

**ALERT!**



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2/10/14

## **Midsized firms get more time on PPACA mandate**

**The Internal Revenue Service issued a 227 page regulations document at 4:15 pm today, that says it will let employers with 50 to 99 full-time employees wait until Jan. 1, 2016, to comply with the Patient Protection and Affordable Care Act (PPACA) group coverage mandate. This is important - please read on!**

**But employers with 100 or more full-time employees will have to comply with the Internal Revenue Code Section 4980H "play or pay" provision Jan. 1, 2015.**

Employers affected by the requirements would have to offer coverage to just 70 percent of full-time workers in the first year and 95 percent in the second year, according to new final regulations that are set to appear in the Federal Register Wednesday.

Under PPACA, workers are "full-time employees" and eligible for the mandated coverage if they work more than 30 hours per week.

Phasing in the penalty should help workers who work 35 hours per week but have been considered part-time workers, IRS officials say.

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The regulations - Shared Responsibility for Employers Regarding Health Coverage (RIN 1545-BL33) -

implement a tax law added by PPACA Section 1513. Obviously, we have not read them yet, but will be doing the deep dive over the next 10 days or so and will be reporting back with our findings. As they say, stay tuned...

PPACA requires that employers with at least 50 full-time employees, or full-time equivalents (FTEs), offer health coverage or else pay a penalty for every employee who qualifies for subsidized coverage from the new PPACA health insurance exchange system. The penalty the employer pays would be based on the number of full-time workers that the employer employs. For purposes of calculating the penalty, the employer would not have to include part-time and seasonal workers in the calculations.

Under PPACA, only workers who are not offered group health coverage are eligible to apply for exchange coverage.

**Part of the new regulations deal with efforts to keep employers from using offers of low-quality "skinny plans," or plans with an employee share of individual premiums that exceeds 9.5 percent of the worker's income, to block a worker from applying for exchange coverage which is a very interesting development.**

An employer cannot require a worker to enroll in an unaffordable plan or a plan that fails to meet federal minimum value standards, officials say in a preamble to the proposed regulations.

The IRS, an arm of the Treasury Department, also deals with many of the details involved with counting employees.

The hours of unpaid volunteers, unpaid interns and of students in federal work-study programs would not count toward FTE calculations, for example, but officials do want employers to include other paid student work hours in FTE calculations, and they see they will look at exclusion of interns' hours from calculations for signs of abuse.

The IRS also talks about arrangements it will make for temporary staffing agencies.

Many commenters asked the IRS to increase the number of hours a worker must work to count as a full-time worker over 30 hours per week

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- \$ Expert witness consultation



The IRS believes it has no regulatory authority under PPACA to set a higher minimum number of hours, officials say.

**We have stated on numerous occasions that complicated business aggregation rules could trip up some employers that don't realize the IRS would consider them to be related to other employers. IRS officials say employers will have to use IRS aggregation rules to determine whether they are large, but can go on a business-by-business basis when calculating actual penalty payments.**

Contributing source: Allison Bell, Summit Professional Network

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