

# Enrollment of Low-Income and Part-Time Employees

John Barlament  
Quarles & Brady  
(414) 277-5727

[john.barlament@quarles.com](mailto:john.barlament@quarles.com)

# Topics

- ACA rules
- Information to employees
- Individual coverage health reimbursement arrangements ("ICHRAs")

# ACA Rules

- Affordable Care Act generally requires that "large" employers offer "good" health plan coverage to 95%+ of "full-time" employees or risk a penalty
- Nothing prevents an employer from going beyond that and offering coverage to part-time employees
- Doing so can help for various business reasons
  - Some current part-time employees may be "full-time" for ACA purposes because of ACA's "look-back" rules
  - Can help pass nondiscrimination testing (e.g., Code Section 105(h))
  - Improve employee health, reduce turnover, other non-legal reasons

# Information to Employees

- Employers who try to provide financial incentives to employees to enroll in Exchange or BadgerCare, etc. should carefully look at legal requirements
  - ACA raises some concerns with that
  - Primary concern of federal regulators is "anti-dumping" (employers shifting high-cost employees to insurers)
- But providing information to employees should be permissible
  - We have some clients that have hired organizations to, e.g., make signing up for Medicare easier for older employees

# ICHRAs

- One of the ACA's prior prohibitions was on employers paying for employees to obtain individual health insurance policies (e.g., through the Exchange)
- New regulations from a few months ago allow, starting in 2020, ICHRAs, which can do exactly this
  - Employer puts a chosen amount into the ICHRA to reimburse individual for individual policy
- ICHRAs have specific legal rules
- Employers are allowed to create a separate class of employees (e.g., part-time employees) to receive the ICHRA
  - Good flexibility for employer – employer's cost is fixed and known

# Questions