

Obama Administration Delays Implementation of Key Employer Requirements Under the ACA

Written by Christopher Feudo

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On July 2, 2013, the U.S. Department of Treasury announced that employers and insurers will have **an additional year** to comply with mandatory reporting requirements under the Patient Protection and Affordable Care Act (“ACA”). As a result, employers will not be subject to penalties for failing to provide employees with affordable health care coverage under the ACA until **2015**. The announcement comes after the Obama administration spent several months gathering feedback from the business community about the ACA’s employer and insurer reporting requirements.

Under the ACA, “large employers” will be required to pay a “shared responsibility payment” under two circumstances:

1. The employer fails to offer full-time employees and their dependents the opportunity to enroll in an employer sponsored health plan and any full-time employee is certified to the employer as having received an applicable premium tax credit or cost sharing reduction, or
2. The employer offers full-time employees and their dependents the opportunity to enroll in its health plan but one or more full-time employees is certified as receiving the premium tax credit or cost-sharing reduction because the employer’s coverage is unaffordable or does not provide minimum value.

Under the first category, the employer will be assessed \$2000 annually for all full-time employees with the first 30 excluded. Under the second category, the assessment is \$3000 annually for each full-time employee who is certified as receiving the premium tax credit or cost-sharing reduction. To determine which employers owe such payments, the ACA mandates that employers report information regarding their compliance with the law. Both the reporting requirement and shared responsibility payments were scheduled to go into effect in 2014.

Last week, however, the Treasury announced that the reporting requirements would not be fully implemented until 2015. In its announcement, the Treasury indicated that it was delaying the requirement’s implementation to allow the government to simplify reporting procedures and to provide time to adapt health coverage and reporting systems in light of the ACA. This delay, the Treasury recognized, would make it “impractical” to determine which employers owe payments for 2014. Therefore, the Treasury announced that employers will not owe shared responsibility payments until 2015.

Later this summer, the Treasury will publish proposed rules concerning the ACA’s reporting requirements. Thereafter, the administration will collect more feedback from the business community and work with employers and insurers to “strongly encourage” voluntary implementation of information reporting in 2014. The Treasury expects that this “real-world testing” of the reporting systems in 2014 will make for a “smoother transition to full implementation in 2015.”

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