**Overview**

Beginning January 1, 2015, Applicable Large Employers (ALE) defined as employers with 50 or more full-time employees or full-time equivalents (FTE) will be subject to the Employer Shared Responsibility provision (often referred to as the "employer mandate") under the Affordable Care Act (ACA); ALEs must offer health insurance that meets minimum value requirements and is affordable, and provides minimum essential coverage or risk penalties. For the year 2015, there is transition relief available to employers with between 50-99 ALEs. Qualifying employers will not be subject to penalties.\(^{(1)}\)

### Employer Mandate Requirement

The chart below illustrates how ALEs need to comply with the ACA’s employer mandate in 2015 and beyond.\(^{(2)}\) This requirement **does not apply to small employers with < 50 FTEs.**

<table>
<thead>
<tr>
<th>2015 and Beyond Employer Mandate</th>
<th>50–99 FTEs Fully Insured</th>
<th>50–99 FTEs Self-Funded</th>
<th>100 or more FTEs Fully Insured</th>
<th>100 or more FTEs Self-Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Minimum Value Plan Requirement</strong>&lt;br&gt;Pays at least 60% of expected total allowed costs of benefits</td>
<td>N/A</td>
<td>All fully insured plans offered by Tufts Health Plan provide minimum value</td>
<td>Self-funded employer plans must provide minimum value or risk penalties</td>
<td></td>
</tr>
<tr>
<td><strong>Affordable Coverage</strong>&lt;br&gt;Employee’s self-only premium does not exceed 9.5% of household income</td>
<td>N/A</td>
<td>Yes or risk penalties(^{(3)})</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Covered Employees</strong>&lt;br&gt;Coverage to 70% of full-time employees and dependents to age 26</td>
<td>N/A</td>
<td>Yes or risk penalties</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2016 Covered Employees</strong>&lt;br&gt;Coverage to 95% of full-time employees and dependents to age 26</td>
<td></td>
<td>Yes or risk penalties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


\(^{(2)}\) Please see complete regulation on website in footnote 1 above.

\(^{(3)}\) Please see FAQs on website in footnote 1 above for affordability safe havens.

For more information, contact your sales office:

Watertown 800-208-8013  |  Worcester 800-208-9545
Springfield 800-337-4447  |  Providence 800-455-2012
Employer Mandate Reporting

Employers need to provide employees and the IRS with information about the provision of coverage to employees, minimum value, and affordability. The following chart explains what employers need to starting filing with the IRS for the 2015 year under the ACA. Beginning January 1, 2016, fully-insured and self funded employers are required to report to the IRS and covered individuals certain information regarding insurance coverage in connection with the ACA employer mandate.

<table>
<thead>
<tr>
<th>2015 Year Tax Reporting</th>
<th>What will Employers need to do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1094-C &amp; 1095-C:</td>
<td>Complete forms and attach to IRS</td>
</tr>
<tr>
<td>Employer-Provided</td>
<td>tax return for filing, Furnish a</td>
</tr>
<tr>
<td>Health Insurance Offer</td>
<td>1095-C to each full-time employee.</td>
</tr>
<tr>
<td>and Coverage</td>
<td></td>
</tr>
</tbody>
</table>

Frequently Asked Questions*

Q. Does your plan provide minimum value?
A. All fully insured plans offered by Tufts Health Plan provide "minimum value". A plan provides minimum value if it covers at least 60 percent of the total allowed cost of benefits that are expected to be incurred under the plan. The Department of Health and Human Services (HHS) and the IRS have created a minimum value calculator, which is available at www.cms.gov.

Q. Is your plan affordable as defined by the employer mandate?
A. If an employee's share of the premium for employer-provided self-only coverage would cost the employee more than 9.5% of that employee's annual household income, the coverage is not considered affordable for that employee. Under the employer mandate rules, employers can use one of three safe harbor tests to determine affordability.

Q. How is a dependent defined?
A. Dependents include children – both married and unmarried – up to age 26. Starting on January 1, 2015, in accordance with federal guidance, dependent coverage will be extended to the end of the birth month for dependants turning age 26 on all fully insured plans, and also for self-funded employers unless requested otherwise.

Q. How can you incur an employer penalty?
A. Under the Employer Shared Responsibility provisions, if an ALE does not offer affordable health coverage that provides a minimum level of coverage to their full-time employees (and their dependents), the employer may be subject to an Employer Shared Responsibility payment if at least one of its full-time employees receives a premium tax credit for purchasing individual coverage on one of the Marketplaces.

Q. What new forms do you need to file in 2016?
A. Applicable Large Employers (ALE) need to complete a 1094-C, & 1095-C for each full-time employee and attach to the IRS tax return for filing. Please see irs.gov/form1094C and irs.gov/form1095C for additional guidance. ALEs with 50 to 99 full-time employees and FTEs will need to file these forms as well as check boxes indicating a safe harbor is met.

Q. How do you know if you're an ALE?
A. An employer is considered an applicable large employer for a calendar year if it employed an average of at least 50 full-time employees or full-time equivalents (FTEs) on business days during the preceding calendar year. Accordingly, an employer who employed 100 or more full-time employees or FTEs during 2014 will be subject to the new rules in 2015 and an employer who employed between 50 and 99 full-time employees and FTEs during 2015 will be subject to the rules in 2016.

Q. How do you determine number of full-time employees and FTEs?
A. For purposes of the Employer Shared Responsibility provision, full time employees average at least 30 hours of service per week or 130 hours per calendar month. Please see http://www.gpo.gov/fdsys/pkg/FR-2014-02-12/pdf/2014-03082.pdf for more information regarding how to determine FTEs.

Please contact your Account Manager if you have Employer Mandate questions.


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