

Play or pay penalties

for employers subject to employer mandate

ANSWER A FEW QUESTIONS

Does the employer have at least 50 full-time plus full-time equivalent employees?

- **No** →

No penalties for small employers.

Employers with fewer than 25 employees and an average wage of up to \$50,000 may be eligible for a health insurance tax credit (only if SHOP Marketplace is used).

Yes →

Does the employer offer "minimum essential" health insurance coverage to 95% of full-time employees?

- **No** →

Does at least one full-time employee received a premium tax credit or cost-sharing subsidy on the Marketplace (Exchange)?

- **Yes** →

Penalty A for not offering coverage.

The penalty will be \$2,900 per year in 2025 and was \$2,970 in 2024; times the number of full-time employees minus 30. This penalty is not tax deductible. (In controlled group, the subtraction of 30 is prorated.)

Does the employer's insurance provide "minimum value," paying at least 60% of covered health care expenses for a typical population?

- **No** →

Employees may elect to buy coverage on the Marketplace and receive a premium tax credit.

→

Penalty B for not offering affordable or minimum value coverage.

The penalty will be \$4,350 per year in 2025 and was \$4,460 in 2024 for each full-time employee receiving a tax credit, up to a maximum of the no-offer-of-coverage penalty. This penalty is not tax deductible.

Does the employer plan cost any employee more than 9.02% of income in 2025 (it was 8.39% in 2024), based on Safe Harbor selected?

- **Yes** →

Those employees may elect to buy coverage on the Marketplace and receive a premium tax credit.

→

No penalty — in most cases.

If any full-time employees who are not offered coverage receive premium tax credits on the Marketplace, the employer is subject to the \$4,350 penalty for 2025 and \$4,460 for 2024 for each of those employees.

No →

Note: Penalty amounts are adjusted for inflation annually.