



IRS Announces Lower 2023 Affordability Percentage for ACA Employer Mandate

August 2022

On July 29, 2022, the Internal Revenue Service (IRS) announced that the required contribution percentage used by employers for complying with the Affordable Care Act's (ACA's) employer mandate will again decrease for plan years beginning in calendar year 2023.

The required contribution percentage (RCP) is used by employers to determine whether an individual is eligible for affordable employer-sponsored minimum essential coverage under the ACA's employer mandate. Per IRS Revenue Procedure 2022-34, the RCP for plan years beginning in calendar year 2023 will be 9.12 percent, which is a decrease from the 2022 RCP of 9.61 percent.

Employers should take the RCP into account when setting employee contributions as part of the employer's ACA employer mandate strategy. The lower RCP for 2023 plan years might require adjusting employee contributions to ensure coverage remains affordable in order to avoid or mitigate an employer mandate penalty under Code Section 4980H(b).

Revenue Procedure 2022-34 also published the applicable percentage table for 2023, which is used to calculate an individual's premium tax credit.

Resources

The updated RCP and applicable percentage table is available in [Revenue Procedure 2022-34](#), issued on July 29, 2022.



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