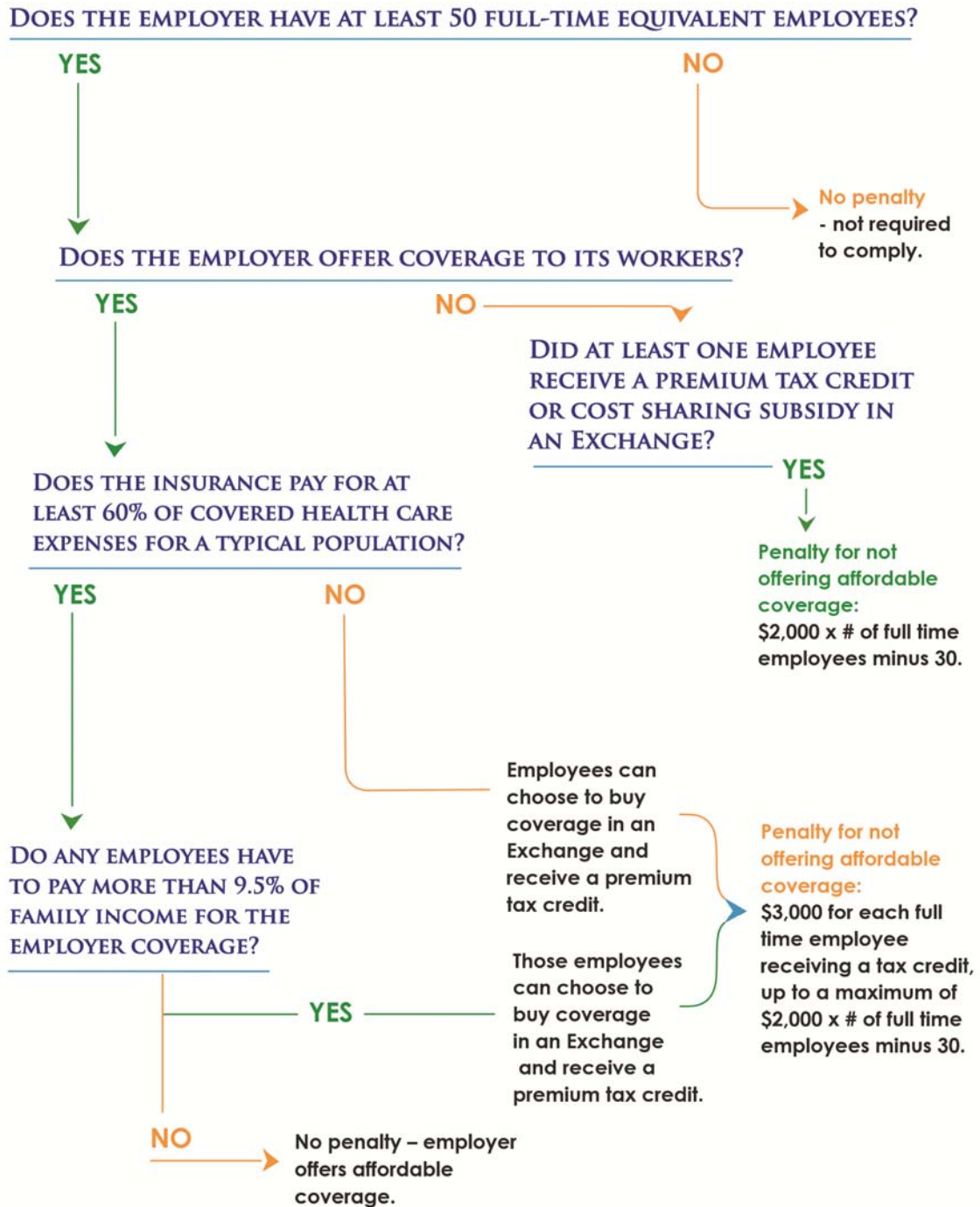


Penalties for Companies Not Offering Affordable Coverage



Employer Penalties FAQs

What is a large employer (50 or more full-time equivalent employees) for purposes of these penalties?

- In determining whether an employer is a large employer subject to these penalties, the employer must employ 50 or more full-time or full-time equivalent employees during the preceding calendar year. Therefore, an employer's employee population in 2014 will determine whether it will be subject to the employer penalties in 2015.
- An employer will not be considered to employ more than 50 full-time employees if: (a) Its workforce exceeds 50 full-time employees for 120 days or fewer during the calendar year, and (b) the employees in excess of 50 employed during the 120-day period were seasonal workers.

Who is counted as a full-time employee and a full-time equivalent employee?

A full-time employee is one who works an average of at least 30 hours per week. Part-time employees are counted as full-time equivalent employees. Seasonal workers are excluded unless they work for an employer for more than 120 days.

To determine the total number of full-time and full-time equivalent employees for a particular month for purposes of determining if the employer is a "large employer," the employer must add together the total number of full-time employees for the month, plus a number that is equal to the total number of hours worked in a month by part-time employees, divided by 120.

$$\left(\text{TOTAL \# OF FULL TIME EMPLOYEES FOR THE MONTH} \right) + \left(\frac{\text{\# OF TOTAL HOURS WORKED IN A MONTH BY PART TIME EMPLOYEES}}{120} \right) =$$

**# OF FULL TIME & FULL TIME EQUIVALENT
EMPLOYEES TO DETERMINE IF THE EMPLOYER IS A
"LARGE EMPLOYER"**

When should employers start documenting employees' hours?

The number of full-time employees a business has in 2014 will determine its status in 2015. If the business has 50 or more full time, or full-time equivalent, employees, it has to provide insurance to employees who work 30 hours or more per week. Employers can average their number of employees across the full 12 months in 2014 to see whether they meet the threshold, or they can instead calculate the number of full-time employees by using any six-consecutive-month period in 2014. Documenting hours now will help you to prepare and implement changes to minimize costs when the requirements become effective in 2015.

Do these penalties apply to part-time employees?

Part-time employees are counted as full-time equivalent employees for purposes of determining whether an employer is a large employer subject to these penalties.

However, part-time employees are not counted for purposes of calculating the actual penalty amount. Large employers are not mandated to provide part-time employees health coverage. An employer will not pay a penalty for any part-time employee, even if that employee receives subsidized coverage through an Exchange.

Legal Disclaimer: Content provided is for informational purposes only; it is not designed to and does not provide legal advice and does not create an attorney-client relationship. You must not rely on it as an alternative to legal advice from your attorney or other professional legal services provider.