

# Current Events in the Healthcare Act Realm

## Dear Client:

During the second quarter of 2013, there were many important federal tax developments. This letter highlights some of the more significant developments that pertain to the Healthcare Act. As always, give our office a call or email if you have any questions.

## Individual Mandate

Under the individual mandate, individuals who are not exempt must maintain minimum essential coverage (MEC) for each month beginning on or after **January 1, 2014**, or else must pay an individual shared responsibility payment. Individuals are responsible for their dependents. MEC includes coverage under an eligible employer-sponsored plan, other group health insurance coverage, a government plan, or any other plan or coverage offered within a state. This part of the healthcare mandate has not changed with recent developments.

## Exchange Programs

Starting in 2014, small businesses and individuals who do not have insurance coverage through their jobs will be able to utilize an insurance exchange. Individuals who obtain coverage through an exchange may qualify for a premium assistance tax credit under Internal Revenue Code Section 36B unless they are eligible for other MEC, including employer-sponsored coverage that is affordable and provides minimum value.

Each state is responsible for setting up their own exchange program. If your state does not wish to do so, there will be a federal health insurance marketplace available. Nevada is one of the states that will offer an exchange program, the Silver State Health Insurance Exchange. Both the federal programs and Nevada's exchange will start accepting applications on **October 1, 2013**.

Employers are required to send notices to employees by October 1, 2013 regarding open enrollment. A sample form for the notice as well as other important information can be found on Nevada's exchange website at <http://exchange.nv.gov/>. California's website also contains a lot of useful and important information. Their web address is <http://coveredca.com/>.

## Employer mandate

In a major development for employers, the Obama administration announced that it is postponing until 2015 the so-called employer mandate under the Patient Protection and Affordable Care Act (PPACA). The PPACA generally requires applicable large employers (defined as businesses

with 50 or more employees) that do not offer health insurance that meets certain minimum standards to their employees to pay a penalty, called employer shared responsibility payments. The administration explained that it had heard from many employers that expressed concern about the complexity of the rules. As a result, these payments will not apply for 2014, the administration explained.

The IRS held a hearing on proposed employer mandate regulations in April. Many business and industry representatives asked the IRS to clarify who is a full-time employee, to what extent seasonal and part-time employees are covered, and how a proposed look-back measurement period would operate.

If you have any questions about how these or any other federal tax developments may impact you or your business, please contact our office at 775.882.3201.

Sincerely yours,

*Freeman & Williams, LLP*