

ACA Affordability Percentages Increased for 2015

The Internal Revenue Service (IRS) has [increased](#) required contribution percentages for 2015 that are used to determine whether coverage is affordable under the Affordable Care Act's [employer shared responsibility provisions](#) ("pay or play") and whether individuals are eligible for an affordability exemption from the [individual shared responsibility provisions](#) (the "individual mandate").

Pay or Play Affordability Rises to 9.56%

Starting in 2015, [employers subject to pay or play](#) may incur penalties if they do not offer affordable health insurance that provides a minimum level of coverage to full-time employees (and their dependents), and any full-time employee receives a premium tax credit for purchasing individual coverage on the Health Insurance Marketplace (Exchange). Employers with **100 or more full-time employees** (including full-time equivalents or FTEs) are generally subject to the requirements for 2015, while those with **50 to 99 full-time employees** (including FTEs) do not need to comply until 2016 if they meet [certain criteria](#).

An employer-sponsored plan is considered "affordable" if the portion of the annual premium an employee must pay for self-only coverage does not exceed 9.5% of his or her household income. **This percentage is increased to 9.56% for plan years beginning in 2015.**

Individual Mandate Affordability Rises to 8.05%

The individual mandate requires every individual to have minimum essential health coverage for each month, qualify for an exemption, or make a payment when filing his or her federal income tax return. One such exemption applies when the individual cannot afford coverage because the minimum amount he or she must pay for the premiums is more than 8% of the individual's household income. **This percentage is increased to 8.05% for plan years beginning in 2015.**

You may read the IRS [guidance](#) in its entirety for more information.

Our [Pay or Play \(Employer Shared Responsibility\)](#) section features a compliance timeline, which outlines the transition relief available for 2014 and 2015.



IRS Responds to Conflicting Court Rulings Regarding ACA Tax Credits

The Internal Revenue Service (IRS) has released [guidance](#) for individuals receiving advance payments of the health insurance [premium tax credit](#) enacted by the Affordable Care Act. The information responds to conflicting federal appeals court opinions regarding the legality of such credits in federally-facilitated Health Insurance Exchanges (Marketplaces).



Conflicting Rulings

The [District of Columbia Circuit Court of Appeals](#) and the [Fourth Circuit Court of Appeals](#) reached conflicting outcomes after considering whether the premium tax credits are limited only to individuals who enroll in qualified health plans through state-based Health Insurance Exchanges. The DC Circuit ruled that the tax credits are limited to individuals who enroll in state-based Exchanges, while the Fourth Circuit upheld [IRS rules](#) that also include individuals enrolled in federally-facilitated Exchanges. **A final resolution of the issue has not yet been reached.**

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IRS: Nothing Has Changed

According to the IRS, at this time, **nothing has changed regarding the tax credits and the credits remain available.** Whether enrolled in coverage through a federally-facilitated or state-based Health Insurance Exchange, individuals do not need to take any additional action or make any changes in response to the court rulings.

The IRS will provide any updates regarding this matter on [IRS.gov/aca](https://www.irs.gov/aca).

Visit our [Premium Tax Credit for Individuals](#) section for additional information.

Proposed Rule Requires Certain Federal Contractors to Submit Equal Pay Report

The U.S. Department of Labor's Office of Federal Contract Compliance Programs (OFCCP) has issued a [proposed rule](#) to require certain federal contractors and subcontractors with more than 100 employees to submit an annual Equal Pay Report. 

The proposed rule generally requires [covered entities](#) to electronically submit the following information:

- The total number of workers within a specific [EEO-1 job category](#) by race, ethnicity and sex;
- Total W-2 wages, defined as the total individual W-2 wages for all workers in the job category by race, ethnicity and sex; and
- Total hours worked, defined as the number of hours worked by all employees in the job category by race, ethnicity and sex.

OFCCP is proposing a reporting window of January 1 to March 31st. The data in this report would be based on W-2 earnings for the prior calendar year for all employees included in the contractor's [EEO-1 report](#) for that year. Subject to certain hardship exemptions, each contractor would be required to submit the Equal Pay Report electronically through a web-based filing system.

You may [click here](#) to read the proposed rule in its entirety. [FAQs](#) are also available.

Our [Compliance Assistance for Federal Contractors](#) page features the latest news updates affecting federal contractors and subcontractors.

Social Security Requirements for Employee Name Changes

It is critical for each employee's name and Social Security Number (SSN)--as shown on his or her Social Security card--to match employers' payroll records and year-end Forms W-2, as the earnings information from the Form W-2 is the basis for determining an employee's future eligibility and benefit amount for certain Social Security programs. But what should employers and employees do when an employee changes his or her name? 

Employers

If an employee legally changes his or her name because of marriage, divorce, court order or any other reason, **employers should continue to use the old name and tell the employee to contact Social Security to obtain an updated card.** Employers should change their payroll records **only after** the employee obtains an updated Social Security card with the new name. Using a new name before the employee updates Social Security's records may prevent the posting of earnings to the employee's earnings history.

Employers can use Social Security's free [Social Security Number Verification Service \(SSNVS\)](#) to match employees' names and SSNs at the time they are hired, or before the employer prepares and submits employees' Forms W-2.

Employees

Employees must take the following three steps in order to obtain a corrected Social Security card:

1. Show the required documents, including proof of identity. See [Learn What Documents You Need](#) for more information. (Under the heading "Type of Card," select "Corrected" for a list of the documents needed);
2. Fill out and print an [Application for a Social Security Card](#); and

3. Take or mail the application and documents to a [local Social Security office](#).

An employee cannot apply for a card online. There is no charge for a Social Security card--this service is free. For complete instructions, please [click here](#).

Our section on [Social Security](#) features helpful information regarding benefits and other issues.

Proposed Rules to Expand ACA's Contraceptive Mandate Accommodation

Federal agencies have [proposed rules](#) soliciting comments on how to extend--to certain closely held for-profit entities--the same [accommodation](#) to the Affordable Care Act's (ACA) "contraceptive mandate" that is currently available to non-profit religious organizations. The contraceptive mandate generally requires non-grandfathered group health plans to provide coverage for contraceptive services without cost-sharing. 

Guidance Issued in Response to Supreme Court Case

The rules come as a response to the June 2014 [U.S. Supreme Court decision](#), which held that the contraceptive mandate violates the Religious Freedom Restoration Act as applied to closely held for-profit corporations with sincerely held religious beliefs against certain contraceptives.

Two Alternative Approaches Proposed

The [proposed rules](#) describe two alternative approaches for defining closely held for-profit entities:

- Under one approach, the entity could not be publicly traded, and ownership of the entity would be limited to a certain number of owners.
- Under an alternative approach, the entity could not be publicly traded, and a minimum percentage of ownership would be concentrated among a certain number of owners.

Under the proposal, these entities would not have to contract, arrange, pay or refer for contraceptive coverage to which they object on religious grounds. The rules solicit public comment on, among other things, how to define a qualifying entity.

Additional Notification Option for Non-Profit Religious Organizations

[Interim final rules](#) were also released, which establish another option for certain non-profit religious organizations to avail themselves of the accommodation to the contraceptive mandate. The interim final rules are effective as of August 27, 2014.

A [Fact Sheet](#), which includes information on the contraceptive mandate, the proposed rules, and the interim final rules, is also available.

Be sure to visit our section on [Preventive Services](#) for additional information.

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