



## Health Care Reform Update



### **IMPORTANT NOTICE REGARDING HEALTHCARE REFORM Update #81**

**February, 2018**

#### **IRS Updates Employer Shared Responsibility Q&A - 2018 Penalty Amounts**

The IRS has updated Q&A guidance on its webpage relating to Code § 4980H employer shared responsibility for applicable large employers (ALEs). Below are highlights:

##### **2018 Adjusted Penalty Amounts**

In question 54, the IRS has announced the adjusted penalty amounts per full-time employee for Code § 4980H failures occurring in the 2018 calendar year.

- Code § 4980H(a) penalty will be \$2,320 for 2018 - This penalty applies if an applicable large employer fails to offer its full-time employees (and their dependents) the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan (as defined in section 5000A(f)(2)) for any month.
- Code § 4980H(b) penalty will be \$3,480 for 2018 – This penalty applies if 1 or more full-time employees of the applicable large employer has been certified to the employer under section 1411 of the Patient Protection and Affordable Care Act as having enrolled for any month in a qualified exchange health plan where a premium tax credit or cost-sharing reduction is allowed or paid with respect to the employee.

##### **Adjustment to Affordability Standard**

Question 39 has been updated to reflect the 2018 indexing adjustment for the required contribution percentage used to determine whether employer-sponsored health coverage is “affordable” for purposes of employer shared responsibility. The affordability threshold for 2018 is 9.56%.

##### **Expired Transition Relief:**

Question 2 notes that no transition relief is available for 2017 and future years. Transition relief that was available for the 2015 plan year (including months falling in 2016 for non-calendar-year plans) has now expired.

As a reminder, the IRS has begun sending Letter 226J to inform ALEs of their potential liability under Code § 4980H for the 2015 calendar year, the first-ever assessment of employer shared responsibility penalties. You should be on the lookout for this letter so that you are prepared to promptly review and respond to this correspondence if you receive one.

Additional Information regarding the above is available at: [IRS Q&A](#)

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