Reminder: "Pay or Play" Coverage Penalties Remain in Effect

Despite recent attempts in Congress to "repeal and replace" the Affordable Care Act (ACA) and President Trump's executive order calling for executive agencies to minimize the ACA's regulatory burden, **penalties for failing to comply with the ACA's employer shared responsibility ("pay or play") provisions remain in effect**.

In general, an applicable large employer (ALE) – generally one with **at least 50 full-time employees**, including full-time equivalent employees (FTEs) – will owe a "pay or play" coverage penalty for calendar year 2017 under either of these scenarios:

- ALE **does not** offer coverage to **at least 95% of its full-time employees (and their dependents)**, and at least one full-time employee receives a premium tax credit to purchase individual coverage through the Health Insurance Marketplace. Under this scenario, an ALE will generally owe a penalty of **$2,260 per full-time employee**.

- ALE **offers** coverage to **at least 95% of its full-time employees (and their dependents)**, but at least one full-time employee receives a premium tax credit to purchase individual coverage through the Health Insurance Marketplace because he or she was not offered coverage that was affordable or provided minimum value, as defined by federal regulations. Under this scenario, an ALE will generally owe a penalty of **$3,390 for each full-time employee that received a premium tax credit**.

Employers seeking more information on "pay or play" compliance should read the Internal Revenue Service's recently updated Q&As.

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