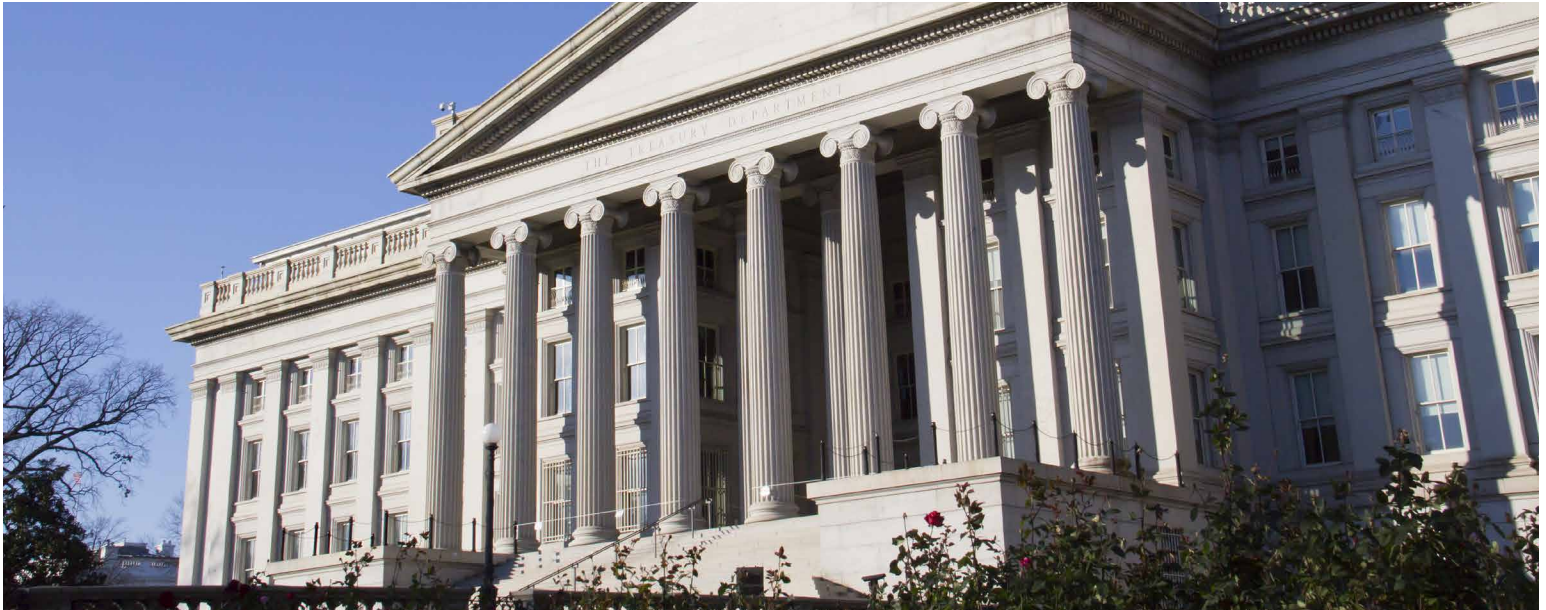


Health Reform

Employer Penalties Delayed

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The Treasury Department announced on July 2, 2013 that the Obama Administration will provide an additional year before the mandatory employer and insurer reporting requirements under the Affordable Care Act begin. This delay is intended to allow the Administration to look into ways to simplify the new reporting requirements and to provide time to adapt health coverage and reporting systems while employers move towards making health coverage affordable and accessible for their employees.

The Administration has promised formal guidance on this transition in the very near future. We also expect proposed rules this summer implementing information reporting. Once those rules are published, the Administration will encourage employers, insurers and other reporting entities to voluntarily implement this information reporting in 2014. Since this transition relief will make it difficult to determine which employers owe employer penalties, the Administration is extending this transition relief to the employer penalties – the penalties will not apply until 2015.

The transition relief does not affect the opening of the Exchange, scheduled for October 1, nor the individual mandate. We will continue to keep you apprised of any new developments.