
THE GROUP BENEFIT NEWS BULLETIN

IRS Clarifies That Employer Payment Plans For Health Insurance Do Not Meet Market Reforms

Employers May Be Fined \$100 Per Day Per Employee

Recently the IRS clarified in its ACA Tax Provisions Q&A section regarding Employer Health Arrangements that under IRS Notice 2013-54, an employer who reimburses employees for premiums that the employee pays for insurance for non-employer sponsored health insurance, either through the Marketplace or otherwise, are considered “Employer Payment Plans”. Such payment plans would be considered group health plans and thus subject to the various market reforms in place.

The Obama Administration has indicated that these “Employer Payment Plans” cannot satisfy the market reforms. In addition, these Payment Plans cannot be integrated with individual policies in order to satisfy market reforms. Penalties for employers who provide “Employer Payment Plans” could amount to \$100 per day (\$36,500 annually) per relevant employees.

Notice 2013-54 further states that “Employer Payment Plans” generally do not include employer-sponsored measures in place where an employee chooses either cash or after-tax amount that is applied toward health coverage.

TBPG will continue to keep you informed of any pertinent information. If you have any questions, please contact your TBPG representative.

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