Federal Employer Mandate Delayed

As you may have heard, the Department of the Treasury released the final rules last week, which will allow for a phasing in of the employer mandate (also known as shared responsibility or "pay or play") provisions of the Affordable Care Act (ACA).

As a reminder, the employer mandate requires employers with 50 or more full-time equivalent employees to offer affordable health coverage that meets minimum value to all full-time employees working at least 30 hours a week and their dependent children, or pay a penalty.

The mandate was effective in 2014, but enforcement was later delayed until 2015. Under the final rules, large businesses now have even more time to comply:

- Large groups as defined by the ACA (100+) will have until 2015 to comply.
- Mid-sized groups (50-99) will have until 2016 to comply.

Other key components of the final rules:

- The final rules retain safe harbors for employers with non-calendar year plans. For example, employers with plans that begin or renew after January 1, 2015, must comply with the provisions as of the first day of their renewal period in 2015.
- Employers subject to the requirements in 2015 must offer coverage to at least 70 percent of their full-time employees. The previous requirement of 95 percent will now begin in 2016.
- Employers that currently do not offer coverage to dependents are permitted to wait until 2016 to offer them coverage.
- Employers must offer affordable coverage in order to avoid the mandate penalty (generally, the employee's cost for self-only coverage must not exceed 9.5 percent of the employee's household income). The final rules retain safe harbors for employers to determine the affordability of the employer coverage - for example, employers may rely on the employee's W-2 wages.
- The rules give further guidance related to volunteers who work for government and tax-exempt entities, seasonal employees, students in work-study programs, student interns, teachers, and adjunct faculty. Since
the rules around these special circumstances can be confusing, we recommend that employers in these situations seek guidance from their accountant or legal advisor.

The rules are effective on publication in the Federal Register scheduled for this Wednesday, February 12, 2014.

**Additional information:**
Treasury Dept. News Release  
Treasury Dept. Fact Sheet  
IRS FAQ

**We're here to help.** As always, PacificSource is here to assist our employer group clients. If you have questions, your agent or PacificSource Client Service Representative is happy to help.

**Questions About Reform?**
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**Visit us online.** We have two websites that are updated regularly:

- **PacificSource.com/reform** is a great resource for PacificSource clients and members. It includes FAQs, timelines, additional resources, and more.

- **HealthcareLawGuide.com** is our healthcare reform website for the general public. It provides extensive healthcare reform guides for both employers and consumers.

**Your insurance agent** can also assist you with questions about how healthcare reform may impact you.