

## Final Regulations on Employer "Play or Pay" Mandate Released - IRS Provides Transition Relief to Employers with 50-100 Employees

On Tuesday, February 10, 2014, the IRS released final regulations on the Affordable Care Act's (ACA) employer "shared responsibility" provisions, also known as the "Play or Pay" mandate. The final regulations weigh in at 227 pages. We will review them over the coming days and will release additional communication pieces once we fully digest these new regulations. In the meantime, below are some highlights of the new guidance.

### TRANSITION RELIEF

- For 2015, the rules will apply to employers with 100 or more full-time employees. Employers in the 50-100 range will need to certify eligibility for this transition relief and must meet other requirements, including not reducing the employer's workforce to qualify for transition relief and maintaining previously-offered coverage.
- For 2016, the rules will apply to employers with 50 or more full-time employees.
- To avoid a penalty in 2015, employers subject to the mandate must offer coverage to 70% of their full-time employees.
- To avoid a penalty in 2016, employers subject to the mandate must offer coverage to 95% of their full-time employees.
- Employers with non-calendar year plans are subject to the mandate based on the start of their 2015 plan year rather than on January 1, 2015, and the conditions for this relief are expanded to include more employers. The IRS is evaluating whether this relief will extend to employers who first become subject to the mandate in 2016.
- Other transition relief contained in the proposed regulations was also extended, including the ability to use a short timeframe (at least 6 months) to determine whether an employer is large enough to be subject to the mandate, a delay in the requirement to provide coverage to dependent children to 2016 (as long as the employer is taking steps to arrange for such coverage to begin in 2016), and the permitted use of a short measurement period in 2014 to prepare for 2015.

### VARIOUS EMPLOYEE CATEGORIES

- Volunteers: Hours contributed by bona fide volunteers for a government or tax-exempt entity, such as volunteer firefighters and emergency responders, will not cause them to be considered full-time employees.
- Educational employees: Teachers and other educational employees will not be treated as part-time for the year simply because their school is closed or operating on a limited schedule during the summer.
- Seasonal employees: Those in positions for which the customary annual employment is six months or less generally will not be considered full-time employees.
- Student work-study programs: Service performed by students under federal or state-sponsored work-study programs will not be counted in determining whether they are full-time employees.

- Adjunct faculty: Until further guidance is issued, employers of adjunct faculty may credit an adjunct faculty member with 2¼ hours of service per week for each hour of teaching or classroom time.

The IRS is also evaluating how to best simplify the employer reporting requirements set to apply in 2015. The IRS expects to release additional guidance shortly that aims to substantially simplify and streamline these reporting requirements.

The final regulations are available here: [CLICK HERE](#)

An IRS Q&A is available here: [CLICK HERE](#)



**Peter Marathas, Esq.**  
Compliance Director

*This e-mail is a service to our clients and friends. It is designed only to give general information on the developments actually covered. It is not intended to be a comprehensive summary of recent developments in the law, treat exhaustively the subjects covered, provide legal advice, or render a legal opinion.*

*Benefit Advisors Network and its smart partners are not attorneys and are not responsible for any legal advice. To fully understand how this or any legal or compliance information affects your unique situation, you should check with a qualified attorney.*

© Copyright 2014 Benefit Advisors Network. Smart Partners®. All rights reserved.