

July 3, 2013

Employer “Pay or Play” Mandate under Health Care Reform Delayed until 2015

On July 2, 2013, the U.S. Department of Treasury announced that the employer shared responsibility payments (also known as the employer “pay or play” mandate) will be delayed until 2015. Very generally speaking, under the Patient Protection and Affordable Care Act (also known as “Affordable Care Act” or more generically as “health care reform”) applicable large employers are subject to penalties if they do not provide health care coverage to full time employees and their dependents which is both affordable and constitutes minimum essential coverage. The statute provides that this provision is to become effective January 1, 2014. However, yesterday’s U.S. Department of Treasury announcement indicates that the enforcement (and hence effective date) of this provision will be delayed for one year - until January 1, 2015.

Corresponding with the employer shared responsibility provisions are information reporting requirements by insurers, self-insuring employers, and other parties that provide health coverage. The Treasury Department has not yet issued rules regarding these reporting requirements (although the Treasury Department indicates the guidance will be issued very soon). To allow insurers, employers, and other parties sufficient time to analyze and implement the new reporting requirements, the Treasury Department delayed the effective date of the reporting requirements from January 1, 2014 to January 1, 2015. Because of the delayed effective date of the reporting requirements to 2015, the Treasury Department realized it would be too difficult for employers to determine if they are subject to the shared responsibility payments in 2014. Accordingly, the Treasury Department delayed the effective date of the shared responsibility payments to January 1, 2015 as well.

This is welcome news for the employer community as the transition relief provides employers with more time to analyze the soon to be released reporting requirements and the existing shared responsibility payment rules.

If you have any questions regarding the transition relief, please contact the author of this Client Alert or any member of Butzel Long’s Employee Benefits Practice Group.

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