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Affordable Care Act Notification

In late 2013 the IRS released Revenue Procedure 2013-54 which, among other things has ended the ability for an employer to provide a tax free reimbursement of individual health insurance costs, co-pays, deductibles and most other health care related costs. Failure to comply with these new limitations that went in to effect January 1, 2014 can subject the employer to penalties of \$100 per employee, per day (\$36,500 annually per employee) under IRS Notice 2011-1 and ERISA rules. In early 2015 the IRS delayed this penalty until July 1, 2015.

A small business with fewer than 50 full time employees is still not required to provide health insurance. However, any health care benefit provided must now meet the standards of Affordable Care Act insurance. You may no longer, in most cases, provide discriminatory insurance, insurance or medical cost reimbursements, co-pay reimbursements, Medicare reimbursements or benefits for some full time employees but not others. If you provide any health care benefits other than a company sponsored, non-discriminatory plan to all full-time employees the \$36,500 annual penalty per employee will apply.

There are exceptions to this penalty, which we would be pleased to discuss with you, but the bankruptcy-inducing penalty limits for small business employers requires us to both notify you of their existence as well as have you confirm that you are no longer providing any of these prohibited items.

Please read the following paragraph and sign where indicated:

Effective January 1, 2018 we state that we have not provided tax-free reimbursement or payment of individual health insurance premiums, medical costs, Medicare supplemental policies or Parts B/O premiums or any other medical items, except for those specifically allowed by law as non-discriminatory employer-sponsored group health care plans.

Employer _____

BY: (Print Name & Title) _____

Date _____