

Affordable Care Act Delay of Reporting and Pay-or-Play Rules

[Richard S. Chargar](#), [Pamela D. Kaplan](#), [Victoria E. Anderson](#)

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Employers now have an additional year to comply with both the reporting requirements and the employer mandate of the Affordable Care Act (ACA). The Obama administration announced on July 2, 2013, that these two key provisions of the ACA will be implemented in 2015, rather than 2014.

As it stood, the ACA required employers to report the cost of healthcare coverage offered to full-time employees starting in 2014. The Administration's announcement now pushes this deadline to 2015. The ACA also required employers with more than 50 full-time workers to offer these employees minimum healthcare coverage at an affordable rate by 2014, or face penalty taxes. Since an employer's obligation to pay a penalty was determined by the healthcare coverage information previously reported by the employer, no penalties will be assessed until 2015. Having delayed the implementation of both provisions, the Administration recognized the complexities of the requirements and the need for more time to implement the provisions effectively. The Administration now hopes to have sufficient time to consider ways of simplifying the new reporting requirements so as to facilitate employer compliance while also allowing employers additional time to make health coverage affordable and accessible to their employees.

The Administration has promised to publish formal guidance describing the transitional relief within the next week. Proposed rules implementing the reporting requirements are also expected to be published this summer. Through the delay period, the Administration is expected to continue to encourage voluntary implementation of information reporting and coverage requirements in preparation for 2015.

For the time being, employers can be relieved to have an additional year to evaluate their choices with renewed hope that compliance with the ACA will be simplified. This delay does not impact either the implementation of the required health exchanges in 2014, or the individual mandate that requires individuals, starting in 2014, to have health coverage or pay a penalty.

Kelley Drye & Warren LLP will continue to monitor the details of this delay under the ACA to provide employers with further guidance.

Should you have any questions, please feel free to contact a member of our [Employee Benefits and Executive Compensation group](#).