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## PLATINUM BENEFIT CONSULTING GROUP

*Previously SEBS of Indiana*

PBCG News Alert

## Health Care Reform

### Affordability Contribution Percentages Increased For 2017

The Internal Revenue Service (IRS) issued Revenue Procedure 2016-24 to index the contribution percentages in 2017 for purposes of determining the affordability of an employer's plan under the Affordable Care Act (ACA).

For plan years beginning in 2017, employer-sponsored coverage will be considered affordable if the employee's required contribution for self-only coverage does not exceed:

- 9.69 percent of the employee's household income for the year, for purposes of both the pay or play rules and premium tax credit eligibility; and
- 8.16 percent of the employee's household income for the year, for purposes of an exemption from the individual mandate.

These updated affordability percentages are effective for taxable years and plan years beginning after Dec. 31, 2016.

Starting in 2015, the ACA's employer shared responsibility or "pay or play" rules require applicable large employers (ALEs) to offer affordable, minimum value health coverage to their full-time employees (and dependents) or pay a penalty. ALEs are employers that have, on average, at least 50 full-time employees (including full-time equivalents) during the preceding calendar year.

The affordability of health coverage is a key point in determining whether an ALE will be subject to a penalty. The employer shared responsibility rules generally determine affordability of employer-sponsored coverage by reference to the rules for determining premium tax credit eligibility. The affordability test applies only to the portion of the annual premiums for self-only coverage, and does not include any additional cost for family coverage. Also, if an employer offers multiple health coverage options, the affordability test applies to the lowest-cost option that also satisfies the minimum value requirement.

Because an employer generally will not know an employee's household income, the IRS created three affordability safe harbors that measure affordability based on Form W-2 wages from that employer, the employee's rate of pay or the federal poverty line (FPL) for a single individual. These affordability safe harbors are all optional. An employer may use one or more of the safe harbors for all its employees or for any reasonable category of employees, provided it does so on a uniform and consistent basis for all employees in a category.

### **Exchange Subsidy Appeals Remain Paper-Based**

Beginning in spring 2016, employers can expect to receive notices if any of their employees are deemed eligible for health insurance subsidies through an Exchange. Employers who receive these notices will have 90 days to file an appeal if they feel the eligibility determination was made in error.

Department of Health and Human Services (HHS) regulations require appeals to be accepted online, by phone, by mail and in person. However, recently issued guidance delayed (for the second time) the Exchanges' deadline to implement electronic appeals processes.

Once an Exchange determines that an individual is eligible for subsidies, it must send notification to the individual's employer. This notification must:

- Identify the employee;
- Indicate that the employee has been determined eligible for advance payments of the PTC;
- Indicate that, if the employer has 50 or more full-time employees, the employer may be liable for the payment assessed under Section 4980H of the Code; and
- Inform the employer of the right to appeal the determination.

If the employer wishes to appeal the determination, it must file an appeal request within 90 days from the date the notice was sent.

## **2017 Health Savings Account Limits Announced**

The 2017 Health Savings Account (HSA) limits were released by the Internal Revenue Service. For calendar year 2017, the annual limitation on deductions under a high deductible health plan for an individual with self-only coverage is \$3,400 or \$6,750 for family coverage.

For the same calendar year, a "high deductible health plan" is defined as a health plan with an annual deductible that is not less than \$1,300 for self-only coverage or \$2,600 for family coverage, and the annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) do not exceed \$6,550 for self-only coverage and \$13,100 for family coverage.

## **Individual Coverage**

### **UnitedHealth To Exit Most ACA Exchanges In 2017**

UnitedHealth announced they will be exiting most of the Affordable Care Act exchanges next year. CEO Stephen Hemsley said the insurer "will remain in only a handful of states" and offer individual policies. Currently, UnitedHealth offers plans on the exchanges of 34 states.

The move was not unexpected as the company warned last year it would likely happen.

UnitedHealth's decision will not affect their large and small group plans. Humana also served notice that it may leave some ACA exchanges next year. Humana, which offered coverage on exchanges in 15 states this year, is being acquired by Aetna.

## **Wellness**

### **May Is National Stroke Awareness Month**

Every 40 seconds, someone in the United States has a stroke. Strokes occur when blood flow to the brain is blocked by a clot. The brain cells in the immediate area then begin to die because they are not receiving the oxygen and nutrients they need to stay alive.

Approximately 128,000 people die from strokes each year, and strokes are one of the leading causes of long-term disability in the United States. Common risk factors include high blood pressure, high cholesterol, smoking, diabetes and obesity. While strokes most often happen to the elderly, 25 percent of all strokes occur in those under the age of 60.

Each May, health organizations across the United States work to raise awareness of strokes and their symptoms. Common stroke symptoms include facial drooping, weakness on one side of the body and speech difficulty.

In addition to being able to recognize stroke symptoms, it is important to know what you can do reduce your chances of having a stroke, including keeping your blood pressure under control, getting your cholesterol checked regularly, quitting smoking, exercising regularly and maintaining a healthy weight.

