

Question	Answer
Q: Can an employee change their election mid-year if there is a financial change in their household that makes it no longer affordable to keep their current coverage. For example, someone wishes to drop dental coverage due to finances; therefore, lowering their pre-tax deduction. This is in reference to a Premium Only Plan	A: No - a change in the employee's personal financial situation is not an allowable election change under Section 125 rules.
Q: We have greater than 50 full time employees. We have two part-time. Their scheduled hours are 24 and 32 respectively. Our renewal is October 1st of each year. Since we do not have a January renewal, when do we need to calculate the FTE employees?	A: Total number of full-time equivalents (FTEs) is always calculated on a calendar year basis, regardless of the employer's plan year. So for example, to determine the employer's status as an "applicable large employer" for 2015, the employer would generally calculate the average number of FTEs for Jan - Dec 2014...and to determine status for 2016, the employer would calculate the average number of FTEs for Jan - Dec 2015.
Q: Can you explain the Reinsurance Contribution- is it just paid by Self-funded plans?	A: The reinsurance contribution is made on behalf of all group health plans providing minimum value. The insurer/carrier will make the contribution on behalf of fully-insured plans (although likely passing the cost through as part of the premium). For self-funded plans, the responsibility to make the contributions rests with the plan sponsor (typically the employer).
Q: Do the reporting rules apply to employers that have less than 10 employees?	A: Small employers (less than 50 FTEs) will only have to report if offering a self-funded plan.
Q: For small grp. guaranteed avail. within the Nov.- Dec. timeframe; does this apply for Nov.-Dec '14 for Jan. '15 effective? or Nov-Dec. '15 for Jan. '16 effective date?	A: This should have been available this year (2014)...but the period (Nov 15 - Dec 15, 2014) has passed and therefore a small group not meeting carrier contribution or participation requirements may have to wait until Nov 15 - Dec 15, 2015 to obtain coverage.
Q: For the PCORI fee - what about plans that end on 9/30/14? Will it be \$2 or \$2.08?	A: A plan year of Oct 1 - Sept 30 will pay \$2 per covered life no later than July 31, 2015 and \$2.08 per covered life no later than July 31, 2016.
Q: Have the Section 6055/ 56 forms been finalized?	A: No, we are still waiting...draft forms and instructions were released in September of this year, and we expect to see final forms and instructions any time now.
Q: If an employee elects to purchase Mass Health insurance instead of the company's offered coverage, how does that affect the 4980Ha penalty? Health insurance is offered to all employees after a probation period?	A: For an "applicable large employer" (50 or more FTEs) subject to the shared responsibility rules under Section 4980H, the employer is required to <u>offer</u> coverage. In other words, so long as full-time employees and their dependent children are provided with the opportunity to accept or decline coverage, the employer is off the hook. It doesn't matter whether the employee/dependents actually accept the coverage or not.

Question	Answer
Q: I understood that 30 hours is considered full time, yet you keep mentioning different hours for calculation as a full time employee. What is the difference?	<p>A: Employers have broad flexibility to define full-time and part-time as desired (subject to applicable state law). However, for purposes of potential penalties under Section 4980H, full-time is defined as an employee averaging 30 hours of service or more per week or 130 hours of service or more per month (using either the weekly or monthly threshold is acceptable).</p> <p>Keep in mind, the definition of a full-time employee and full-time equivalent (FTE) are two different things...to determine average number of FTEs, the employer should perform the following calculation:</p> <ol style="list-style-type: none">1. For each of the 12 months during the previous calendar year, add:<ol style="list-style-type: none">a. Total employees with 120 or more hours of service per month; andb. Total hours of service for all other employees ÷ 1202. Then average the monthly totals to determine total FTEs (generally employers with 50 or more FTEs are subject to the Section 4980H rules)
Q: Is the 12/31/15 certification DELAYED too, or just the HPID requirement?	A: Both have been delayed.
Q: Just verifying the PCORI and Reinsurance Fees/Contributions are for self-funded plans, correct?	A: You are correct that generally only employers sponsoring a self-funded plan will need to worry about the PCORI and reinsurance fees. Both fully-insured and self-funded group health plans are subject to the PCORI and reinsurance fees. The insurer/carrier will make the contribution on behalf of fully-insured plans (although likely passing the cost through via premium increases); for self-funded plans, the responsibility to make the contributions will typically fall on the employer.
Q: offered coverage if offered during open enrollment is that an offering the full 12 months?	A: Generally, yes. If an offer of coverage is made during open enrollment and the employee declines, that offer will be considered an offer of coverage for the whole plan year unless the employee experiences an event allowing for special enrollment mid-plan year.
Q: If you have 50 employee in IL and 50 in MO and 20 in KY - is each state a small group or one large group with all states together.	A: Currently that definition would be based on the applicable state law. However beginning in 2016, generally the group insurance rules will apply based on the total number of employees.
Q: can a carrier decline a coverage based on previous large claims?	A: No - but in the large group market, in most states the carrier can base rates on claims experience, subject to state insurance laws.
Q: On Form 1095, if a variable hour employee was deemed FT in the look-back measurement prior to the 1095 reporting year, they are "eligible" for the months being reported on the 1095 year but not be actually FT during that prior. How is that supposed to be reported?	A: If an employee is determined to be "full-time" based on the previous measurement period, the employee should be reported as "full-time" for the applicable stability period, regardless of actual hours of service.

Question

Answer

Q: PLEASE CLARIFY PENALTY B If employer has 55 employees and 5 go to the marketplace and receive a subsidy what would the penalty?

A: Assuming 4980H(a) - the "a" penalty - does not already apply, the employer would pay \$250 per month for each of the 5 employees (but not the other 50).

Q: What happens when an employee works only two months for an employer and what is the reporting requirements and possible shared responsibility/ Thank you

A: The employer reporting and potential penalties apply on a monthly basis. Therefore, if the employee was full-time for the two months, the employer would be required to report on the employee (but would indicate the employee was only employed for 2 months) and the employee would be considered for purposes of potential 4980H(a) and (b) penalties for those 2 months (but not the other 10 months of the year).

Q: Just to confirm, even if a group is 50-99 ALEs, they still need to provide timely reporting in 2016 even though they have transitional relief?

A: Yes, that's correct. All "applicable large employers" (50 or more FTEs) must report on full-time employees for the 2015 calendar year.

Q: Under shared responsibility rules - if hiring a temporary employee for 30+ hours per week for 1 month or 3 months or 6 months - at what point do I recognize them as full time benefits eligible? Our coverage for regular employees starts the first of month after hire - can I wait on this temporary group for 2 or 3 mo. before offering?

A: Under the employer shared responsibility rules (Section 4980H), there is a one-time limited non-assessment period. So long as coverage is offered no later than 1st of the 4th calendar month following the employee becoming first eligible under the plan terms, the employer will not be assessed a penalty. Therefore, if the employee is employed for 3 months or less, no 4980H penalty would apply. However, if the employee is employed full-time beyond 3 months, the employer is at risk of penalty if coverage is not offered by the 1st of the 4th calendar month.

Q: W-2 reporting for large employers: it's the aggregate cost?

A: Yes - it is the total cost, including both employer and employee contributions.

Q: How will we know that the employee has obtained coverage through the Marketplace? Will be notified somehow??

A: The Marketplace is supposed to provide employers with notice that an employee has obtained coverage and qualified for a subsidy as well as providing an opportunity for the employer to appeal if applicable. However, exactly how that notification will look and the timeframe in which such notice will be provided is not exactly clear. It may vary from state to state.

Q: What happens if an employer has proof coverage was offered, i.e. email. EE goes to exchange and qualifies for a subsidy. Would the employer be penalized?

A: No - things will be reconciled at the end of the year via personal tax returns and employer reporting. The employer will not be liable for a penalty so long as they offered coverage. The employee may actually have to pay back some or all of the subsidy received if not actually eligible (i.e. affordable, minimum value coverage was offered by the employer).

Q: When calculating penalties for "no coverage offered", is the penalty for those who are not offered coverage or ALL full time employees (-80 in 2015).

A: ALL full-time employees!

Question	Answer
Q: With respect to the guidance about employers not paying for individual health coverage directly, does that also mean that employers cannot offer to reimburse an employee for premiums they pay for individual coverage (COBRA or otherwise)?	A: Employers cannot pay for individual health insurance policies for active employees. COBRA premiums are typically a group health insurance plan and therefore not subject to the same rules/restrictions.
Q: If you have a fully insured plan and have self funded a higher deductible plan does the insurance company file the reinsurance contribution?	A: The insurance carrier is only required to pay the fee on behalf of employees covered by the fully-insured plan. The employer would be required to pay the fee for employees covered by the self-funded medical plan.
Q: Many non-profits have both employees AND "clients". These clients receive W-2's at the end of the year, but are only entitled to wages; no benefits, including insurance, vacation, sick time, retirement etc. Does the law exempt these clients?	A: We would need more information on each particular employment relationship to answer definitively, but there is no overall exception for individuals who are employed by a non-profit simply due to the fact that those employees are considered "clients".

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