

## Employee Benefits Series



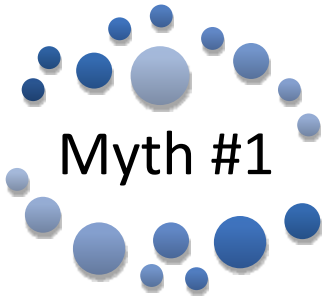
# Health Care Reform

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## MYTH BUSTERS

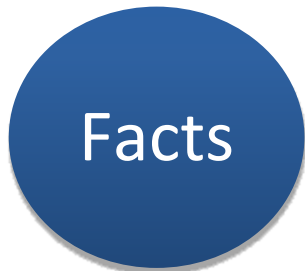


## PPACA Myth Busters

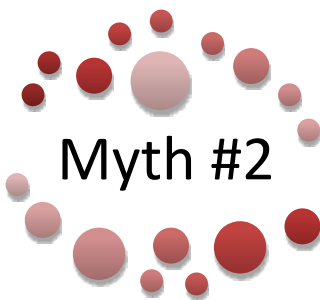


### Myth #1

**Employers that offer health insurance must provide the same coverage to all employees.**

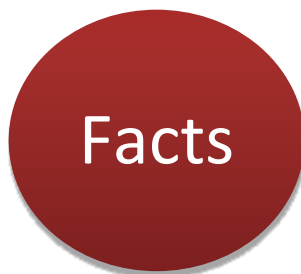


- Distinctions among groups of similarly situated employees may be permitted if they are based on bona-fide employment-based classifications consistent with the employer's usual business practice—for example, full- and part-time employees.
  - **Similarly situated individuals must be treated equally.** Classifications cannot be based on health factors or protected classes such as age, sex, disability, or genetic information.
- The IRS has delayed the requirement in the Affordable Care Act that fully insured group plans comply with rules "similar" to the rules prohibiting discrimination in favor of highly compensated individuals (currently applicable to self-insured plans).
- Large employers may be liable for a "pay or play" penalty beginning in 2015 if they do not offer affordable health insurance that provides a minimum level of coverage to **full-time employees** (those averaging at least 30 hours of service/week).
- An employer who uses a **SHOP-Exchange** must offer coverage to all **full-time** employees (those averaging 30 or more hours/week).



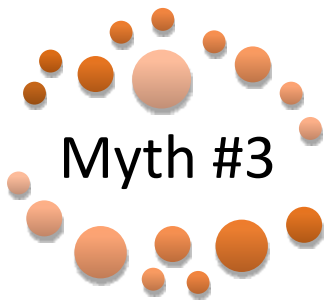
### Myth #2

**Employers cannot continue to use their brokers to purchase health insurance coverage for employees.**

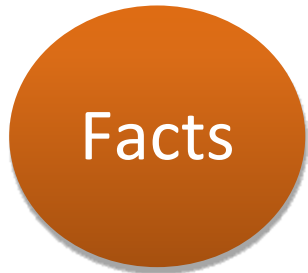


- Regardless of whether an employer buys coverage inside or outside of a SHOP-Exchange (Small Business Health Options Program), **the employer can use its current agent or broker.**
- Health insurance brokers can help employers:
  - Apply for insurance for their employees;
  - Review and compare price, coverage, quality, and other important features; and
  - Choose a plan that works for the employer's budget, business, and employees.
- Employer premiums for SHOP-Exchange (Marketplace) coverage will be the **same** whether or not the employer uses a broker.

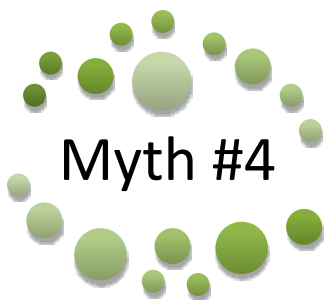
## PPACA Myth Busters



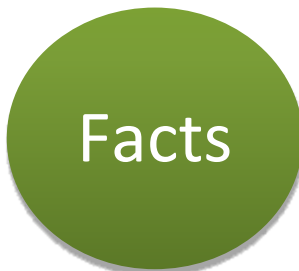
**Small businesses are required to buy health insurance for their employees.**



- The law does not penalize small employers that choose not to offer coverage.
  - Starting in 2015, large employers may be liable for a "pay or play" penalty if they do not offer **affordable** health coverage that provides **minimum value** to their full-time employees. Employers with **100 or more full time employees** (including full-time equivalents) are subject to these requirements starting in 2015, while those with **50 to 99 full-time employees** (including full-time equivalents) do not need to comply until 2016 if they meet **certain eligibility criteria**.
- For purposes of the "pay or play" rules, affiliated employers are generally combined to determine their workforce size.
  - As a result, small employers that individually do not employ 50 or more full-time or FTE employees **may still be subject to the requirements** if they meet the threshold when combined with other companies under common ownership or that are otherwise related.

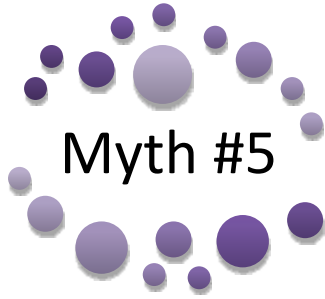


**All employer-sponsored group health plans must offer dependent coverage to age 26.**

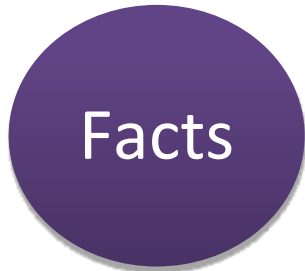


- The Affordable Care Act generally requires plans that offer dependent coverage to continue to make the coverage available until a child reaches the age of 26, even if the child:
  - Is married;
  - No longer lives with his or her parents;
  - Is not a dependent on a parent's tax return; or
  - Is no longer a student.
- The requirement **does not apply to plans that do not provide dependent coverage**.
- Beginning in 2015, employers subject to the "pay or play" provisions may be required to pay a penalty tax if they do not offer affordable health insurance that provides a minimum level of coverage to full-time employees **and their dependents** (defined as an employee's child who is under 26 years of age). For purposes of "pay or play," a child is a dependent for the **entire calendar month** during which he or she attains age 26.

## PPACA Myth Busters



Myth #5



Facts



**Distributing a Notice of Coverage Options is optional for employers.**

- All employers covered by the [Fair Labor Standards Act](#) are required to provide employees with a notice regarding the Health Insurance Exchange (Marketplace), whether or not they offer a health plan. Employers must provide the notice to each new employee (regardless of part-time or full-time status) at the time of hiring, within 14 days of the employee's start date.
- Although the U.S. Department of Labor [announced](#) that there is no fine or penalty under the law for failing to comply, the law still requires that employers provide the notice. The notice may be distributed by first-class mail, or, alternatively, it may be provided electronically if certain requirements are met.

## PPACA Myth Busters

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