

Health Care Reform Updates



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Total Insurance Services

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New Guidance Affects Pay or Play & Individual Mandate Provisions

The Internal Revenue Service recently released [Revenue Procedure 2014-37](#), which increases the required contribution percentages for 2015 that are used to determine whether coverage is affordable under the ACA's [employer shared responsibility provisions](#) ("pay or play") and whether individuals are eligible for an affordability exemption from the [individual shared responsibility provisions](#) (the "individual mandate").



Pay or Play

Starting in 2015, employers subject to pay or play may incur penalties if they do not offer affordable health insurance that provides a minimum level of coverage to full-time employees (and their dependents), and any full-time employee receives a premium tax credit for purchasing individual coverage on the Health Insurance Marketplace (Exchange). Employers with **100 or more full-time employees** (including full-time equivalents or FTEs) are subject to the requirements for 2015, while those with **50 to 99 full-time employees** (including FTEs) do not need to comply until 2016 if they meet [certain criteria](#).

An employer-sponsored plan is considered "affordable" if the portion of the annual premium an employee must pay for self-only coverage does not exceed 9.5% of his or her household income. **For plan years beginning in 2015, this percentage is increased to 9.56%.**

Individual Mandate

Effective as of January 1, 2014, the individual mandate requires every individual to have minimum essential health coverage for each month, qualify for an exemption, or make a payment when filing his or her federal income tax return. One such exemption applies when the individual cannot afford coverage because the minimum amount he or she must pay for the premiums is more than 8% of the individual's household income. **For plan years beginning in 2015, this percentage is increased to 8.05%.**

[Click here](#) to read the guidance in its entirety.

Visit the [Pay or Play \(Employer Shared Responsibility\)](#) section of your online HR library for additional information, which outlines the transition relief available for 2014 and 2015.

To access your online HR library, please visit www.HR360.com/login. Your username and password is:

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