

alert

A TIMELY AND ESSENTIAL INDUSTRY ANNOUNCEMENT

July 28, 2016



Employers Receiving Subsidy Notices

Recently the Department of Health and Human Services (HHS) began to send letters to employers, notifying them of their employees who have received a federal subsidy for their individual medical policy purchased through the Marketplace. This Banyan Alert is to explain what the notice means and what action you should take as the employer should you receive such a notice.

As a reminder, the ACA requires employers with more than 50 full time equivalent employees to offer health insurance to substantially all eligible employees. The coverage must be “affordable” and meet minimum value as defined by the Affordable Care Act regulation. The notice is being sent to all size employers, even employers under 50 employees that have no mandatory coverage requirements.

The notice provides the following information:

1. The name of the employee who has qualified for a premium subsidy
2. How the employer can file an appeal

To be clear, the notice is only informing you that an employee has listed you as their employer when they applied for coverage and received a subsidy. It does not list the exact reason the subsidy was granted but rather lists all the possible reasons for a subsidy being granted. The notice also does not certify the validity of the subsidy, it’s merely letting you know it has occurred. The notice is forwarded to the IRS who does have the jurisdiction to impose any applicable employer penalties for not offering affordable coverage to eligible employees.

If you receive an HHS notice and believe a mistake may have been made regarding the employee’s eligibility for a subsidy, we strongly recommend you follow the appeal steps listed in the notice. The

instructions require you to file an appeal within 90 days. Keep in mind that part time employees who consistently work less than 30 hours a week may not be eligible for your plan and yet you may receive a notice for a part time employee. Also note that in some cases an employee who is eligible for your plan may nevertheless qualify for a subsidy.

If you have any questions about the insurance coverage offer or the affordability component please do not hesitate to contact your Benefit Consultant here at Banyan Consulting. Meanwhile we will continue to monitor how the various components of the ACA are actually being handled by each Governmental agency and will keep you updated.

Disclaimer: This document does not constitute legal or tax advice; rather, it serves simply to highlight certain regulatory developments and requirements. Confer with legal or tax counsel for specific guidance.

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