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Employer Shared Responsibility Transitional Relief

IS THERE TRANSITIONAL RELIEF FOR IMPLEMENTING EMPLOYER SHARED RESPONSIBILITY FOR 2015?

Yes. The United States Treasury Department and the Internal Revenue Service released final regulations for implementing the Employer Shared Responsibility provision under the Affordable Care Act for 2015.

The final regulations provide transitional relief to large employers (50 or more full-time equivalent (FTE) employees) for 2015, as well as clarifications around employee categorization, full-time determination status, affordability safe harbors, and other limited transitional rules.

WHAT IS EMPLOYER SHARED RESPONSIBILITY?

The Employer Shared Responsibility requires large employers [those with 50 or more full-time equivalent (FTE) employees] to provide health insurance coverage to their full-time employees and dependents that meet the following requirements:

- affordability;
- minimum value coverage;
- coverage for “substantially all” FTE employees.

WHAT IS THE TRANSITIONAL RELIEF FOR PROVIDING HEALTH COVERAGE?

The transitional relief for the 2015 plan year provides:

- Employers with 50-99 FTE employees would not be required to meet the Employer Shared Responsibility provision until the start of the 2016 plan year.
- Employers with 100 or more FTE employees would be subject to the Employer Shared Responsibility provision in 2015 and must offer coverage to at least 70 percent of full-time employees as one of the conditions to avoid being assessed a non-coverage penalty. Please note that employers will be subject to the “inadequate coverage” tax penalty if an ACA full-time employee who was not offered coverage receives subsidized Exchange coverage. In 2016, the coverage standard would rise to 95 percent of full-time employees to avoid being assessed a penalty.
- For employers with plan years that do not start on January 1, the transition relief applies to the employer’s 2015 plan year.

Affordable Care Act Implementation Alert

The Affordable Care Act and your self-funded health plan

WHAT OTHER TRANSITIONAL RELIEF AND CLARIFICATIONS WERE INCLUDED?

The final regulation provides clarification regarding:

- various employee categories
 - volunteers
 - educational employees
 - seasonal employees
 - student work-study programs
 - adjunct faculty
- calculation methods for determining full-time status
- safe harbors for calculating affordability
- other limited transitional rules

Independence Administrators does not provide legal or tax advice. Please contact your legal and/or tax advisor regarding your obligations under the Employer Shared Responsibility provision under the ACA.

