

CLIENT ALERT

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The Obama administration announced it will delay the Employer Mandate part of HealthCare Reform until 2015.

The Employer Mandate, more commonly known as the "Pay or Play Provision" would require large employers to pay a penalty if they either did not offer health coverage at all or offered coverage that did not meet the minimum requirements of coverage and affordability. This announcement comes as welcome news to employers that were struggling with the affordability issue and daunting reporting requirements.

The delay is designed to meet two goals. First, it will allow the government to consider ways to simplify the new reporting requirements consistent with the law. Second, it will provide time to adapt health coverage and reporting systems while employers are moving toward making health coverage affordable and accessible for their employees. The government expects to publish formal guidance describing this transition within the next week.

According to the announcement, the delay in implementing the play or pay provision is mainly due to the administration's decision to postpone implementation of the new employer and insurer reporting requirements. The administration states that the transition relief would make it "impractical to determine which employers owe shared responsibility payments (under section 4980H) for 2014."

The announcement noted that the administration has been engaging in a dialogue with businesses and has heard a lot of concerns about the complexity of the mandatory employer and insurance reporting requirements and the need for more time for proper implementation. Additionally, the administration revealed that the delay in the reporting requirements is designed to:

- Allow them to consider ways to simplify the new reporting requirements consistent with the law; and
- Provide "time to adapt health coverage and reporting systems while employers are moving toward making health coverage affordable and accessible for their employees."

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