



# Employer Mandate Now Effective as of Jan. 1

January 2, 2015

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The employer mandate applies to applicable large employers with 50 or more full-time employees and full-time equivalents. It requires applicable large employers to either offer full-time employees and their dependents minimum essential coverage that is affordable and meets minimum value requirements, or risk paying an excise tax (penalty).

Employers with 100 or more full-time employees and full-time equivalents, and employers with 50-99 full-time employees and full-time equivalents who do not qualify for transition relief, will need to comply in 2015.

## When Would the Penalty Apply?

A penalty would generally apply if an employee applied for coverage in the Individual Marketplace and was deemed eligible for a subsidy either because the employee did not receive an offer of minimum essential coverage or the coverage the employer offered did not meet minimum value or affordability requirements.

The penalty goes into effect 2015 for applicable large employers with 100 or more full-time employees and full-time equivalents. There are basically three circumstances where employers would pay a penalty.

### Circumstance A

An applicable large employer does not provide minimum essential coverage and an employee qualifies for an applicable premium tax credit or cost-sharing reduction through an Individual Marketplace and is certified as having enrolled in coverage through that Marketplace.

- The annual penalty is \$2,000 (adjusted annually after 2014) per full-time employee. When calculating the penalty, the first 80 full-time employees are subtracted from the payment calculation (this is reduced to 30 in 2016).
- This penalty is assessed per full-time employee for each month an employer does not offer minimum essential coverage to its employees.

### Circumstance B

An applicable large employer provides coverage that is deemed unaffordable to a full-time employee, and that full-time employee applies and qualifies for an applicable premium tax credit or cost-sharing reduction through an Individual Marketplace and is certified as having enrolled in coverage through that Marketplace.

- The annual penalty of \$3,000 (adjusted annually after 2014) per full-time employee would apply if an employee applied to the Marketplace and was deemed eligible for a subsidy.
- This penalty is assessed per full-time employee who receives a premium tax credit or cost-sharing

reduction for each month the employee qualifies for such assistance.

### **Circumstance C**

An applicable large employer provides coverage that does not meet minimum value for a full-time employee, and that full-time employee applies and qualifies for an applicable premium tax credit or cost-sharing reduction through an Individual Marketplace and is certified as having enrolled in coverage through that Marketplace.

- The penalty is assessed per full-time employee who receives a premium tax credit or cost-sharing reduction for each month the employee qualifies for such assistance.

The employer who does not meet the employer mandate requirements will need to pay one of the two penalties, and Penalty B will never exceed the total of what Penalty A would have been.

If you have questions about the employer mandate or these circumstances, please contact your UnitedHealthcare representative.