

Affordable Care Act's "Employer Mandate" Delayed in Part for Another Year

On February 10, 2014, the U.S. Department of the Treasury announced that it was partially delaying implementation of the Affordable Care Act's employer mandate. Mid-sized employers with 50 to 99 full-time employees will not be required to pay a penalty for failing to provide health insurance until 2016. The penalty will still apply to large employers with 100 or more full-time employees; however, they will only be required to offer health insurance to 70 percent of their full-time employees in 2015 and 95 percent in 2016. The delay is the second time the Obama administration has postponed enforcement of the employer mandate, which was originally scheduled to be effective in January of this year. Small employers with fewer than 50 full-time equivalent employees (FTEs) will continue to be exempt from the mandate. Other employer and FTE-based requirements are still on pace to take effect. For example, the delay will not have any impact on Section 6055 or 6056 reporting.

Generally, employers with 50 or more FTEs must provide health insurance to their full-time employees or pay a penalty called the "employer shared responsibility payment" on their tax return. The penalty is designed to offset the cost to taxpayers of individuals receiving tax credits to purchase insurance on the health insurance exchange. If the employer doesn't offer insurance, the annual penalty is \$2,000 per employee (the first 30 full-time employees are exempt). If the employer offers coverage that is either unaffordable or does not provide minimum value, and at least one full-time employee purchases health insurance through the exchange with premium tax credits, then the employer must pay an annual penalty of \$3,000 for each employee receiving a credit. Coverage is considered unaffordable if an employee's share of the premium costs for employee-only coverage is more than 9.5% of the employee's yearly household income. A plan provides minimum value if its share of the total costs of covered services is at least 60%.

The Treasury announced the delay along with its issuance of the final regulations implementing the employer mandate. Among other changes, the regulations provide clarification regarding whether certain employees are considered full-time. For example, volunteers working for a government or tax-exempt entity, including firefighters and emergency responders, will not be considered full-time employees. Work study students and employees in seasonal jobs for which the customary employment is six months or less will also not be considered full-time employees under the ACA.

Roetzel remains ready and able to assist you with all of your ACA compliance issues. For additional information, please contact any of the following attorneys:

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