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## AFFORDABLE CARE ACT ALERT

### Further Information Released by the Treasury and IRS on Transition Relief, Safe Harbors and Certain Definitions

On February 10, 2014, the U.S. Department of the Treasury (Treasury) and the Internal Revenue Service (IRS) issued final regulations implementing the employer shared responsibility provisions under the Affordable Care Act (ACA) that take effect in 2015. The regulations contain continued transition relief, safe harbors and offer some much anticipated clarification on certain definitions. These include: the exclusion of hours contributed by volunteer firefighters and emergency responders, service performed by students in work-study programs, and seasonal employees in positions for which the customary annual employment is six months or less.

The shared responsibility requirements will also now be phased-in based on employer size.

#### **Employers with 50 to 99 employees:**

Companies with 50-99 employees that do not yet provide quality, affordable health insurance to their full-time workers will report on their workers and coverage in 2015, but have until 2016 before any employer responsibility payments could apply. These employers will still be required to certify as to the number of employees.

#### **Larger employers with 100 or more employees:**

Companies with 100 or more employees are still required to comply with the shared responsibility for 2015, but the percentage of employees who must be offered affordable coverage to avoid a penalty has been relaxed. Large employers need to offer coverage to at least 70 percent of their full time employees in 2015, and then to at least 95 percent in 2016 and beyond. The final regulations permit employers to determine whether they had at least 100 full-time or full-time equivalent employees in the previous year by reference to a period of at least six consecutive months, instead of a full year.

Employers with plan years that do not start on January 1 will be able to begin compliance with employer responsibility at the start of their plan years in 2015, rather than on January 1, 2015.

It is expected that more final regulations will be issued shortly that aim to substantially streamline employer reporting requirements, especially for those employers that already offer affordable coverage to all, or virtually all, of their full-time employees.

For more information, see the fact sheet [here](#) and the final rules [here](#).

If you have any questions about the information contained within this alert, please contact any of the following Hancock Estabrook attorneys:

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