

EMPLOYEE BENEFITS

Update to 2024 Employer Shared Responsibility Payment (Employer Mandate Penalty) Amount

April 2023

Penalty for Failure to Offer Substantially All Full-Time Employees Coverage

The first penalty under the Employer Mandate is triggered when an Applicable Large Employer (ALE) fails to offer “substantially all” of their full-time employees (defined as at least 95% of full-time employees) Minimum Essential Coverage (MEC) and at least one full-time employee goes to the Exchange/Marketplace and receives a premium tax credit.

The IRS recently released an annual inflationary adjustment to this penalty amount for the 2024 calendar year (see [Rev. Proc. 2023-17](#)).

The annual penalty amount associated with an Applicable Large Employer that fails to offer MEC to substantially all its full-time employees (and at least one full-time employee receives a premium tax credit) is **\$2,970** (or \$247.50 per month) per full-time employee, minus the first 30 full-time employees.

Penalty for Failure to Offer Affordable and Minimum Value Coverage to a Full-Time Employee

If an ALE offers “substantially all” of its full-time employees MEC, an ALE could still be subject to penalties for failing to offer affordable and Minimum Value coverage to any full-time employee that receives a premium tax credit to purchase coverage in the Exchange/Marketplace.

The IRS recently released an annual inflationary adjustment to this penalty amount for the 2024 calendar year (see [Rev. Proc. 2023-17](#)).

The annual penalty amount associated with an Applicable Large Employer that fails to offer affordable and Minimum Value coverage to a full-time employee and that full-time employee receives a premium tax credit to purchase coverage in the Exchange/Marketplace is **\$4,460** (or \$371.66 per month) per full-time employee for each full-time employee that receives a premium tax credit.



If you have any questions, please reach out to your Brown & Brown representatives.

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