



As companies grow, employee benefits packages become more challenging to manage from both a cost and compliance standpoint. There are several important milestones that any organization should pay close attention to and prepare for in advance.

## 20 Employees

When a company employs 20 or more employees on 50% of the workdays in the preceding calendar year, the company must offer their former employees the right to continue their benefits at their own expense through COBRA. COBRA is available to any employee who loses coverage either through a loss of employment or a reduction in hours that causes a loss of coverage, as well as dependents who lose coverage due to a loss of dependent status. There are myriad nuances to the law; what is an employee, what is a workday, what lines of coverage must be continued, who is eligible for coverage, and many more, but any health plan that approaches the 20 employee threshold should begin to understand these nuances and the compliance responsibility therein. With statutory fines of up to \$110 per day per violation, COBRA has serious implications for a plan that does not follow the letter of the law.

## 50 Employees

Once a company employs 50 or more employees in at least 20 weeks in the current or preceding calendar year and assuming the employees work within a 75 mile radius, companies with health plans must comply with the Family Medical Leave Act. The FMLA provides employees with the ability to take an unpaid leave of absence

for family health issues for up to 12 weeks and both maintain their job, and receive the same level of benefits coverage as they had when they were working full time. The FMLA also has many complicated questions and important parameters, but it requires additional oversight, recordkeeping, and cost to the plan. Enforcement is managed by the Department of Labor, and the DOL has extensive power when it comes to enforcing employee rights.

Additionally, all employers who employ 50 or more full time and full time equivalent employees in the prior calendar year must either provide employees comprehensive, affordable health insurance, or pay a penalty in 2015. This new mandate is a result of the Affordable Care Act. The penalties for not complying with the law are onerous, either \$167 per month for not providing coverage, or \$250 per month per employee for not providing quality, affordable coverage. Analyzing the cost of the penalties must be performed on a case by case basis as the law is massive in scope and complexity, but any organization that is pushing the 50 employee threshold should understand the repercussions of the “Pay or Play” penalty.

## 100 Employees

With 100 employees on the group plan at the start of the plan year, employers must report to the DOL the financials of the plan. The 5500 Form is a relatively simple, public disclosure, but one that also has statutory penalties for not filing in a timely manner.



## 200 Employees

The Affordable Care Act requires employers with 200 or more employees to automatically enroll all eligible employees on the plan once they meet their eligibility criteria. The automatic enrollment provision has not been finalized and will not be enforced until final regulations are issued by the DOL.

## 250 Employees

Employers who issued 250 or more W's-2 in 2013 were required and will continue to be required to report the cost of the medical insurance on the employee's W-2. This new provision will not make the benefit taxable, but rather it will allow the IRS to gather information about the cost of the benefit and will likely be used to both track the cost of insurance and assess the so called "Cadillac Tax".

As companies look to proactively evaluate, understand, and manage risk, an important consideration is looking at the different milestones of a group health plan. While each of these milestones is governed by hundreds if not thousands of pages of guidance, the key is to find an internal or external partner that can delve through the nuances specific to their organization and put together a solid plan before the knock on the door from the DOL or IRS.