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LABOR AND EMPLOYMENT NEWS

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Final Regulations Issued on Employer Shared Responsibility Rules

Coverage mandate for Employers with 50-99 Employees Delayed; Only 70% of Full time Employees Must be Covered for Now

On February 10, 2014, the IRS issued much-awaited final regulations on the employer shared responsibility provisions of the Affordable Care Act (ACA). These provisions govern the penalties that may be imposed on applicable large employers (ALEs) that do not offer compliant health coverage to their employees. An ALE under ACA is an employer who employs more than 50 full time equivalent employees (FTEs) during the preceding calendar year. The final regulations apply for periods after December 31, 2014, and employers will be required to file a notice with the IRS on their compliance program. Notably, the requirements of the final regulations will not apply for medium-sized employers, who employ 50-99 FTEs, until 2016. Certain other transition relief is also available for all ALEs under the final regulations. For example, for 2015 plan years, ALEs need only offer health coverage to 70% of full time employees to comply with the final regulations, rather than to 95% as will be required starting in 2016.

Action Steps: While penalties have been delayed for yet another year, employers should still make sure that they cover the appropriate employees with the correct coverage. Especially in seasonal industries or those with many part-time employees, coverage issues can be complicated.

For more information on how ACA and the employer shared responsibility rules will affect your company, please contact Rachel Faye Smith at 617.457.4023/rfsmith@murthlaw.com or William J. Keenan, Jr. at 860.240.6028/wkeen@murthlaw.com.

If you have any questions about the issues addressed here, or any other matters involving Labor and Employment issues, please feel free to contact:

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