Research

Primer: Employer Mandate

MAY 2, 2014

The Affordable Care Act's (ACA) Employer Shared Responsibility provision, commonly referred to as the Employer Mandate, requires all employers with more than 50 employees, or 50 Full Time Equivalents (FTEs), to provide health insurance coverage beginning in 2014. Similar to the law's individual mandate to carry health insurance, noncompliance carries a fine, levied to help offset the cost of providing insurance coverage in the ACA's state based insurance exchanges. The fine is computed differently based on whether coverage is simply not offered or the coverage offered is either unaffordable or insufficient, as well as whether or not the employees receive subsidized coverage through an exchange.

In a surprising move the Administration announced July 2, 2013, that they would delay enforcement of the mandate's reporting requirements and fines until 2015. In February 2014 the administration delayed enforcement of the mandate once again, giving employers with fewer than 100 employees until January 1, 2016 to comply with the mandate. The February delay also allowed the companies to offer coverage to only 70 percent of their full-time employees in 2015 in order to be in compliance.