



Employer Mandate Delayed for Mid-Sized Businesses - *If Conditions are Met*

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The Obama Administration has provided welcome transition relief to mid-sized employers (those with 50 or more full-time employees and full-time equivalent employees ("FTEs") but less than 100 full-time employees, including FTEs, ("Mid-Sized Employers")) by delaying the effective date of the "Employer Mandate" required under the Affordable Care Act.

Generally, the Employer Mandate requires that most employers (those with 50 or more full-time employees including FTEs) provide their full-time employees with affordable health coverage, effective January 1, 2015, or be subject to potentially significant tax penalties. On February 11, 2014, the Internal Revenue Service issued Final Regulations providing Mid-Sized Employers with additional time to comply with the Employer Mandate requirements. Thus, under the Final Regulations, Mid-Sized Employers that satisfy certain requirements will not be subject to the tax penalties until plan years beginning on or after January 1, 2016.

To be eligible for such transitional relief, a Mid-Sized Employer must:

1. employ on average less than 100 full-time employees (including FTEs) on business days during the 2014 calendar year (calculated using rules for determining applicable large employer status);
2. not reduce the size or overall hours of employees to qualify for this relief (excluding bona fide reductions in workforce for legitimate business reasons); and
3. not eliminate, or materially reduce, the health coverage offered to full-time employees as of February 9, 2014.

The Final Regulations provide that Mid-Sized Employers must certify to the IRS that the above eligibility requirements are satisfied on a prescribed form. It is expected that the forthcoming final regulations addressing the reporting requirements for large employers will contain guidance on submitting this certification.

Employers with 100 or more full-time employees, including FTEs, are still required to comply with the Employer Mandate, effective January 1, 2015. Further, the regulations do not affect the "individual mandate," which requires that taxpayers obtain health coverage that satisfies certain requirements beginning on January 1, 2014, or be subject to federal tax penalties.

If we can provide you with additional insight and information regarding employment, labor or employee benefits issues, please contact **John L. Valentino** or **Sharon A. McAuliffe**. John Valentino is a Managing Member of Bousquet Holstein PLLC and concentrates his practice in the areas of Business Transactions and Employment Law.

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