



Health Care Reform

Employer Insurance Requirement

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ACCOUNTANTS AND ENROLLED AGENTS

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Shared Responsibility for Employers

An applicable large employer that does not offer coverage to at least 95% of its full-time employees and their dependents, offers minimum essential coverage that is unaffordable, or offers minimum essential coverage that does not provide minimum value, may be subject to a shared responsibility payment. A plan provides minimum value if it covers at least 60% of the total allowed cost of benefits that are expected to be incurred under the plan.

The payment only applies if at least one full-time employee receives a Premium Tax Credit for purchasing coverage through the Marketplace. If the employer offers minimum essential coverage that is affordable and the employee rejects the coverage, the employer is not subject to the shared responsibility payment.

Applicable Large Employer

An employer is an applicable large employer in any calendar year if it employed an average of at least 50 full-time employees during the preceding calendar year. An applicable large employer includes any predecessor employer. An employer is not treated as employing more than 50 full-time employees if the employer's workforce exceeds 50 full-time employees for 120 days or fewer during the calendar year and the employees that cause the employer's workforce to exceed 50 full-time employees are seasonal workers. A seasonal worker is a worker who performs labor or services on a seasonal basis (as defined by the Secretary of Labor), including retail workers employed exclusively during the holiday season.

Counting Number of Employees

In counting the number of employees, a full-time employee for any month is an employee who works on average at least 30 hours or more each week, or 130 hours in a calendar month. A full-time employee is counted as one employee and all other employees are counted on a pro-rated basis. The number of full-time equivalent employees that must be taken into account is equal to the aggregate number of hours worked by non-full-time employees for the month, divided by 120.

An employer's number of full-time equivalent employees (or part-time employees) is only relevant to determining whether an employer is an applicable large employer. An applicable large employer does not need to offer minimum essential coverage to its part-time employees to avoid an employer shared responsibility payment. A part-time employee's receipt of the Premium Tax Credit does not make the employer subject to the shared responsibility payment.

New Employers

An employer that was not in existence on any business day in the prior calendar year is considered to be an applicable large employer if the employer reasonably expects to employ, and actually does employ, an average of at least 50 full-time employees (including full-time equivalent employees) on business days in the current calendar year. For the next calendar year, the general rules apply.