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Play or Pay Delayed

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The Obama Administration announced Tuesday afternoon that it would delay the penalty and reporting provisions of the ACA's employer mandate (also known as "Play or Pay") until 2015. This was due in part to comments from interested parties concerned with the complexity of the proposed regulations amid looming implementation deadlines, and in part to the Administration's desire to encourage employers to continue offering health insurance to their employees. Accordingly, both the employer and insurer reporting requirements and any penalties under the Play or Pay mandate have been delayed until 2015.

In the interim, the Administration intends to simplify two new requirements under the ACA that will now be effective in 2015: Informational reporting under Sections 6055 and 6056 of the Internal Revenue Code. Section 6055 reporting is required by insurers and self-insured plans. Section 6056 reporting generally applies to certain large employers with respect to the health coverage offered to their full-time employees. Additional guidance on these requirements is expected later this summer. Employers will be encouraged to voluntarily implement these new requirements in 2014, in preparation for 2015.

The delay does not affect the availability of premium credits for individuals eligible for federal subsidies, nor any other provision of the ACA.

Peter Marathas, our compliance counsel, has the following observation: "This development is not entirely a surprise. The federal government has heard from many employers that they will just not be ready in time for 2014. The government also recognizes that it won't be ready to collect the large amount of data involved, and that it needs to steam-line its thinking of how that data will be collected. Employers rushing toward work-place solutions for complying with the Play or Pay Mandates should take this time to take stock and more thoughtfully consider their options. However, they should

not lose sight of the fact that this is only a delay—and just resets the clock, which is still ticking.”

At this time, there is no information as to whether there will be any additional transition relief (e.g., a delayed effective date in 2015) for non-calendar year plans starting in 2014.



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