

One Minute Memo®



Automatic Enrollment Requirement Repealed

By Joy Sellstrom and Piara J. Rich

Good news! On November 2, 2015, President Obama signed the Bipartisan Budget Act of 2015 into law and repealed Section 18A of the Fair Labor Standards Act, enacted as part of health reform. Section 18A required employers with 200 or more full-time employees to automatically enroll new full-time employees in an employer health plan and to continue the enrollment of current employees in the health plan offered. Under the requirement, employers were required to give automatically enrolled employees adequate notice and an opportunity to opt-out of the employer health plan. The requirement raised many concerns regarding how it would coordinate with other ACA provisions and how employers would administer the requirement once it took effect.

In 2010, the Departments of Labor, Health and Human Services and the Treasury issued FAQs providing that employers were not required to comply with the automatic enrollment requirements until final regulations were issued. In 2012, the DOL issued Technical Release 2012-01 which reiterated that employers were not required to comply with the requirements until final regulations were issued. Because the automatic enrollment requirements were repealed before final regulations were issued, employers will not have to comply with these requirements.

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