



## Worksheet to Determine if ACA Transitional Relief Applies for Mid-Sized Employers

The final regulations addressing the employer shared responsibility requirements (employer mandate) provide transition relief for employers with 50 or more full-time equivalent employees to allow non-calendar year plans to come into compliance in line with a plan's yearly renewal.

In addition, these regulations allow for an additional year delay before penalty enforcement for mid-sized applicable large employers (ALEs) assuming certain criteria is met. Mid-sized ALEs are those averaging between 50 and 99 full-time equivalent employees as measured during the 2014 (6 consecutive month) measurement period.

What was little understood in the announcement regarding the mid-size delay from 2015 to 2016 is that the delay is not automatic just because an employer averages between 50 and 99 full-time equivalent employees. Employers in this size category must also meet additional specified criteria to qualify for any delay. Employers that qualify for the one year delay will not face ACA related penalties under with 4980H (a) or (b)<sup>1</sup> until January 1, 2016 or the first day of their non-calendar year plan year that begins in 2016 (assuming they are also eligible for the fiscal year transition).

An employer that does not qualify for this mid-size employer relief may be liable for penalties if it does not meet the requirements for transition relief available to larger employers.<sup>2</sup>

This worksheet is solely intended as a handy tool to assess whether a mid-sized employer qualifies for the enforcement delay, it does not address the fiscal year transition.

1. Does employer have between 50 and 99 full-time equivalent employees on business days during 2014? **Yes or No**
  - a. If no, this worksheet does not apply
  - b. If yes, continue.

<sup>1</sup> As a reminder, the 4980H(a) penalty is for an employer deemed to not offer coverage. The 4980H(b) penalty is the penalty that applies if coverage does not meet the affordability and minimum value requirements.

<sup>2</sup> <http://www.irs.gov/uac/Newsroom/Questions-and-Answers-on-Employer-Shared-Responsibility-Provisions-Under-the-Affordable-Care-Act#Transition> – FAQ 37



2. Has employer modified the plan year after February 9, 2014 to start at a later date? **Yes or No**
  - a. If yes, transition relief is not applicable
  - b. If no, continue.
3. Has the employer maintained the size of its workforce or overall hours of service of its employees during the period February 9, 2014 through December 31, 2014? **Yes or No**
  - a. If no, and the reductions were due to bona fide business reasons, continue, otherwise transition relief is not applicable
  - b. If yes, continue.
4. Has the employer eliminated or materially reduced<sup>3</sup> group health coverage that was in place during the period February 9, 2014 through December 31, 2015 for calendar year plans, or on the last day of the 2015-2016 plan year for non-calendar year plans? **Yes or No**
  - a. If yes, transition relief will not apply
  - b. If no, transition relief applies and employer will not be subject to employer shared responsibility taxes until January 1, 2016, or the first day of their non-calendar plan year beginning in 2016.
5. The employer must certify that it meets the eligibility requirements for the transition relief as part of the transmittal form it is required to file with the IRS under the section 6056 reporting requirements.

Pdm61614

---

<sup>3</sup> An employer will not be treated as eliminating or materially reducing coverage if it:

1. Continues to offer each employee who is eligible for coverage during the coverage maintenance period an employer contribution that is at least 95% of the dollar amount of the contribution toward coverage that the employer was offering on February 9, 2014 or a contribution that is the same or a higher percentage of the cost of coverage in effect on February 9, 2014
2. A change in benefits under the employee-only coverage offered must provide minimum value after the change
3. The employer does not alter the terms of its group health plans to narrow or reduce the class or classes of employees (or the employees' dependents) to whom coverage was offered on February 9, 2014.