

Publication 5200

Affordable Care Act: What Employers Need to Know



Contents

Topic	Regular Page	Large Print Page
Fewer than 50 employees	1	4
Payments	1	4
SHOP Eligibility	1	5
50 or more employees (applicable large employers)	1	6
Payments	1	6
SHOP Eligibility	1	6

The Affordable Care Act contains tax provisions that affect employers. The number of employees an employer has during the current year determines whether it is an applicable large employer for the following year. An employer's size determines which parts of the law apply to which employers.

- ALEs are generally those with 50 or more full-time employees, including full-time equivalent employees.

- Employers with fewer than 50 full-time employees, including full-time equivalent employees, are not ALEs.

Fewer than 50 employees

Information Reporting

- All employers that provide self-insured health coverage to their employees must file an annual return reporting certain information for each employee they cover. They also must furnish to each covered individual a statement that includes the same information provided to the IRS.
- If an employer offers coverage through an insurance policy, the issuer of the insurance policy files the return and furnishes the statement.

Payments

Employers with fewer than 50 full-time employees, including full-time equivalent employees, are not subject to the employer shared responsibility provisions.

SHOP Eligibility

Employers may be able to purchase insurance through the Small Business Health Options Program (SHOP) Marketplace.

Credits

Employers may be eligible for the small business health care tax credit if they meet all of the following conditions:

- cover at least 50 percent of employees' premium costs,
- have fewer than 25 full-time equivalent employees,
- pay average annual wages per full-time equivalent employee of less than \$53,000 in tax year 2017, and
- purchase their coverage through the SHOP Marketplace.

50 or more employees (applicable large employers)

Information Reporting

- ALEs must file information returns with the IRS about the health coverage they offered and furnish a statement to employees about the coverage offered.
- If an ALE provides self-insured coverage, it also includes information about covered individuals on the information return.

Payments

In general, ALEs may be subject to an employer shared responsibility payment if they do not offer affordable coverage that provides minimum value to their full-time employees and their dependents, and at least one full-time employee gets a premium tax credit.

SHOP Eligibility

An ALE's ability to purchase insurance through the Small Business Health Options Program Marketplace depends on the number

of its full-time employees, including full-time equivalent employees, and the state Marketplace.

- ▶ Exactly 50: An ALE with exactly 50 full-time employees, including full-time equivalent employees, can use the SHOP Marketplace.
- ▶ Up to 100: Some states make the SHOP Marketplace available to businesses that have up to 100 full-time employees, including full-time equivalent employees. These ALEs can contact the state Department of Insurance or the SHOP Call Center at 1-800-706-7893 to find out if the SHOP Marketplace is available to them.

Find out more about the tax provisions of the Affordable Care Act at [IRS.gov/aca](https://www.irs.gov/aca)

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