

House Passes Small Business Healthcare Relief Act

Working Together

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By Sharon Freilich and George Kasper

Despite repeated guidance from the IRS that employer payment plans violate insurance reforms under the Affordable Care Act (the “ACA”), many small employers continue this arrangement of reimbursing employees for their cost of health insurance purchased on the individual market. Under current law, employers who do not sponsor a group health plan but instead reimburse their employees for their premiums for individual health coverage are violating the Patient Protection and Affordable Care Act (ACA) and are running the risk of being liable for an excise tax of \$100 per day per reimbursed employee (or \$36,500 per employee per year). In response to employer calls for relief, the House of Representatives passed the Small Business Healthcare Relief Act of 2016 (H.R. 5447) on June 21, 2016. The Small Business Healthcare Relief Act is a bi-partisan bill which would permit an employer with fewer than 50 employees to reimburse premiums paid by employees for insurance purchased in the individual market on a pre-tax basis. This bill has been strongly supported by the Small Business Council of America. The bill is now awaiting action in the Senate where it has been assigned to the Senate Finance Committee.

For more information about the Small Business Healthcare Relief Act contact Attorney Sharon Freilich, sfreilich@pullcom.com or Attorney George Kasper, gkasper@pullcom.com.

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