

2018 EMPLOYER MANDATE PENALTIES

Penalty "A" 4980H (a)	Penalty "B" 4980H (b)
<ol style="list-style-type: none"> No offer of minimum essential coverage (MEC) Trigger: FT employee gets Premium Tax Credit (PTC) from Exchange \$2,320* x all FT employees minus first 30 FT employees Calculated on a monthly basis at 1/12 of \$2,320 or \$193.33 per month <p><i>Must offer to "all" FT employees. Regulators defined "all" as 95% (all but greater of 5% or 5 FT employees)</i></p> <p><i>* IRS will increase this penalty each year.</i></p>	<ol style="list-style-type: none"> Coverage is not <u>affordable</u> or does not provide <u>minimum value</u> Trigger: FT employee gets Premium Tax Credit (PTC) from Exchange \$3,480* per FT employee receiving a Premium Tax Credit from the exchange. Calculated on a monthly basis at 1/12 of \$3,480 or \$290.00 per month. <p><i>An Applicable Large Employer (ALE) that avoids Penalty "A" could be subject to Penalty "B" if FT employee (part of greater of 5% or 5 FT not offered MEC) gets PTC from Exchange.</i></p> <p><i>* IRS will increase this penalty each year.</i></p>
<p>Example:</p> <p><i>An employer with 80 FT employees does not offer MEC coverage to its FT employees and their dependents, and at least one of those 80 employees receives a PTC from the Exchange for all 12 months of 2018.</i></p> <p><i>80 FT employees - 30 = 50</i> 50 x \$2,320 = \$116,000 penalty</p>	<p>Example:</p> <p><i>An Applicable Large Employer with 60 FT employees does not offer coverage that is affordable according to ACA regulations, and 20 of those FT employees receive a PTC from the Exchange for all 12 months of 2018.</i></p> <p>20 x \$3,480 = \$69,600 penalty</p>

EITHER PENALTY MAY APPLY BUT NOT BOTH

Penalty B cannot exceed the amount the employer would have owed had it been liable for Penalty A.

For more information on types of employer payments and how they are calculated, visit:

<https://www.irs.gov/affordable-care-act/employers/types-of-employer-payments-and-how-they-are-calculated>