Modified from Kaiser Family Foundation

Penalties for employers not offering "Minimum Essential Coverage"

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Does the employer have at least 50 full-time and/or full-time equivalent* (FTE) employees?

N → Penalties do not apply to small employers.

Employers with 25 or fewer employees and wages up to $50,000 may be eligible for a health insurance tax credit.

Y

If you have 50 to 99 FTE:

The penalties will not apply in 2015 if employer certifies that it meets certain requirements. After 2016, will the employer offer coverage to at least 95% of employees who work more than 30 hours / week?

If you have 100 or more FTE:

Does the employer offer coverage to at least 70% of emloyees in 2015 and 95% of employees in 2016 who work at least 30 hours /week?

N → The employer must pay a penalty for not offering coverage if at least one employee received a premium tax credit or cost sharing subsidy in an exchange.

The penalty is $2,000/year x the number of full-time employees minus 80 (for 2015). The penalty will increase each year by the growth in insurance premiums.

Y

Does the insurance pay for at least 60% of covered health care expenses for a typical population (minimum value test)?

N → Employees can choose to buy coverage in an Exchange. Those with household income 100%--400% of FPL will receive a premium tax credit if employer or gov't coverage is not available.

→ The employer must pay a penalty for not offering coverage that meets "affordability" or "minimum value" requirements.

The penalty is $3,000/year for each full-time employee receiving a tax credit or cost-sharing reduction, up to a maximum of $2,000 times the number of full-time employees minus 80 (for 2015). The penalty will increase each year by the growth in insurance premiums.

Y

For any employee, is the employee contribution for self-only coverage more than 9.5% of income** (affordability test)?

Y → Employees can choose to buy coverage in an Exchange. Those with household income 100%--400% of FPL will receive a premium tax credit if employer or gov't coverage is not available.

N → No penalty may be imposed on the employer because it offers coverage to at least 70%/95% of full-time employees, and the coverage meets affordability and minimum value requirements.

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** A full-time equivalent (FTE) is two or more part-time employees whose combined hours add up to 120/mo. E.g., two P-T employees who each work 60 hours/month = 1 FTE.*

***There are also two other "safe harbors" definitions of income: 130 x monthly hours, or 100% of FPL for an individual.*