

Benefits BUZZ

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New Guidance for Employer Payments of Individual Premiums

In late February, the Internal Revenue Service (IRS) released [Notice 2015-17](#), which offers guidance on the prohibition of employer payment plans. These plans are arrangements that pay for or reimburse premiums for individual health plans.

The notice reiterates that employer payment plans are not compliant with the Affordable Care Act (ACA) provisions that took effect in 2014. However, the notice also states that an increase in employee compensation, not conditional on the employee's purchase of individual health insurance, is not considered an employer payment plan.

The notice clarifies confusion caused by some employers' interpretations of [Revenue Ruling 61-146](#) as support for employer payment plans. To counter the misinterpretation, the

notice stated that this ruling does not address the application of the ACA's market reforms and therefore should not be read as though it does.

Violating these ACA provisions can result in an excise tax of \$100 per employee for each day that an employer is out of compliance.

The notice also provides information regarding transitional relief from the fines. Employers that are not applicable large employers (ALEs) under the ACA's employer shared responsibility rules, as well as S corporation health care arrangements for 2-percent shareholder-employees, may be eligible for transition relief. The transition relief is available to eligible employers on a temporary basis until June 30, 2015. After that date, employers that are not in compliance may be liable for the excise tax.

The relief is not included for stand-alone HRAs or arrangements that cover employees' medical expenses other than insurance premiums.

DID YOU KNOW?

Beginning in 2018, the ACA Cadillac tax will place a 40-percent excise tax on high-cost group health coverage. On Feb. 23, 2015, the IRS released [Notice 2015-16](#) to describe potential approaches for various elements of the tax rules. These approaches may be incorporated into regulations but are subject to change.

The IRS invites public comments on the potential approaches for the Cadillac tax. Comments should be submitted by May 15, 2015, and should reference Notice 2015-16. You can email your comments to Notice.comments@irs.counsel.treas.gov.

IRS Releases ACA Reporting Forms and Instructions

The IRS recently released the final forms and instructions for Section 6055 and 6056 reporting. Additionally, the IRS released [Publication 5196, Understanding Employer Reporting Requirements of the Health Care Law](#), in order to help employers prepare for reporting in 2016.

Forms 6055 and 6056 are not required to be filed for 2014, but employers may choose to voluntarily file in 2015 for 2014 coverage using the released forms and instructions.

For more information on the new reporting forms and instructions, see the IRS' [Q&As on Section 6055](#) and [Q&As on Section 6056](#).