

Treasury Releases Additional Guidance on Employer Mandate

by Gary S. Young on September 18, 2013

The deadline for Employers to comply with the “Employer Mandate” provisions of the Patient Protection and Affordable Care Act (PPACA) has been postponed until 2015. In addition to the delay, the Treasury Department recently released new proposals that will further limit the compliance burdens placed on U.S. businesses.

As we have previously discussed on this Business Law Blog, the PPACA requires employers with 50 or more “full-time” employees to provide health insurance to all of its full-time employees. Failing to do so will result in the imposition of non-deductible excise taxes of \$2,000 for each non-covered, full-time employee (after deducting the first 30 full-time employees).

“Full-time” is defined to be those employees who work on average 30 or more hours per week (or 120 in a month), and the determination of whether you meet the 50-employee threshold includes counting “full-time equivalents,” which are defined to be all part-time and seasonal employees’ hours worked in a month, divided by 120.

“Today’s proposed rules enable us to continue engaging on how best to implement the ACA reporting requirements in a more streamlined and focused manner,” the Treasury Department announced. “We will continue to consider ways, consistent with the law, to simplify the new information reporting process and bring about a smooth implementation of those new rules. Doing so will help ensure that the ACA effectively and efficiently delivers its historic tax benefits that promote health security for all Americans.”

Below are some of the proposed rules intended to streamline the reporting process:

- Replacing separate employee statements with Form W-2 reporting on offers of employer-sponsored coverage to employees, spouses, and dependents.
- Eliminating the need to determine whether particular employees are full-time if adequate coverage is offered to all potentially full-time employees.
- Allowing employers to report the specific cost to an employee of purchasing employer-sponsored coverage only if the cost is above a specified dollar amount.
- Limited reporting for certain self-insured employers offering no-cost coverage to employees and their families.
- Permitting health insurance issuers, employers, and other reporting entities to forgo reporting the specific dates of coverage (instead reporting only the months of coverage), the amount of any cost-sharing reductions, or the portion of the premium paid by an employer.

According to the Treasury, once the rules are final, employers will be encouraged to voluntarily start reporting in 2014 in preparation for the official implementation of the reporting provisions

in 2015. “Real-world testing of reporting systems in 2014 will contribute to a smoother transition to full implementation in 2015,” the agency explains.

If you have any questions about the latest PPACA guidance or would like to discuss your company’s compliance initiatives, please contact me, Gary Young, or the Scarinci Hollenbeck attorney with whom you work.