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PBCG News Alert

Health Care Reform

Health FSA Limit Increases In 2017

The Internal Revenue Services (IRS) announced the annual dollar limit on employee contributions to employer-sponsored health Flexible Spending Arrangements (FSA) will increase by \$50 in 2017. The amount will rise from \$2,550 in 2016 to \$2,600 in 2017. The health FSA limit will potentially be increased further for cost-of-living adjustments for later years.

Employers should ensure that their health FSA will not allow employees to make pre-tax contributions in excess of the limit. An employer may continue to impose its own health FSA limit, as long as it does not exceed the Affordable Care Act's (ACA) maximum for the plan year. This means that an employer may continue to use the 2016 maximum limit for its 2017 plan year.

ACA Reporting Deadlines Only Months Away

The IRS released the final forms for 2016 ACA reporting in 2017 in September, and the deadlines for filing are fast approaching.

The ACA created new reporting requirements under Code Sections 6055 and 6056. Under these rules, certain employers must provide information to the IRS about the health plan coverage they offer (or do not offer) or provide to their employees. Each reporting entity must annually file all of the following with the IRS:

- A separate statement (Form 1095-B or Form 1095-C) for each individual who is provided with minimum essential coverage (for providers reporting under Section 6055), or for each full-time employee (for applicable large employers or ALEs reporting under Section 6056). Individual statements for the 2016 calendar year must be furnished by Jan. 31, 2017.
- A transmittal form (Form 1094-B or Form 1094-C) for all of the returns filed for a given calendar year. For calendar year 2016, forms are required to be filed with the IRS by Feb. 28, 2017 (or March 31, 2017, if filing electronically).

Below are reporting responsibilities scenarios:

Scenario 1: ALEs with fully insured health coverage

- Health insurers (carriers) will complete Forms 1094-B and 1095-B.
- Employer will complete Form 1094-C, Parts I, II, III and IV.
- Employer will complete Form 1095-C, Parts I and II.

Scenario 2: ALEs with self-insured coverage

- Employer will complete Form 1094-C, Parts I, II, III and IV.
- Employer will complete Form 1095-C, Parts I, II and III.

Scenario 3: Non-ALEs with fully insured coverage

- Health insurers will complete Forms 1094-B and 1095-B.
- Employer is not required to report under either Section 6055 or Section 6056.

Scenario 4: Non-ALEs with self-insured coverage

- Employer will complete all sections of Form 1094-B.
- Employer will complete Form 1095-B, Parts I, III and IV.

Additional information on reporting requirements can be found on the IRS's website.

Individual Coverage

Open Enrollment Begins For Individuals

The time is now for individuals without employer-sponsored health insurance to apply for coverage. The annual ACA open enrollment period began Nov. 1 and runs through Jan. 31, 2017. Along with obtaining coverage, individuals will have the opportunity to change insurance carriers or plans during the enrollment period.

A plan's effective date will depend on its date of purchase:

- Sign up between Nov. 1, 2016 - Dec. 15, 2016: Coverage will begin Jan. 1, 2017
- Sign up between Dec. 16, 2016 - Jan. 15, 2017: Coverage will begin Feb. 1, 2017
- Sign up between Jan. 16, 2017 - Jan. 31, 2017: Coverage will begin March 1, 2017

Wellness

November is American Diabetes Month

Did you know that 1 in 11 Americans today has diabetes? During November, the American Diabetes Association hopes to raise awareness about this "invisible disease" through their annual American Diabetes Month.

Diabetes dictates how affected individuals organize their day, what they eat at every meal, how they choose to be physically active, and how they spend their month. Health care costs are often 2.3 times higher for someone with diabetes, as type 1 and type 2 require very specific forms of treatment, according to the organization.

- Type 1 diabetes is an autoimmune disease usually diagnosed in children and young adults, and there is no known way to prevent it. Approximately 5 percent of people with diabetes have type 1, which means their body does not produce any insulin. Insulin is critical in order for the body to transport glucose (sugar) from the bloodstream into cells for energy. People with type 1 diabetes must take insulin every day to live.
- Type 2 diabetes is the most common form of diabetes, accounting for 90 to 95 percent of cases in the United States, and is caused when the body does not produce or use insulin properly. Risk factors for developing type 2 diabetes include being overweight, having a family history of diabetes and having diabetes while pregnant (gestational diabetes). Some people with type 2 diabetes can control their blood glucose (sugar) with healthy eating and being active; other may require oral medications or insulin, especially as the disease progresses. Type 2 diabetes is more common in African Americans, Latinos, Native Americans and Asian Americans/Pacific Islanders, as well as older adults.

More information can be found on the American Diabetes Association website.