

Health Care Reform: More Changes Issued

2/14/2014

Practices: Employment, Labor & Benefits

On Monday, February 10, 2014, the IRS issued final regulations relating to the employer mandate. Currently, Masuda Funai is reviewing the 200+ pages of regulations to assess client-specific issues and 2015\2016 insurance planning concerns. For now, some key points to consider:

1. The previous Guidance delayed the employer coverage mandate from January 1, 2014 until January 1, 2015. Now, the final regulations provide an additional delay until January 1, 2016 for employers with 50-99 full-time equivalent employees provided certain conditions are met. That said, for employers with 100 or more full-time equivalent employees, the coverage mandate effective date remains January 1, 2015.
2. The previous Guidance defined a full-time employee as an employee who worked 30 or more hours per week. Although the 30 hour requirement remains the standard, the final regulations provide additional guidance for calculating the hours of rehired and short-term employees which determines whether insurance coverage must be offered.
3. The previous Guidance required plan sponsors to offer minimum essential coverage to 95% of their full-time employees in order to avoid the annual penalty (\$2,000 times the total number of full-time employees). For 2015 only, instead of 95%, the final regulations require plan sponsors to offer minimum essential coverage to 70% of their full-time employees.

Although healthcare reform continues to be modified, delayed, etc., plan sponsors should continue to meet with their insurance advisers\ consultants and legal counsel to ensure compliance in this ever changing arena. Please look for additional information from Masuda Funai. Should you have any questions, please call do not hesitate to call a member of the Employment, Labor and Benefits Practice Group.