

Frequently Asked Questions – Liberty National Division’s Worksite Policies and the Affordable Care Act (ACA)

The following relates to Globe Life Liberty National Division’s Worksite Policies and how they are affected by the ACA. Liberty National Division does not provide legal or tax advice and it may not advise employers or individuals regarding their liability under the ACA’s employer mandate, individual mandate, or any other ACA requirements. Individuals and employers should consult their own legal and tax professionals regarding such matters.

1. How does the ACA affect Liberty National’s Worksite Policies?

Liberty National Division’s Worksite Policies are considered “excepted benefits” and therefore, are not considered group health plans subject to the ACA. This means that Liberty National’s Worksite Policies are not subject to the ACA’s group health market reforms and employers that offer Liberty National Division’s Worksite Policies to their employees are not required to file ACA reporting forms with the IRS (although the employer may be obligated to do so for reasons unrelated to Liberty National Division’s Worksite Policies). This also means that Liberty National Division’s Worksite Policies are not considered to provide “minimum essential coverage” under the ACA, indicating that Liberty National Division’s Worksite Policies do not satisfy an employer’s obligations under the ACA’s employer mandate or an individual’s obligations under the ACA’s individual mandate.¹

2. How do Liberty National Division’s Worksite Policies affect individuals’ compliance with the ACA individual mandate?

In general, the ACA’s individual mandate requires most individuals to maintain “minimum essential coverage.”¹ As mentioned above, Liberty National Division’s Worksite Policies do not constitute “minimum essential coverage” under the ACA, which means Liberty National Division’s Worksite Policies do not satisfy an individual’s obligations under the ACA’s individual mandate.

Unless an exception applies, an individual enrolled in a Liberty National Division Worksite Policy will need to be enrolled in coverage other than the Liberty National Division Worksite Policy and that other coverage will need to constitute minimum essential coverage under the ACA. Individuals should consult their own tax professional to determine if they may be subject to the individual mandate.

3. How do Liberty National Division’s Worksite Policies affect employers’ compliance with the ACA employer mandate?

In general, the ACA’s employer mandate requires certain large employers to offer its full-time employees “minimum essential coverage” or pay a penalty for failing to do so (there is also a type of employer mandate penalty that may apply if the employer offers minimum essential coverage but that coverage is not affordable or does not provide “minimum value”). As mentioned above, Liberty National Division’s Worksite Policies do not constitute “minimum essential coverage” under the ACA, which means Liberty National Division’s Worksite Policies do not satisfy an employer’s obligations under the ACA’s employer mandate.

¹ Note that penalty associated with the individual mandate (but not the employer mandate) has effectively been repealed. This effective repeal took effect on January 1, 2019. There has been no repeal of the employer mandate; it remains in full effect.

An employer subject to the employer mandate will need to offer coverage in addition to Liberty National Division's Worksite Policies that constitutes minimum essential coverage under the ACA (again, to avoid the employer mandate penalties). Employers should consult their own attorney or tax professional to determine if they may be subject to the employer mandate and its penalties.

Again, because Liberty National Division's Worksite Policies are considered excepted benefits under the ACA, Liberty National Division's Worksite Policies are not subject to the ACA's group health market reforms, and employers do not incur additional reporting obligations by offering Liberty National Division's Worksite Policies to their employees (note that an employer may be subject to ACA reporting requirements for coverage it may offer unrelated to its offering Liberty National Division's Worksite Policies).

4. What should employers do if they receive an employer mandate penalty assessment from the IRS?

Liberty National does not provide legal or tax advice. Employers who receive an employer mandate penalty assessment from the IRS should consult their own attorney or tax professional regarding an assessment. As discussed above, Liberty National Division's Worksite Policies do not constitute "minimum essential coverage" under the ACA, which means Liberty National Division's Worksite Policies do not satisfy an employer's obligations under the ACA's employer mandate.