

WHAT IS THE PLAY OR PAY?

Play or Pay is a two-prong test that applies to Applicable Large Employers (ALEs) with 50 or more full-time employees (including full-time-equivalents):

- A** First, does the employer offer basic health coverage to most full-time employees and their children? If not, the employer is at risk for a large penalty.
- B** For employers that pass the first prong without a penalty, the second test is whether the employer offers all full-time employees and their children affordable coverage providing minimum value. If not, the employer is at risk for a different (smaller) penalty.

The two penalty types — called “A” and “B” for the sections in the law — are designed in tandem so that employers that decide not to offer comprehensive coverage to all their full-time workers are still incentivized to offer at least some coverage to most workers. Penalties are triggered when full-time employees receive government subsidies to buy individual insurance through a Marketplace (Exchange) based on their income and lack of access to employer-sponsored coverage.

