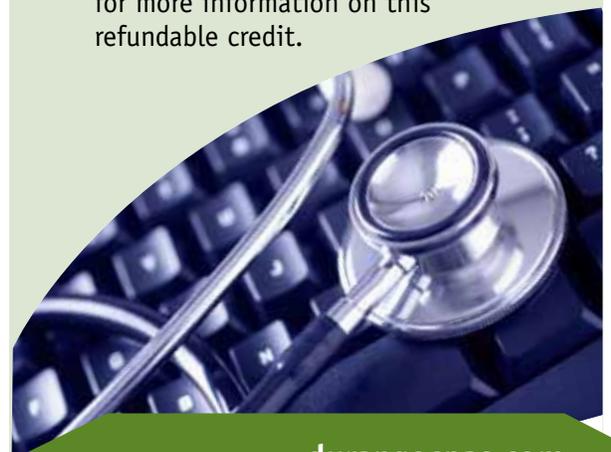
Chuck Fredrick, CPA



Sidny Zink, CPA

The Rx on 2014 and Health Care Reform

1. **Information reporting on Form W-2.** All employers must now report the cost of health insurance coverage on an employee's W-2. Small employers (under 250 W-2's) were given relief in 2012, but are now required to report these costs on the employee's 2013 W-2, issued in 2014. See IRS Notice 2011-28 or contact us today if you have questions regarding this requirement.
2. **Individual Mandate.** Beginning January 1, 2014, individuals who do not maintain health insurance every month will be subject to a tax. The tax is no more than \$95 in 2014. The penalty increases substantially in subsequent years.
3. **Health Insurance Premium-Assistance Tax Credit.** Eligible taxpayers can use this credit to off-set health insurance premiums if coverage is purchased through a state exchange. Visit www.healthcare.gov or call us for more information on this refundable credit.



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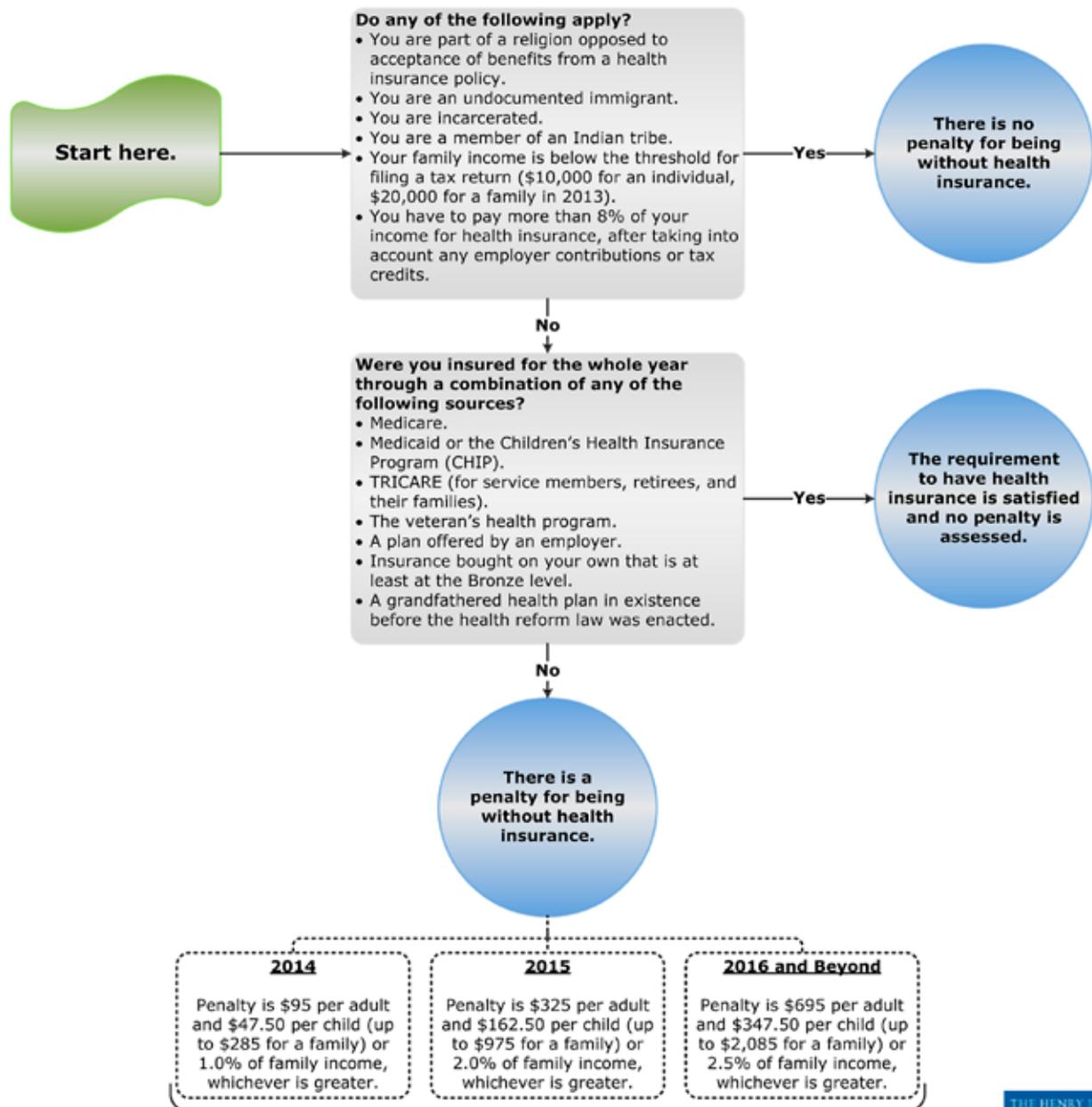
Email: FRFforSMEs@aicpa.org

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11/13/13-11/13

The Requirement to Buy Coverage Under the Affordable Care Act Beginning in 2014



Income is defined as total income in excess of the filing threshold (\$10,000 for an individual and \$20,000 for a family in 2013). The penalty is pro-rated by the number of months without coverage, though there is no penalty for a single gap in coverage of less than 3 months in a year. The penalty cannot be greater than the national average premium for Bronze coverage in an Exchange. After 2016 penalty amounts are increased annually by the cost of living.

Key Facts:

- Premiums for health insurance bought through Exchanges would vary by age. The Congressional Budget Office estimates that the national average annual premium in an Exchange in 2016 would be \$4,500-5,000 for an individual and \$12,000-12,500 for a family for Bronze coverage (the lowest of the four tiers of coverage that will be available).
- In 2012 employees paid \$951 on average towards the cost of individual coverage in an employer plan and \$4,316 for a family of four.
- A Kaiser Family Foundation subsidy calculator illustrating premiums and tax credits for people in different circumstances is available at <http://healthreform.kff.org/subsidycalculator.aspx>.

YOU CAN LEARN A LOT FROM YOUR TAX RETURN

What does your tax return say about your financial situation? The fact is, the paperwork you file each year offers excellent information about how you are managing your money—and about areas where it might be wise to make changes in your financial habits. If you have questions about your financial situation, remember that we can help. Our firm is made up of highly qualified and educated professionals who work with clients like you all year long, serving as trusted business advisors. So whether you are concerned about budgeting; saving for college, retirement or another goal; understanding your investments; cutting your tax bite; starting a business; or managing your debt; you can turn to us for objective answers to all your tax and financial questions.

The Fees Behind the Patient Protection and Affordable Care Act (PPACA)

Beginning in July 2013, health plan sponsors and insurers are required to pay different fees in order to fund the programs of the Patient Protection and Affordable Care Act (PPACA). Two of these fees are based on the number of “covered lives” under a plan, but there are also a number of differences between the two:

	PCORI FEE	REINSURANCE FEE
DUE DATE	By 7/31 of the year following the last day of the plan year. The first PCORI fee must be reported and paid by July 31, 2013.	Report the annual enrollment count by 11/15 of the benefit year, beginning on November 15, 2014. The Department of Health and Human Services (HHS) will then notify the entity of the fee to be paid in the current benefit year.
APPLICABLE PLAN YEARS	Plan years ending on or after October 1, 2012 and before October 1, 2019	Calendar years 2014, 2015, and 2016.
WHO MAKES THE PAYMENT?	SELF INSURED PLAN: plan sponsor (i.e. employer) must file form 720 and pay the fee directly to the IRS. FULLY INSURED PLAN: The issuer of the policy must file form 720 and pay the fee to the IRS.	SELF INSURED PLAN: the plan is responsible for the fee, but may elect to use a third-party administrator. FULLY INSURED PLAN: the issuer is responsible for the fee.
CALCULATING THE FEE	For plan years ending between 10/1/12 and 10/1/13 the fee is \$1 per covered life. The fee increases to \$2 for plan years ending between 10/2/13 and 10/1/14. The amount of the fee after 10/2/14 is to be determined.	The annual reinsurance fee is \$63 (\$5.25 per month) for 2014. Individual states may elect to collect more than the national rate if the state notifies HHS within 30 days of the publication of the national rate.

There is also a Health Insurance Provider Fee, an annual fee imposed on entities with aggregate net premiums over \$25 million in a calendar year.

*This issue is for the health of it.
Lots of news on what Health Care
reform means to you.*

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