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Alerts

Surprise Announcement From Treasury Department Delays Employer 'Pay or Play' Mandate for One Year

July 3, 2013
Insights for Employers

On July 2, 2013, the U.S. Department of the Treasury (Treasury Department) announced a one-year delay in several aspects of the Affordable Care Act (Act) that were to become effective on January 1, 2014. Among those items that are delayed are various employer and insurer reporting requirements under Sections 6055 and 6056 of the Act, as well as the penalties imposed on large employers for failing to offer coverage.

The announcement states that the affected reporting requirements and penalties will be delayed until January 1, 2015. The Treasury Department will issue further guidance later this summer that will be designed to simplify the employer reporting requirements under the Act. Guidance will also be needed to determine how the delay in enforcement will affect employers whose employees receive a subsidy from a health insurance exchange upon purchasing an individual policy, if at all.

The bottom line from this new guidance is that the employer "pay or play" mandate and its associated penalties will not apply during 2014. Thus, plan sponsors that are subject to the mandate (i.e., those with 50 or more full-time equivalent employees) and that do not offer coverage to all full-time employees (i.e., those who work 30 hours or more per week) may continue their current practices until January 1, 2015 without being at risk of the employer penalty.

For more information, or if you have questions as to how this new development will affect your health plan, please contact Anthony E. Antognoli or your regular Hinshaw attorney.

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