

IT'S YOUR LIFE

Once More with Feeling—Are You ACA Compliant?

The overwhelming flood of Patient Protection and Affordable Care Act mandates and related IRS regulations is about to reach another deadline.

Some employers have been paying for their employees' individual health insurance policy premiums. An IRS update (Notice 2015-17) states that this arrangement is considered a "health plan" but is not ACA-compliant. The sponsor of such a non-ACA-compliant health plan could face an excise tax of \$100 per employee per day.

To help employers avoid the excise tax, the IRS is offering a grace period to give employers time to stop paying premiums for individual coverage and make their plan ACA-compliant if they wish to offer a group health plan. **Businesses found to be non-compliant after June 30, 2015, may be subject to the applicable excise tax.**

To summarize the IRS communication:

- Employers who reimburse employees—either on a pre- or post-tax basis—for costs related to individual health policies are subject to the excise tax for not being ACA compliant.
- Employers may not allow employees to deduct the cost of their individual policy premiums from their wages.
- The excise tax penalty applies regardless of whether the employer is reimbursing the employee directly or is working with a Third Party Administrator to provide an individual health policy on a pre-tax basis.
- Employers cannot provide extra wages to employees for the express intent of purchasing an individual health policy unless they provide the extra wages to all employees regardless of whether they purchase health coverage.

The IRS's intent is to enforce the law after the grace period ends on June 30. Employers have until then to stop reimbursing for individual health premiums and enroll their eligible employees in a compliant group health plan if they wish to offer health coverage.

If you have been reimbursing your employees for their individual policy premiums, don't delay bringing your health plan into ACA compliance plan to help avoid the related tax penalties. Federated Insurance's marketing representatives can help you find a group health policy suited for your employees and advantageous to your business.

Remember, setting up a ACA compliant group health plan may actually have financial benefits for both you and your employees. Giving your employees additional wages to pay for their premiums will subject both you and them to payroll taxes, and dilutes the value of each additional dollar you give them. Instead, employer contributions toward group health insurance offer greater advantages for both you and your employees.

To find your local Federated representative, call 1-888-333-4949 or visit www.federatedinsurance.com.*

Questions concerning the information contained in IRS Notice 2015-17 may be directed to the IRS at 202-317-6846. Additional information for employers regarding the Affordable Care Act is available at www.healthcare.gov, www.dol.gov/ebsa/healthreform, and at www.business.usa.gov.

*Federated Insurance offers Group Health insurance in only 23 states.



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