

IRS bars employers from dumping workers into health exchanges

By Robert Pearmay, New York Times

WASHINGTON – Many employers had thought they could shift health costs to the government by sending their employees to a health insurance exchange with a tax-free contribution of cash to help pay premiums, but the Obama administration has squelched the idea in a new ruling. Such arrangements do not satisfy the health care law, the administration said, and employers may be subject to a tax penalty of \$100 a day – or \$36,500 a year – for each employee who goes into the individual marketplace.

The ruling this month, by the Internal Revenue Service, blocks any wholesale move by employers to dump employees into the exchanges.

Under a central provision of the health care law, larger employers are required to offer health coverage to full-time workers, or else the employers may be subject to penalties.

Many employers – some that now offer coverage and some that do not – had concluded that it would be cheaper to provide each employee with a lump sum of money to buy insurance on an exchange, instead of providing coverage directly.

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