

Employer Health Care Arrangements and Significant Penalties



Updated Q&A guidance from the IRS outlines the consequences for employers, if the employer does not establish a health insurance plan for its employees, but instead reimburses employees for premiums they pay for individual health insurance (either through a qualified health plan in the Marketplace or outside the Marketplace).

Such arrangements are described as "employer payment plans," and are considered group health plans subject to the ACA regulations, including the prohibition on annual limits and the requirement to provide certain preventive care without cost sharing. Such arrangements cannot be integrated with individual policies to satisfy the ACA market reforms.

Consequently, such an arrangement fails to satisfy the ACA market reforms and may be subject to a \$100/day excise tax per applicable employee (which is \$36,500 per year, per employee).

Click on the [IRS Notice 2013-54](#) link for full details: