

July 6, 2013

Legislation Changes

The Obama Administration announced on July 2, 2013 that it would be postponing a major portion of its health care law by delaying for one year the time frame for imposing penalties on larger employers who do not provide health insurance coverage for their employees.

The formal announcement can be located on the website for the United States Department of the Treasury, as follows:

<http://www.treasury.gov/connect/blog/Pages/Continuing-to-Implement-the-ACA-in-a-Careful-Thoughtful-Manner-.aspx>

Under the Patient Protection and Affordable Care Act, often referred to as “Obamacare,” employers with 50 or more full-time employees (including full-time equivalents) must offer all employees working an average of 30 hours per week or more in a month qualifying health care coverage or they will be subject to certain “shared responsibility” financial penalties – generally employers would have had to pay the Internal Revenue Service \$2,000 for each full-time employee who was not provided with health insurance coverage, beginning January 1, 2014. Additional guidance regarding the employer mandate and the specific shared responsibility/financial penalties was published by the Internal Revenue Service in January, 2013.

The delay announced on July 2nd extends the deadline for such employer penalties until January 1, 2015 and it also frees employers during this extension period from rules that they report information about their health benefits to the federal government. More information about this delay will be published in forthcoming regulatory guidance.

Unchanged Aspects of the Legislation

Despite the delay of the employer mandate, this postponement does not impact the requirement which takes effect as of January 1, 2014 that all United States residents (subject to some exceptions) obtain health insurance and the tax credit subsidies to help them pay for it. The mandate for individuals imposes a penalty of either \$95 or 1% of taxable household income on individuals who have not obtained health insurance. This penalty rises in phases over time to \$695 per person, with a cap of 2.5% of household income, by 2016. The Obama Administration is also reporting that the government remains prepared to open the new health insurance exchanges for individuals to obtain coverage by October 1, 2013.

Impact on Employers and Employees

Congressional Republicans have reported that they will be investigating the Administration's decision to delay the employer mandate claiming this delay is at odds with prior claims that the health care law was running on schedule. This delay does raise the issue of whether the individual mandate deadline might be delayed as well. One of the issues being raised is that if fewer business will be inclined to start offering insurance coverage for their employees until 2015, their employees may be required to obtain coverage through an insurance exchange by 2014 or be subject to the individual mandate penalties.

As with other aspects of the Patient Protection and Affordable Care Act, additional changes are likely as the 2013, 2014, and 2015 time frames approach.

If you have any questions about any of these new changes, please contact any attorney of our Firm at 585-730-4773.

This Legal Briefing is intended for general informational and educational purposes only and should not be considered legal advice or counsel. The substance of this Legal Briefing is not intended to cover all legal issues or developments regarding the matter. Please consult with an attorney to ascertain how these new developments may relate to you or your business.

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