

# U.S. Supreme Court Upholds Affordable Care Act Premium Tax Credits

ROCHESTER, N.Y.--(BUSINESS WIRE)-- Today, the United States Supreme Court rendered a decision in the King v. Burwell case, stating that premium tax credits are allowed for eligible individuals who sign up for health insurance coverage through federal, as well as state health insurance marketplaces. With the ruling, provisions of the Affordable Care Act (ACA) remain unchanged. Paychex, Inc., a leading provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to medium-sized businesses, today outlined what the ruling means for individuals and businesses alike.

“With today’s announcement, business owners should stay the course with their preparations for meeting the requirements of the Employer Shared Responsibility provisions,” said Martin Mucci, Paychex president and CEO. “We are committed to helping businesses understand and comply with the Affordable Care Act and will continue to provide them with the answers, information, and solutions they need.”

## What the Ruling Means for Individuals

With the Supreme Court ruling in favor of the defendant, in this case the federal government, the ACA remains unchanged, and qualified individuals purchasing health insurance through the federal marketplace continue to qualify for premium tax credits.

## What the Ruling Means for Businesses

With the ACA unchanged, employers should continue to monitor the law and understand their responsibilities. Businesses that are defined as Applicable Large Employers (ALE) under the ESR provisions will continue to be subject to its requirements, including the newest requirement to file informational Forms 1094-C and 1095-C with the IRS. In order to comply with ESR requirements, ALEs:

- must track and report to the IRS beginning with this tax year:
  - full-time employee status\*,
  - offers of health coverage, and
  - the affordability and adequacy of coverage offered to full-time employees.
- may be subject to penalties for not offering their full-time employees and dependents affordable and adequate health insurance.

## The Issue at the Heart of the Case

The plaintiffs in King v. Burwell argued that the IRS is not allowed to give premium tax credits to people who purchase health insurance plans through federally established marketplaces, also known as exchanges. At the heart of their argument was a specific phrase in the Affordable Care Act. In the section describing the formula used to calculate premium tax credit amounts, the Act specifically states “...an exchange established by the State.” The plaintiffs contended that based on this language, people who have purchased

plans through federal exchanges should not be eligible for the premium tax credits.

### **How Paychex Can Help**

Understanding the Employer Shared Responsibility provisions and keeping up with regulations can be a daunting task. Paychex can help employers navigate the complexities of the health insurance system and adapt to changes in the health care reform law.

The [Paychex Employer Shared Responsibility Services](#) make it easier for business owners to determine if ESR applies to them, and what actions they need to take to meet the requirements of the provision, including tracking, gathering, and reporting information to the IRS.

Visit the Paychex [website](#) for more information about health care reform, the latest developments, and how Paychex can help.

*\*The Employer Shared Responsibility provisions of the ACA define a full-time employee as one who works 30 or more hours a week on average. This is different from what many consider the traditional definition of 40 or more hours a week.*

### **About Paychex**

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 580,000 payroll clients as of May 31, 2014. For more information about Paychex and our products, visit [www.paychex.com](http://www.paychex.com).

### **Stay Connected with Paychex**

Twitter: [www.twitter.com/paychex](http://www.twitter.com/paychex)

Facebook: [www.facebook.com/paychex](http://www.facebook.com/paychex)

LinkedIn: <http://www.linkedin.com/company/paychex/products>

View source version on businesswire.com:

<http://www.businesswire.com/news/home/20150625006254/en/>

### **Media**

Paychex, Inc.

Tracy Van Auker, 585-387-6433

Public Relations Program Manager

[tvauker@paychex.com](mailto:tvauker@paychex.com)

[@PaychexNews](#)

Source: Paychex, Inc.