



## Healthcare Reform Update

Insights

11.05.13

Despite glitches and long wait times, the Health Insurance Marketplace created by the Patient Protection and Affordable Care Act (ACA) came online October 1, 2013, and along with it arrived a new notice obligation for employers. Employers were required to distribute a notice of coverage options to all of their employees no later than October 1, 2013; and after that date, to all new hires within 14 days of their start date.

The U.S. Labor Department (DOL) has issued two model notices that may be used to meet this obligation. One is for employers who offer employer-sponsored health insurance to some or all of their employees; the other for employers who do not offer coverage. The model notices can be found on the DOL [website](#) under the header “Notice to Employees of Coverage Options”.

The notice must be sent to all employees, regardless of plan enrollment status (if applicable) or of part-time or full-time status. The notice must be provided in writing in a manner calculated to be understood by the average employee. It may be provided either by first-class mail, or electronically if the requirements of the DOL’s electronic disclosure safe harbor are met.

In an FAQ published September 11, 2013, the DOL stated that employers covered by the Fair Labor Standards Act should provide the notice to their employees, but there is no fine or penalty under the law for failing to provide the notice by the October 1, 2013 due date. With ACA’s Individual Mandate requirement that all individuals carry insurance beginning January 1, 2014, it’s still a good idea for employers to send the notice to their employees. Individuals who do not carry insurance will be fined the greater of \$95 dollars or 1% of their gross household income for failing to carry insurance during the 2014 taxable year.

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