

Employer Shared Responsibility: The Top Questions Asked By Business Owners

One of the most important issues on the mind of business owners is the Affordable Care Act and its **Employer Shared Responsibility (ESR)** provision. Due to the implementation timeline of the ACA and some of the delays to provisions like ESR, there is a lot of confusion among those in the business community.

When does the Employer Shared Responsibility provision go into effect?

- Originally set to take effect Jan. 1, 2014, the U.S. Treasury Department announced a one-year delay in the enforcement of the ESR provisions in July of 2013. Final guidance, released Feb. 10, 2014, gave an additional year of transition relief from penalty assessments to certain employers.
- **For employers with 100 or more full-time employees, including full-time equivalent employees, enforcement begins Jan. 1, 2015. For qualified employers with 50 to 99 full-time and FTE employees, the assessment of penalties has been delayed until 2016.**
- For companies with between 50 and 100 full-time equivalent employees to qualify for this transition relief, these employers must meet certain conditions. They must not reduce workforce size or hours after Feb. 9, 2014 to stay under the 100-employee threshold. They must not eliminate or materially reduce health coverage offered as of Feb. 9, 2014, and they must certify they met qualifications for this relief in Section 6056 ESR reporting.
- If they don't qualify, they will be treated the same as employers with 100 or more full-time and FTE employees and may be subject to penalties beginning in January 2015.

For ESR, what is required to be reported to the Internal Revenue Service?

- As part of the final guidance released by the Treasury Department on ESR end-of-year reporting, applicable large employers subject to ESR will be required to provide information as to whether they offered full-time employees and their family members the opportunity to enroll in insurance that provides minimum essential coverage.
- Forms 1094-C and 1095-C must be filed by the employer with the IRS. Additionally, employers must provide Forms 1095-C to their full-time employees, similar to how Forms W-2 are provided.
- Simplified reporting methods are available under certain circumstances. One of these methods is designed for employers with 50 to 99 full-time employees to allow them to certify that they qualify for ESR transition relief in 2015 and some months in 2016 in certain cases.

When do employers subject to ESR reporting requirements need to file information with the IRS?

- Small business owners need to file Forms 1094-C and 1095-C with the IRS each year, no later than February 28, or if filing electronically, by March 31 following the end of the calendar year for which the return applies.
- Applicable large employers must provide Forms 1095-C and employee statements to full-time employees on or before January 31, following the end of the calendar year for which the statements apply.

When do employers need to begin preparing for the new ESR filing requirements?

Accountants have an opportunity to provide added value to clients by guiding them through the challenges of health care reform. From determining how a business could be affected by ESR to helping them report the proper information with the IRS, accountants play a significant role in helping businesses avoid penalties and comply with the law.