

Health Care Reform—how will it impact you?

What is the definition of a Full-Time Employee under Health Care Reform?

Under the Affordable Care Act (ACA) and beginning in 2014, employers employing at least 50 full-time workers and full-time equivalents will be subject to the Employer Shared Responsibility Provisions under 4980H of the IRS code.

If an employer does not offer affordable health coverage or it offers coverage to less than 95% of its full time employees, and at least one full-time employee receives a premium tax credit for purchasing individual insurance through the exchange, they may be subject to an Employer Shared Responsibility Payment.

How does the IRS define a full-time employee?

To be subject to the Employer Shared Responsibility provisions an employer must have:

1. At least 50 full-time employees OR a combination of full-time and part-time employees that is equivalent to at least 50 full-time employees. (For example, 100 half-time employees equal 50 full-time employees.)
2. A full-time employee is an individual employed on average at least 30 hours per week. A half-time employee would then work at least 15 hours per week.

When do the Employer Shared Responsibility provisions go into effect?

January 1, 2014.

How will I determine if I have enough employees to be subject to these new provisions in 2014?

Employers will use information about the employees they employ in 2013 to determine whether they meet the threshold for 2014. Employers average their number of employees across the months in the year to see whether they meet the large employer threshold. The averaging can take account of fluctuations that many employers may experience.

What if I employ NEARLY 50 employees?

For those employers that may be close to the 50 full-time employee threshold, special transition relief is available to help count employees in 2013. Rather than being required to use the full twelve months of 2013 to measure whether it has 50 full-time employees, an employer may measure any consecutive 6-month period in 2013.

Sources:

"Questions and Answers on Employer Shared Responsibility Provisions Under the Affordable Care Act." December 2013. Accessed at <http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act>

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