

# EXPERT UPDATE

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## ACA mid-sized employer transition relief

By Shari Herrle, Director of Compliance

The IRS has provided a one year reprieve to help mid-sized Applicable Large Employers (ALEs) transition into compliance for the ACA Play or Pay provisions.

**Calendar year mid-sized employers meeting transition relief requirements will have no exposure to the 4980H subsection (a) or (b) penalties in 2015. Fiscal year plans will have no exposure in 2015 or in months during 2016 that fall within 2015 plan year renewals.**

Qualifying employers must report transition relief on 2015 Forms 1094-C and 1095-C.

In order to fulfill the requirements for mid-sized employer transition relief, an ALE must have:

1. Not changed its plan year after February 9, 2014
2. Employed a limited workforce of 50-99 full-time employees, including full-time equivalent employees (FTEs), for at least six consecutive months in 2014.
3. Not reduced its workforce size or overall hours of service of its employees in order to satisfy the limited workforce size condition between Feb. 9, 2014 and Dec. 31, 2014
4. Not eliminated or materially reduced any health coverage offered during the coverage maintenance period between Feb. 9, 2014 and Dec. 31, 2014. During this time, employer must have continued to contribute 95% or more of the dollar amount it contributed to single-only coverage or the employer must have continued to contribute at least the same percentage premium towards single-only coverage. Minimum Value benefits must continue to be offered and the class or classes of employees covered under the plans cannot be narrowed or reduced.

Please contact your HBI consultant if you are still unsure whether you qualify for 2015 mid-sized employer transition relief.

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