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Health Care Reform Alert

What Is the Individual Mandate and How Does It Affect My Employees?

What Employers Need to Know

The Affordable Care Act (ACA) requires most Americans to have adequate health insurance beginning on January 1, 2014. Those who do not get an “exemption” will pay a penalty for months during the year when they have no health insurance. This “individual mandate” continues to be the subject of much political controversy.

Update: On October 23, 2013 the government announced that it would delay assessing penalties on anyone signing up for health insurance coverage by March 31, 2014.

How are my employees affected?

Employees and their families covered under your group health plan are not impacted by the individual mandate. Employees ineligible for coverage under your plan or those who waived coverage at open enrollment should begin seeking coverage now if they currently are without health insurance.

Where can such employees purchase health insurance?

- The private individual health insurance market
- An online health insurance marketplace

Are there exceptions from the individual mandate?

Yes. Among others, individuals who cannot afford coverage because premiums would be more than eight percent of their household income can get an exemption, as can people who experience certain hardships during the year. Those who would have qualified for Medicaid under the ACA’s expanded Medicaid program but who live in a state that refused the program can also be exempted. Individuals who experience a short coverage gap of less than three consecutive months may also be exempted from paying penalties for those months.

My company plan renews midyear, not on January 1. Will employees who waived coverage in 2013 receive an exemption in 2014 for the months before the plan renews?

Yes. The government has provided transition relief for such employees. For example, if an employee waived coverage during your open enrollment in 2013 for your plan that began in July, the employee would be exempted from paying penalties for January through June 2014.

Can an employee drop coverage through our company plan so that he/she can enroll in a plan through the marketplace?

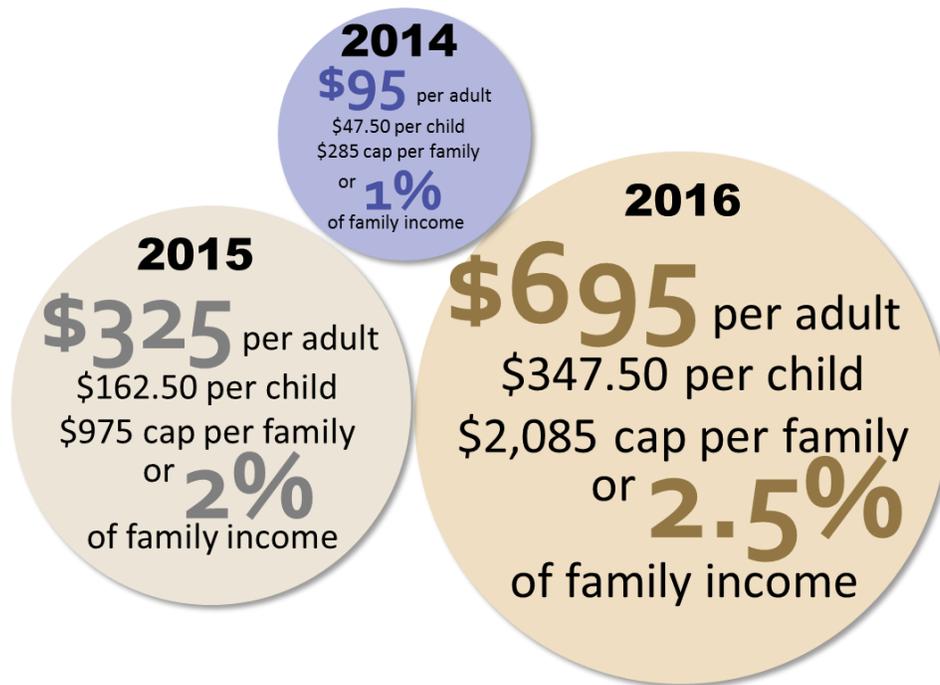
Generally employees are not allowed to drop coverage midyear unless they have a qualifying life event, such as a marriage, divorce, adoption, etc. Wishing to enroll in a health insurance plan through a marketplace is not a qualifying life event. However, the government will allow you, as the employer and at your discretion, to allow employees a one-time opportunity to drop their coverage under your plan so that they can enroll in a marketplace plan. Certain restrictions apply.

Can an employee enroll in our company plan before January 1, 2014 to avoid the individual mandate?

The same answer applies as explained above. This one-time opportunity is allowed at your discretion as the employer, and certain restrictions apply.

What are the penalties for not being covered by health insurance?

See below. (Diagram illustrates annual penalties.)



This health care reform alert is only a summary of one provision of the Affordable Care Act. It cannot cover all aspects of the provision and how it will impact your company.

Please contact Robin Norgaard at Creative Benefits, Inc. with any questions on this health care reform alert or any other health care reform issue. She can be reached at 866-306-0200, extension 3142.