Health care reform employee communications requirement

Need-to-know details for employers about the Notice of Coverage Options

The Affordable Care Act (ACA) requires all employers subject to the Fair Labor Standards Act (FLSA) to communicate to their employees about their health care coverage options – regardless of whether the company offers employee benefits or not. While employers were expected to communicate this information to existing employees in the fall of 2013, employers are required to provide new employees with the Notice of Coverage Options within 14 days of hire.

Who needs to complete the communication requirement?
Employers subject to the FLSA are required to complete this communication requirement. This includes companies with annual sales of $500,000 or more, schools and similar learning organizations, hospitals and related facilities, and federal, state and local government agencies. The Department of Labor’s (DOL) FLSA advisor tool can help determine if your company is required to comply with the FLSA. It is available at: dol.gov/elaws/esa/flsa/scope/screen24.asp.

What do I need to do?
Provide a written Notice of Coverage Options to new employees within 14 days of hire, regardless of an employee’s part-time or full-time status or their eligibility for group health plan options.
Why is this important?
The notice helps to inform employees about the coverage offered or not offered by your organization, as well as the availability of the federal or state health insurance marketplace. It also informs employees if they’re eligible for a premium tax credit and that if they choose to purchase a qualified health plan through the marketplace, the employee may lose the employer contribution – if any – to health insurance benefits offered by the employer.

How do I communicate this information?
The DOL has developed two model notices employers can use to comply with this communication requirement:

» Model Notice for employers who offer a health plan to some or all employees.
» Model Notice for employers who do not offer a health plan.

The notice must be written and understandable by the average employee. It may be provided by first-class mail or electronically if the DOL’s electronic delivery requirements are met or the employee consents.

Will I be fined if my organization didn’t notify existing employees by the Oct. 1, 2013, deadline?
No. If your company is governed by the FLSA and you didn’t provide a written notice to employees by Oct. 1, 2013 – at this time – there isn’t a fine or penalty for failing to provide the notice. However, you should inform them as soon as possible.

Where do I get more information?
» Aflac health care reform resources: aflac.com/healthcare_reform.

This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit healthcare.gov (which may also be contacted at 800-318-2596) for additional information.