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## Affordable Care Act Changes

December 1, 2014

Following are some key changes to the Affordable Care Act (ACA) that may impact your business.

**Employer Reimbursement of Employee Paid Health Insurance:** Effective January 1, 2014, employers may no longer reimburse an employee for health insurance premiums, directly or indirectly, through the employer's direct payment of individual policy premiums. If this is done, the reimbursement is a taxable wage and the employer is subject to a penalty of \$100 per day per employee.

Prior to January 1, 2014, employers have used Health Reimbursement Arrangements (HRA's) (allowed by Section 105 of the Internal Revenue Code) to reimburse employees for health insurance premiums to include payment of individual policy premiums. Beginning January 1, 2014, HRA's are only allowed in the following circumstances:

- Employers with only 1 employee;
- Employers with a qualified health insurance plan;
  - Only employees who are covered by the group plan may participate in the HRA.
- Employers who reimburse retirees health care costs.
- Plans that reimburse dental, vision, and long-term care costs;
- Plans that reimburse Indemnity and cancer policies.

This change puts an immediate end to employers reimbursing employees for health insurance in a tax-free manner.

**Mandatory Coverage - Employers with Between 50 and 99 Full Time Employees:**

- Mandatory health care coverage is delayed until 1/1/2016.

**Mandatory Coverage - Employers with More than 100 Full Time Employees:**

- Must offer coverage to at least 70% of the employees for 2015 rather than 95% as originally written.

We look forward to discussing these changes with you on an individual basis. If you provide health insurance or have reimbursed employees for health insurance in 2014, we need to visit with you before the end of 2014. Please contact your Widmer Roel professional at your earliest convenience to discuss health insurance matters related to the Affordable Care Act.

Sincerely,

Widmer Roel PC