Provided by HealthSure

Highlights for 2017 Compliance

The Affordable Care Act (ACA) has made a number of significant changes to group health plans since the law was enacted in 2010. Many of these key reforms became effective in 2014 and 2015, including health plan design changes, increased wellness program incentives and the employer shared responsibility penalties.

Certain changes to some ACA requirements take effect in 2017 for employers sponsoring group health plans, such as increased dollar limits. To prepare for 2017, employers should review upcoming requirements and develop a compliance strategy.

This ACA Overview provides a short checklist of the ACA's key changes in 2017. As 2016 draws to a close, employers should review this checklist to help confirm they are ready to comply with the ACA's 2017 requirements. Please contact HealthSure for assistance or if you have questions about changes that were required in previous years.

LINKS AND RESOURCES

- HHS' Final Notice of Benefit and Payment Parameters for 2017 established the cost-sharing limits for 2017
- Revised SBC template, instructions and uniform glossary (for use beginning on or after April 1, 2017)
- 2016 Forms 1094-B and 1095-B (and related instructions) for reporting under Section 6055; 2016 Forms 1094-C and 1095-C (and related instructions) for reporting under Section 6056

HIGHLIGHTS

CHANGES FOR 2017

Certain percentages and dollar amounts have changed for 2017:

- Cost-sharing limits
- Coverage affordability percentages
- Maximum penalties for ACA reporting violations
- Health FSA salary contribution limits

EXPECTED CHANGES FOR 2017

Other updated amounts have not yet been announced, but may change for 2017 (such as the dollar amounts for calculating employer shared responsibility penalties).

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PLAN DESIGN CHANGES	
ACA REQUIREMENT	**ACTION ITEMS**
Cost-sharing Limits: Non-grandfathered health plans must comply with an overall annual limit (or an out-of-pocket maximum) on cost-sharing for essential health benefits (EHB). The cost-sharing limit is updated by the Department of Health and Human Services (HHS) each year. For the 2017 plan year, the annual limit on total enrollee cost-sharing for EHB is **$7,150 for self-only coverage** and **$14,300 for family coverage**.	☐ Review your plan's out-of-pocket maximum to make sure it complies with the ACA's limits for the 2017 plan year (**$7,150 for self-only coverage** and **$14,300 for family coverage**). ☐ If you have a health savings account (HSA)-compatible high deductible health plan (HDHP), keep in mind that your plan's out-of-pocket maximum must be lower than the ACA's limit. For 2017, the out-of-pocket maximum limit for HDHPs is **$6,550 for self-only coverage** and **$13,100 for family coverage**. ☐ If your plan uses multiple service providers to administer benefits, confirm that the plan will coordinate all claims for EHB across the plan's service providers, or will divide the out-of-pocket maximum across the categories of benefits, with a combined limit that does not exceed the maximum for 2017. ☐ Confirm that the plan applies the self-only maximum to each individual in the plan, regardless of whether the individual is enrolled in self-only coverage or family coverage.
Health FSA Contributions: The ACA limits an employee's pre-tax salary reduction contributions to a health flexible spending account (FSA) each year. The health FSA limit was $2,550 for 2015 and 2016, but it will increase to $2,600 for 2017.	☐ Confirm that your health FSA will not allow employees to make pre-tax contributions in excess of $2,600 for the 2017 plan year. Consider increasing the limit on employees' pre-tax contributions to your health FSA to $2,600 for the plan year that begins on or after Jan. 1, 2017.

SUMMARY OF BENEFITS AND COVERAGE (SBC)

ACA REQUIREMENT	ACTION ITEMS
Health plans and health insurance issuers must provide an SBC to applicants and enrollees to help them understand their coverage and make coverage decisions. The Departments issued a new SBC template and related materials for use beginning on or after April 1, 2017. For self-funded plans, the plan administrator is responsible for creating and providing the SBC. For insured plans, the issuer is required to provide the SBC to the plan sponsor. Both the plan and the issuer are obligated to provide the SBC, although this obligation is satisfied for both parties if either one provides the SBC.	☐ Prepare to use the new SBC template as follows: o Plans with annual open enrollment periods must start using the new template on the first day of the first open enrollment period that begins on or after **April 1, 2017**, with respect to coverage for plan or policy years beginning on or after that date. o Plans without an annual open enrollment period must start using the new template on the first day of the first plan or policy year that begins on or after **April 1, 2017**. ☐ If you have an insured plan, confirm whether your health insurance issuer will assume responsibility for providing SBCs.

REINSURANCE FEES

ACA REQUIREMENT	ACTION ITEMS
Health insurance issuers and self-funded group health plans that provide major medical coverage must pay fees to a reinsurance program for 2014–2016. Fully insured plan sponsors do not have to pay the fee directly. **Reinsurance fees do not apply for 2017 and beyond, although the 2016 reinsurance fees will be paid in 2017.** Reinsurance fees are based on an annual national contribution rate and are calculated by multiplying the number of covered lives (employees and their dependents) for all of the entity's plans and coverage that must pay contributions by the national contribution rate for the year. For 2016, the national contribution rate is $27 per enrollee per year (about $2.25 per month). The fees may be paid in either one lump sum or in two installments.	☐ For plans subject to the reinsurance fee in 2016, submit the 2016 contribution form and make appropriate payments for the 2016 benefit year, as follows: o If you are paying in one lump sum, $27 per covered life is due by Jan. 15, 2017. o If you are paying in two installments, $21.60 per covered life is due by Jan. 15, 2017, and $5.40 per covered life is due by Nov. 15, 2017.

EMPLOYER SHARED RESPONSIBILITY RULES

Under the ACA's employer shared responsibility rules, applicable large employers (ALEs) that do not offer affordable, minimum value health coverage to their full-time employees (and dependent children) will be subject to penalties if any full-time employee receives a subsidy for health coverage through an Exchange. These employer shared responsibility requirements are also known as the "employer mandate" or "pay or play" rules.

Please keep in mind that this section includes updates to the employer shared responsibility rules for 2017. It does not provide an in-depth description of the rules or an analysis of how the rules will affect your organization. Please contact HealthSure for more information on the employer shared responsibility rules, including a more comprehensive compliance checklist for 2017.

ACA REQUIREMENT	ACTION ITEMS
Health Plan Affordability: An ALE's health coverage is affordable if the employee's required contribution for the lowest-cost self-only coverage that provides minimum value does not exceed 9.5 percent of the employee's household income for the taxable year (adjusted to 9.69 percent for plan years beginning in 2017). Because an ALE generally will not know an employee's household income, three affordability safe harbors may be used to determine the plan's affordability based on information that is available to the ALE. These safe harbors allow an ALE to measure affordability based on the employee's W-2 wages, the employee's rate-of-pay income or the federal poverty level for a single individual.	☐ Review the cost of your health plan coverage to determine whether it's affordable for your employees by using one or more of the affordability safe harbors. ☐ For plan years beginning in 2017, coverage is affordable if the employee portion of the premium for the lowest-cost, self-only coverage that provides minimum value does not exceed 9.69 percent of an employee's W-2 wages, rate-of-pay income or the federal poverty level for a single individual. The cost of family coverage is not taken into account.

REPORTING OF COVERAGE	
ACA REQUIREMENT	**ACTION ITEMS**
Section 6055: The ACA requires entities that provide minimum essential coverage, such as every health insurance issuer and sponsor of self-insured health plans, to file annual information returns with the IRS reporting information for each individual who is provided with this coverage. Related statements must also be provided to covered individuals. Entities reporting under Section 6055 will generally use Forms 1094-B and 1095-B (unless the entity is also responsible for reporting under Section 6056). **Section 6056:** The ACA also requires ALEs (those employers subject to the ACA's employer shared responsibility rules) to report information to the IRS and to their full-time employees regarding the employer-sponsored health coverage offered to each full-time employee. ALEs reporting under Section 6056 will use Forms 1094-C and 1095-C. For the 2016 calendar year, reporting deadlines under Section 6055 and/or Section 6056 are as follows: • Information returns must be filed with the IRS by **Feb. 28, 2017** (or **March 31, 2017**, if filed electronically); and • Written statements must be furnished to individuals by **March 2, 2017**. This reflects a 30-day extension of the furnishing deadline provided in Notice 2016-70.	☐ Determine which reporting requirements apply to you and your health plans. ☐ Determine the information you will need for reporting and coordinate internal and external resources to help compile the required data. The final forms to be used for 2016 reporting contained certain changes and clarifications from the prior year's forms. ☐ Complete the appropriate forms. Furnish statements to individuals on or before March 2, 2017, and file returns with the IRS on or before Feb. 28, 2017 (March 31, 2017, if filing electronically).