

Health Care Reform Update

'Pay or Play' Guidance for Companies Under Common Ownership

IMPORTANT LINKS

- [Affordable Care Act](#) (HHS)
- [COBRA](#) (DOL)
- [Department of Labor](#)
- [Federal Marketplace](#) (HHS)
- [Medicare & Medicaid](#) (CMS)
- [Tax Credits & Deductions](#) (IRS)

FIND A PROVIDER

- [Aetna](#)
- [Amerihealth New Jersey](#)
- [Horizon Blue Cross Blue Shield](#)
- [Independence Blue Cross](#)
- [Oxford Health Plans](#)
- [United Healthcare](#)

FIND A DENTIST

- [Aetna](#)
- [Delta Dental](#)
- [Guardian](#)
- [Metlife](#)
- [United Concordia](#)
- [United Healthcare](#)

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Applicable large employers (ALEs)—generally those with at least **50 full-time employees**, including full-time equivalent (FTE) employees—are subject to the "pay or play" provisions of the Affordable Care Act. If these employers do not offer affordable health insurance that provides a minimum level of coverage to their full-time employees, they may be subject to a penalty if at least one full-time employee receives a premium tax credit or cost-sharing reduction for purchasing coverage on an Exchange.

According to [the IRS](#), **companies that have a common owner or are otherwise related generally are combined and treated as a single employer for purposes of determining ALE status**. If the combined group meets the 50 full-time employee threshold, then each separate company in the group is subject to the "pay or play" provisions—**even those companies that individually do not employ enough employees to meet the threshold**.

Note: There is an **important distinction** for employers to keep in mind regarding the aggregation rules described above. Although related employers generally are combined and treated as a single employer for *purposes of determining ALE status*, **potential liability under the "pay or play" provisions is determined separately for each member of the ALE group**.

For information on this subject, please log into your [HR Library account](#) which includes information on the above subject, as well as other State and Federal updates, laws and regulations concerning Employee Benefits, HR, and Reform.

Be sure to check out our [Legislation/Compliance](#) section on our website to stay on top of the latest news in Health Care Reform. If you have any questions, please feel free to reach out to your dedicated Brown & Brown broker consultant.

