

An Employer's Health Care Reform Compliance Review: A Roadmap to "Pay or Play"



01

Are We Subject to the Employer Mandate?

- Only "Applicable Large Employers" — 50 or more "Full-time Equivalent Employees"
- Regulations Provide Guidance on How To Count "Full-Time Equivalent Employees"



02

Which Employees Must Be Offered Coverage?

- Full-Time Employees Only — "Employed on Average At Least 30 hours Per Week"
- Regulations Allow Use of Special Look Back Period to Determine "On Average At Least 30 Hours Per Week"
- Use of Look-Back Period Requires a "Stability Period" During Which Coverage Is Offered, Even If Employee Drops Below 30 Hours Per Week
- Special Issues for Temporary Workers, Seasonal Workers, and Educational Institutions



03

What Must the Coverage Include?

- Minimum Essential Coverage
- Coverage Must Be Offered to Children Who Are Tax Dependents, not Spouses



04

Is the Offered Coverage Affordable?

- 9.5% of Gross Household Income
- Safe Harbors

**PAY
FINE**

05

Penalties for Failure to Meet These Requirements

- Failure to Offer Penalty: \$2,000 per full-time employee, minus the first 30 employees
- Unaffordability Penalty: \$3,000 per employee who is subsidized to purchase insurance, up to the failure to offer penalty



06

Consider Possible Alternatives

- Self-Insured Plans
- Not Providing Health Insurance At All

HINSHAW

& CULBERTSON LLP