

Employer Mandate for ACA Postponed and Transition Relief

Medium sized and large employers are once again receiving a reprieve from one of the key elements of the ACA, the employer mandate to provide affordable, comprehensive health benefits to full time employees or pay a fine. On Monday, February 10, 2014, the Treasury Department announced that employers with 50 to 99 FTEs will be given until the start of their 2016 plan year (an additional year) to comply. For employers with 100 or more full-time equivalents, the requirement is delayed but in stages. Rather than ensuring that the previously required 95% of full time employees are eligible for coverage to remain compliant in 2015, larger employers will be allowed to offer coverage for that plan year only to at least 70% of their full time employees instead. The change does not affect the individual mandate that went into effect on January 1, 2014.

Keep reading for additional information for each of the affected employer sizes, and keep an eye open for continued guidance.

Under 50 FTE Employees

For small employers with fewer than 50 FTEs, there is no change. The employer mandate provisions did not and still do not

apply to small employers. For 2015 and 2016, if an employer is close to 50 FTEs, they can determine their count for these purposes by examining any consecutive six month period in the previous year.

50-99 FTE Employees

Employers with 50-99 FTEs receive a one-year delay in the employer mandate requirement to provide essential, affordable, health coverage to full time employees in order to avoid one of the two new penalties for failing to do so. The new effective date is for plan years beginning on or after January 1, 2016 (versus January 1, 2015). For non-calendar year plans, the effective date remains January 1, 2016 even if the plan year crosses over that period. There are some caveats to this delay that an employer must adhere to, including:

- The employer may not lay off employees in 2014 in order to fall below 100 employees.
- The employer does not eliminate or “materially reduce” the health coverage that was already in place on February 9, 2014.
- The employer must begin reporting coverage for employees in 2015.

100+ FTE Employees

Large employers with 100 or more FTEs received some transition relief for the 2015 plan year as well. Previous guidance required that large employers offer essential, affordable health coverage to at least 95% of its full time employees (and dependents, although “dependents” for this purpose doesn’t necessarily include a spouse). Transition relief provided in this guidance allows for a large employer to offer coverage to only 70% of

full time employees (and dependents) for plan the single plan year beginning on or after January 1, 2015. The requirement to offer coverage to 95% of full time employees takes effect again at the start of the plan year beginning on or after January 1, 2016. Large employers must also begin reporting coverage of employees to the federal government in 2015.

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