



Compliance Corner

March 7, 2017

Health Care Reform

CMS Extends Transitional Policy for Grandmothered Plans Through 2018

On Feb. 23, 2017, CMS announced an additional one-year extension for certain individual and small group policies commonly referred to as grandmothered plans. As background, on Nov. 14, 2013, President Obama — via a CMS letter — announced the availability of a transitional policy that allowed individual and small group health insurance plans that were previously cancelled due to noncompliance with PPACA insurance mandates to be renewed in 2014 without being subject to PPACA-related penalties.

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IRS Will Accept Individual Tax Returns that Don't Indicate Health Coverage

On Feb. 15, 2017, the IRS updated its Individual Shared Responsibility Provision web page to include a statement that the IRS will not reject individual federal income tax returns (Form 1040) that have a blank entry on line 61 (Health Care: Individual Responsibility).

However, the IRS clarified that the blank line 61 does not relieve the individual from payment of a penalty, but it does mean the IRS will process the return (whereas previously they would have rejected those returns). So, the change in position is not necessarily penalty relief, but relief from a return rejection. The IRS also stated that it is currently reviewing Pres. Trump's Jan. 20, 2017, executive order to

Announcements

Recordings of February Webinar Series Now Available

Recordings of the Benefits Compliance February webinar series are now available in the [NFP Client Learning Portal](#). Topics in the series include: "Top Ten Commonly Asked Questions: What Are We Asked the Most," "Leaves of Absence: Benefits and HR Considerations" and "What's New: What Changes Are in Store Following November's Election?" Those listening to a recorded webinar will not be eligible for recertification credit. Our next series of webinars will occur in May (May 10th, May 17th, and May 24th).

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determine its implications and that taxpayers should continue to file their tax returns as they normally would.

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Republicans Release Proposed Legislation on PPACA Replacement

Late Monday, March 6, 2017, Republicans released the latest version of their PPACA repeal and replacement legislation. The proposed legislation, called the American Health Care Act, was circulated by the House Ways and Means and Energy and Commerce committees, the two committees with primary jurisdiction over health care.

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Federal Health Updates

IRS Extends Period for Furnishing Written QSEHRA Notice to Employees

The IRS recently published Notice 2017-20, which extends the period for employers to provide written notice to employees regarding a qualified small employer health reimbursement arrangement (QSEHRA). As background, late in 2016 Congress enacted the Cures Act, which allows smaller employers (generally speaking, those with fewer than 50 full-time employees/equivalents—those not subject to PPACA's employer mandate) that do not offer a group health plan to any of its employees to instead offer a QSEHRA.

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IRS Releases Information Letter Regarding Retroactive Medicare Enrollment and HSA Eligibility

The IRS recently issued an information letter detailing the interaction between an individual's retroactive enrollment in Medicare Part A and eligibility for HSA contributions. Information letters are not official guidance, but they do provide insight into how the IRS views certain issues. As background, individuals are only eligible for HSA contributions for a month if they have qualified HDHP coverage on the first day of that month and no impermissible coverage (i.e., non-HDHP coverage). An individual who

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FAQ

If we allow employees to contribute to the cost of coverage through a cafeteria plan (pre-tax), are elections ever allowed on a retroactive basis?

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Reference

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enrolls in any part of Medicare becomes ineligible for HSA contributions on the first day of the month in which Medicare is effective.

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Retirement Updates

DOL Requests 60-day Delay of Conflict of Interest Rule

On March 1, 2017, the DOL proposed a 60-day delay of the Conflict of Interest Rule applicability date. As we mentioned in the last edition of *Compliance Corner*, the DOL requested the delay after President Trump instructed the DOL to conduct additional analysis of the Rule and its impact on American Investors. This delay applies to the Rule and to the prohibited transaction exemptions that accompany the Rule.

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IRS Releases *Employee Plans News Issue 2017-2*

On March 2, 2017, the IRS released *Employee Plans News Issue 2017-2*. This edition includes multiple resources that employers can refer to for compliance assistance. One such resource is this year's operational compliance list, which discusses the various regulations that the IRS will be proposing and finalizing during this fiscal year.

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