

Affordable Care Act: What Applicable Large Employers Need to Know

The Affordable Care Act (ACA) requires that all Americans who have access to affordable health insurance obtain “minimum essential coverage” or pay a tax if they choose to opt out. Enrollment and eligibility reporting responsibilities are contingent upon employer size and whether the employer’s health coverage is insured or self-insured.

Under the ACA, Applicable Large Employers (ALE) or companies that employ an average of 50 or more full-time employees, including full-time equivalent employees, are required to provide healthcare to their workforce. The IRS notes that a majority of employers will fall below the ALE threshold number of employees and will not be subject to the employer shared responsibility provisions. However, all employers, regardless of size, that provide self-insured health coverage must file an annual return reporting certain information on the individuals covered.

In addition, employers with 50 or more employees, must be aware of the following:

- ALEs must conduct information reporting. These companies are required, by law, to complete information reports in 2018 for the 2019 calendar year. Both self-insured and fully insured health plans are subject to information reporting.
- ALEs that provide self-insured health coverage to employees must file an annual return reporting certain information for each employee covered.
- ALEs must either offer minimum essential coverage that is affordable and provides minimum value to their full-time employees and their dependents or potentially make an employer shared responsibility payment to the IRS.
- ALEs may be required to report the value of the health insurance coverage provided to each employee on their Form W-2.
- ALEs with exactly 50 employees can purchase affordable insurance through the Small Business Health Options Program (SHOP).

Paytime can help you prepare for the ACA by determining employer status, measuring plan affordability, reviewing employee eligibility, and filing required IRS forms.

Call us at (800) 579-9529.

