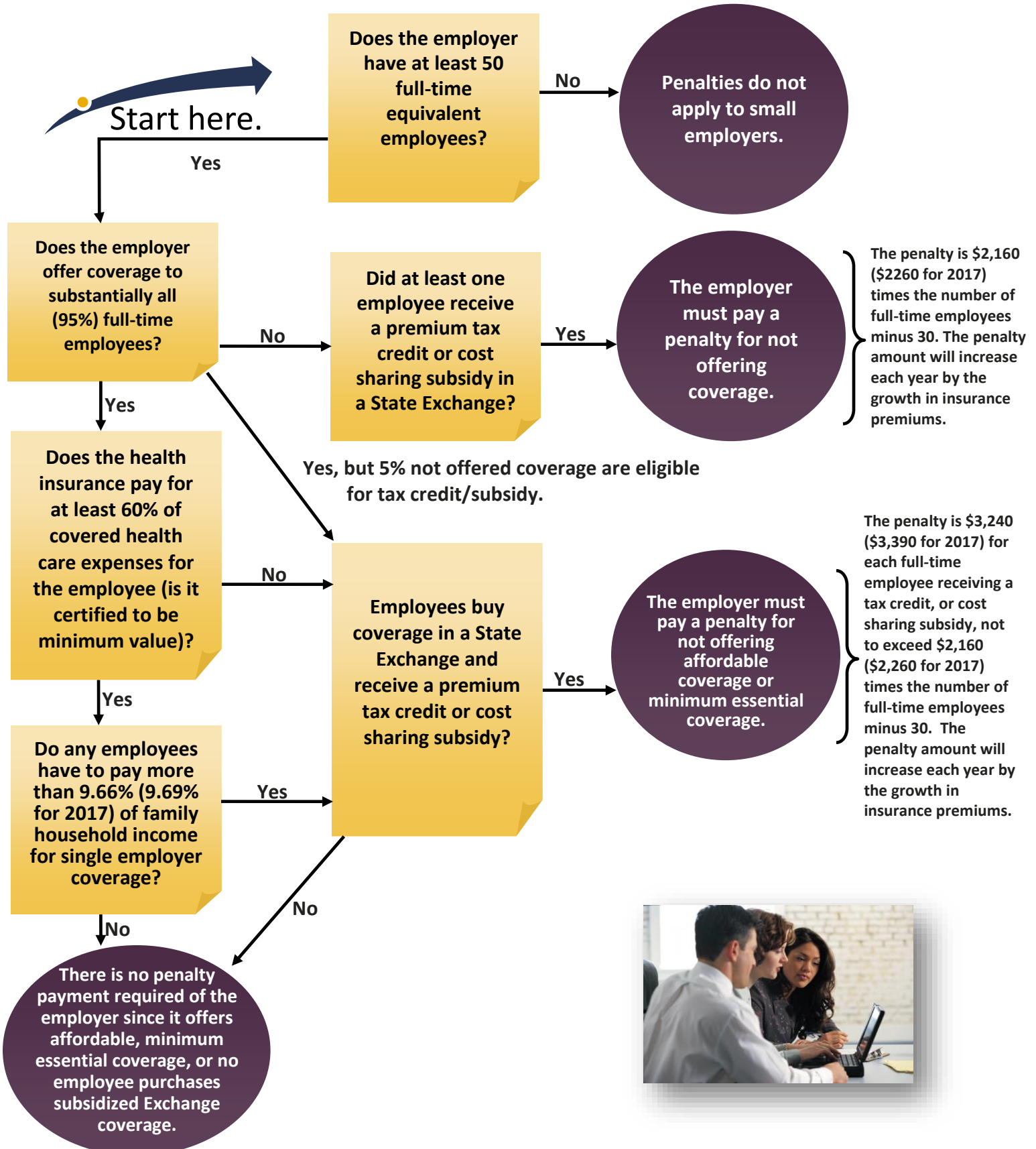


Employer Shared Responsibility Penalties Under the Affordable Care Act for 2016-2017



Patient Protection and Affordable Care Act (PPACA) Employer Mandate/Shared Responsibility Rules

- All employers are subject to the PPACA – private, public, non-profits and churches are all included.
- Employee count is critical to determining applicability of the Employer Mandate:
 1. If you have **less than 50 full time equivalent employees** you are not subject to the Employer Mandate.
 - a. Full-time is anyone working over 30 hours per week or 130 hours per month.
 - b. Part-time employees are converted to full time equivalents and added to the number of full time employees – specific rules apply to calculate FTEs.
 - c. Temporary or seasonal employees that work less than 120 consecutive days can be excluded from the calculation.
 - d. Temp agency employees/leased employees are excluded (their employer must deal with Employer Mandate).
 2. If you have **50 or more full-time equivalent employees**, you are subject to the Employer Mandate.
 - a. Decide if you want to provide coverage to all full-time employees or pay the \$2160 (\$2,260 for 2017) per full time employee penalty (analyze cost of providing coverage vs. the penalty).
 - b. Decide if your coverage meets the 60% minimum value coverage standard (if not, you may have the \$3240 [\$3,390 for 2017] per exchange subsidized employee penalty).
 - c. Decide how much employees will pay for their portion of the SINGLE premium (affordable = <9.66% [9.69% for 2017] of employees' household income). (If not affordable, have the \$3240 [\$3,390 for 2017] per exchange subsidized employee penalty.)
- If you decide to offer affordable, minimum value coverage, will need a process to track full-time status (as well as to report to IRS so they can monitor for penalties – see Code Section 6056 Annual Information Return below).
- Penalty is a month-to-month calculation based on hours worked in the prior month, so will need a safe harbor method of calculating average hours worked per month to lock in part-time or full-time status for ease of administration of the rules and to avoid full-time status altogether for seasonal hires.
- Code Section 6056 Annual Information Return (Form 1095-C) is due - reporting employees and health insurance coverage and costs - so IRS is able to monitor application of the Employer Mandate penalty. Sixty days following the calendar year end is the filing due date for the calendar year (regardless of fiscal year or plan year).
- Penalties will be assessed by IRS based on 6056 Information Return data and Exchange notification of employee purchase of subsidized coverage. Employers will need to appeal if penalty should not apply.

Patient Protection and Affordable Care Act (PPACA) Investigative Questions

	Full-Time (>120 hours/month)	Part-time (<120 hours/month)
# Non-union employees		
# Union employees *		
# Seasonal employees **		
Total		

* Do you pay for health insurance provided to union employees through the union? Yes No

** Typical # days worked by seasonal employee per year?
Temporary employees from a temp agency are not counted.

Is health plan fully-insured self-insured***?

Plan year ends (date).

Lowest paid full-time employee hourly rate of pay?

What payroll system or provider do you use?

Is your health coverage being evaluated and certified under the PPACA? Yes No

Are you part of a controlled group? No Yes (Explain Below)

***Note that self-insured health plans have a Form 720 Excise Tax return due July 31 of each year to calculate and pay the Patient Centered Outcomes Research Fee.