



SCOPELITIS, GARVIN, LIGHT, HANSON & FEARY

ACA Employer Mandate will go into effect on January 1, 2015

The Affordable Care Act's ("ACA") Employer Mandate will go into effect on January 1, 2015. The Employer Mandate requires employers with 50 or more full-time employees to provide healthcare that is both "affordable" and offers the "minimum value" as defined by IRS regulations. If subject employers fail to offer at least 70% of full-time employees (and children up to 26 years old) ACA-compliant coverage, employers will face a penalty of \$2,000 per each full-time employee. If an employer offers healthcare coverage but the coverage does not meet the "affordable" and "minimum value" definitions, the employer faces a \$3,000 penalty per each full-time employee who receives and uses a tax subsidy to purchase healthcare through the exchange at healthcare.gov.

Notwithstanding, limited transitional relief is available for certain qualifying employers. For example, IRS regulations extend relief to any employers with between 50-99 full-time employees or full-time equivalents that satisfy certain strict requirements are not subject to penalties until 2016. Additionally, transitional relief is available for employers with more than 99 full-time employees or the equivalent if certain rigorous numeric tests are satisfied.

The Individual Mandate and its penalties went into effect January 1, 2014, and individual owner-operators are subject to that mandate, which potentially provides another incentive to seek reclassification as an employee. Owner-operators who are reclassified as employees may be eligible to participate in the employer-provided healthcare plan. Failure to offer reclassified owner-operators compliant healthcare coverage could result in penalties under the Employer Mandate. To this end, the IRS has stated that the Section 530 "safe harbor" does not apply in the context of reclassified owner-operators.

In the remaining weeks leading up to the Employer Mandate's roll-out, employers should determine whether any offered healthcare plans are ACA-compliant and that all appropriate documentation is in order. If you have any questions about the ACA's Employer Mandate and how it may affect your operations, please contact Steve Pletcher, spletcher@scopelitis.com, or Katie Feary-Gardner, kfeary-gardner@scopelitis.com, at 317-637-1777.