



## The Delay—Good or Bad?

It has been well reported that Treasury delayed PPACA's mandatory employer and insurer reporting requirements, and corresponding employer pay or pay penalties, to 2015, through informal guidance and later IRS Notice 2013-45. We decided to ponder the significance of this delay and give you our thoughts.

So, was this move good or bad for the market? There are many issues, but here are a few to consider:

### Good

- Federal and state agencies have more time to implement exchanges.
- Agencies have more time to issue further guidance on pay or play penalties.
- Employers have more time to develop pay or play strategies.
- Trend of employers dropping hours was becoming quite worrisome for employees and employee groups.
- New deadline coordinates with the expanded SHOP options projected for 2015.

### Bad

- Employers now have another year to procrastinate.
- Employers with completed strategy now need to decide whether to implement the strategy, or in some cases even revoke the strategy.
- There is confusion because the mandate still exists; only reporting and penalties are delayed.
- Employers are left with only proposed regulations, which likely will change between now and 2015.
- Reduced enrollment may create more adverse selection in the exchanges, which will raise premiums even further.

Only (delayed) time will tell. Our advice now—don't wait. Next year's deadline will sneak up on you just like this year's did.