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## Compliance Corner

September 8, 2016

### Health Care Reform

#### **HHS Publishes Notice of Benefit and Payment Parameters for 2018**

On Sept. 6, 2016, HHS—through CMS—published Proposed Notice of Benefit and Payment Parameters for 2018. The notice is a proposed rule relating to several of PPACA's provisions, some of which are aimed at health insurance generally and some of which are aimed at group health plans specifically. Here is a recap of each items addressed in the proposed rule.

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#### **IRS Announces 2016 Individual Mandate Cap**

On Aug. 19, 2016, the IRS released Revenue Procedure 2016-43, which provides the national average premium to be used to determine maximum individual shared responsibility payments for 2016.

### Announcements

#### **Reminder: Calendar Year SAR Must be Distributed by Sept. 30, 2016**

Plans that are subject to ERISA and Form 5500 filing, must distribute the Summary Annual Report (SAR) to participants within nine months of the end of the plan year. Thus, a calendar year plan is required to distribute the SAR for the 2015 plan year by Sept. 30, 2016. If the plan applied for an extension to the Form 5500 filing, the SAR is then due within 2 months following the filing.

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### State Updates

In other words, the IRS provided the dollar amount that an individual will be capped at for failing to maintain health insurance in 2016. The caps are \$2,796 per person (\$233 per month) and \$13,380 for a family of five (\$1,115 per month). A family of five is the maximum number of individuals in the shared responsibility family.

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## HHS Publishes Draft 2018 Actuarial Value Calculator and Methodology

On Aug. 29, 2016, in conjunction with the Notice of Benefit and Payment Parameters for 2018, HHS published its draft 2018 actuarial value (AV) calculator and methodology. The AV calculator is designed by HHS and CMS to help estimate the actuarial value for a given plan design in the individual and small group markets. AV is important for determining the richness of benefits offered under a group health plan, and for categorizing plans in the marketplaces/exchanges. The draft 2018 AV methodology describes the calculator's methodology and operation, and can be quite complex. Below is a list of updates to prior versions made by the 2018 AV calculator and methodology.

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### Federal Updates

## DOL Issues Final Rules for State Run IRA Programs

On Aug. 30, 2016, the DOL published final regulations related to state run IRA programs. Many states are currently working toward such programs or have passed legislation to establish one. The general concept is that states would create a program in which employees could contribute on a pre-tax basis

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### FAQ

A carrier has quoted us a discounted rate on our health plan for an 18 month period. Are there any compliance considerations with an 18 month coverage period? Do we have to have an annual open enrollment?

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### Reference

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to an IRA. Most of those state programs require participation from private employers and involve automatic enrollment for employees.

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### **New Employer CHIP Notice Available**

On July 31, 2016, the DOL updated its Employer CHIP Model Notice that employers with group health plans may use to notify eligible employees about premium assistance available through their state Medicaid or Children's Health Insurance Program (CHIP). Since its initial release in 2010, the DOL has been updating the notice twice annually, on or around January 31 and July 31 of each year. The updates reflect changes to contact information for the list of states offering premium assistance programs. In this newest update, Arkansas has been added to the list of states offering a program.

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### **EEOC Releases Information Letter Discussing Wellness Program Incentives under the ADA**

The EEOC recently released an information letter dated July 1, 2016. The letter provides clarification for a particular provision of the final regulations issued in May 2016. If an employer sponsored wellness program seeks health information from participants either through a medical examination or a disability inquiry, then the maximum incentive that the program may provide participants, as governed by the ADA, is 30 percent of the total self-only premium cost. The letter clarifies how to calculate that limit when the employer offers multiple plan options.

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## **IRS Establishes Self-Certification Waiver of Retirement Plan 60-day Rollover Requirement**

On Aug. 14, 2016, the IRS issued Revenue Procedure 2016-17, introducing a self-certification procedure aimed to help recipients of retirement plan distributions who have mistakenly missed the 60-day time limit to roll amounts into another retirement plan. The IRS also released a set of frequently asked questions addressing when the 60-day rollover requirement may be waived.

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