

HEALTH CARE REFORM: EXCHANGE NOTIFICATION REQUIREMENT POSTPONED

As part of the Affordable Care Act (ACA), Section 18B was added to the Fair Labor Standards Act (FLSA)*, detailing the requirements of employers to notify employees and new hires of the existence of Exchanges where the employee can purchase insurance. Initially the date employers would begin to provide this notification to current employees and new hires was March 1, 2013. However, on January 24, 2013 the Department of Labor (DOL) postponed this requirement until “late summer or early fall.”

NOTIFICATION DETAILS

As defined in Section 18B of the FLSA, employers are required to include the following details in the notification to employees and new hires:

1. The existence of Exchanges including a description of the services provided by the Exchanges and the manner in which the employee may contact Exchanges to request assistance.
2. Employee may be eligible for a premium tax credit if the employer's share of the total cost of benefits is less than 60 percent of such costs.
3. If the employee purchases a policy through the Exchange, the employee may lose the employer contribution to any health benefits offered by the employer

EFFECTIVE DATE POSTPONED

This notification was postponed so that it can be coordinated with the Department of Health and Human Services' (HHS) educational efforts and Internal Revenue Service (IRS) guidance on minimum value. Furthermore, the new notification date will coordinate with the open enrollment period for Exchanges.

Additionally, the DOL has indicated that they will likely release model, generic language that could be used to satisfy the notice requirement.

Keenan will provide our clients with guidance, forms and instructions about your responsibilities as employers, once these issues are clarified by the government. If you have any questions regarding this or any other ACA related issue, please contact your Keenan representative.

Keenan & Associates is not a law firm and no opinion, suggestion, or recommendation of the firm or its employees shall constitute legal advice. Clients are advised to consult with their own attorney for a determination of their legal rights, responsibilities and liabilities, including the interpretation of any statute or regulation, or its application to the clients' business activities.

* Section 1512 of the Affordable Care Act added Section 18B to the Fair Labor Standards Act.