



# Play or Pay

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# Disclaimer

*The information contained in this document is being provided for educational purposes only. It should not be construed as legal or tax advice.*



# Play or Pay Employer Mandates

## Small Employers

Employers with less than 50 employees are not required to provide insurance are not penalized

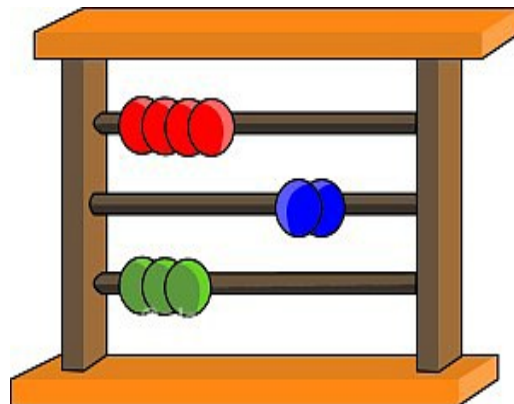
## Large Employers

Employers that employed 50 or more full-time (including FTE) during the preceding calendar year must Play or Pay!

Control Group rules apply

# Large Employer Calculation

- Full-Time Employees – those working 30 hours of service per week are considered Full-Time (including full-time seasonal employees) and count towards determining Large Employer status for each calendar year.
- Full-Time Equivalents (FTEs) All part-time employees (including part-time seasonal employees) who are not full-time employees are included in the calculation



# Large Employer Calculation

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Average
Full Time Employees												
40	41	40	42	40	40	42	41	41	41	41	41	40



Full-Time Equivalent Hours												
1,200	1,240	1,220	1,200	1,204	1,230	1,205	1,210	1,204	1,190	1,190	1,190	14,483
Full-Time Equivalent Employees												
10	10.3	10.2	10	10	10.3	10	10.1	10	9.9	9.9	9.9	10.06

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Total Employees to determine large employer												
50	51.3	50.2	52	50	50.3	52	51.1	51	50.9	50.9	50.9	50.06

**Employer Mandate-Shared Responsibility  
Play or Pay  
IRS Code Section 4980H created by PPACA § 1513**

- Employer is considered a Large Employer and;
  1. Does not offer coverage and one employee receives a subsidy on the Marketplace
  - 2. Monthly Penalty of (Total Full-Time Employees – (30 x \$2000/12))**

# Employer Mandate-Shared Responsibility Play or Pay

## IRS Code Section 4980H created by PPACA § 1513

- Offers Coverage –
  - Must be no more than 9.5% of the household income
  - \*Safe Harbor for Employer, the cost of self-only coverage must be no more than 9.5% of the employee's W-2 wages.**
  - \*Must meet minimum value requirement**

If employees receive a tax credit through the exchange because the coverage is either unaffordable or does not meet minimum value, the monthly penalty is:

$[(\text{Total Full-Time employees receiving tax credit} \times \$3,000/12)]^*$

**\*The penalty is capped at  $[(\text{Total Full-Time Employees} - 30) \times \$2,000/12]$**

# How Does an Employer Ensure Compliance with Coverage Requirements (Optional Look-Back Period)

- **Measurement Period**
  - 3 to 12 months
- **Stability Period**
  - Not less than 6 months and up to 12 months
- **Administrative Period**
  - Up to 90 days



# Permissible Employee Categories

- Each group of collectively bargained employees covered by separate agreements
- Collectively bargained and non-collectively bargained employees
- Salaried and Hourly employees
- Employees of different entities
- Employees located in different States

# Employee Classifications

- **Ongoing Employees** – those employees that have worked at least one measurement period.
- **New Employee** – reasonably expected to work full-time must be offered coverage no later than 90 days from hire date (or at the end of the waiting period)
- **Variable Employee** – defined as an employee based on the facts and circumstances at the start date, cannot be determined that the new employee is reasonably expected to work 30 hours per week. A new employee who is expected to be employed initially at least 30 hours per week may be a variable hour employee if based on facts and circumstances the 30 hour per week will be of limited duration.
- **Seasonal Employees** – Through at least 2014, Employers are permitted to use reasonable, good faith interpretation of the term “seasonal employee”

# Employer Defined Periods

- **Employer XYZ Profile**
  - **Measurement Period**
    - \*October 15 through October 14
  - **Administrative Period (Open Enrollment)**
    - \*October 15 through December 31
  - **Stability Period (Coverage Period)**
    - \*January 1 through December 31





# Example

- John Smith is a current full-time XYZ employee and works an average of 30 hours per week during the **Measurement Period**. John Smith would be offered coverage during the **Administrative Period** (Open Enrollment) for the next **Stability Period** (Coverage Period).
- Note – Even if John Smith's hours are reduced during the **Stability Period**, his coverage must continue until the end of the **Stability Period** and coverage for the next **Stability Period** would be dependent upon his average hours worked in the preceding **Measurement Period**.

# § 6056 Reporting Requirements

- Include the name and Employer Identification Number (EIN) of the applicable large employer;
- Include the date the return is filed;
- Certify whether the applicable large employer offers its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan (as defined in §5000A(f)(2)) and, if so, certify
- (1) The duration of any waiting period (as defined in §6056(b)(2)(C)) with respect to such coverage;
- (2) The months during the calendar year when coverage under the plan was available;
- (3) The monthly premium for the lowest cost option in each enrollment category under the plan; and
- (4) The employer's share of the total allowed costs of benefits provided under the plan.

# § 6056 Reporting Requirements Continued

- Report the number of full-time employees for each month of the calendar year;
- Report, for each full-time employee, the name, address, and taxpayer identification number (TIN) of the employee and the months (if any) during which the full-time employee (or any dependents) were covered under the eligible employer-sponsored plan; and
- Include such other information as required by the Secretary of the Treasury



# Quote

## Confused Yet??

