

March 2015

Regulatory Updates

Independence Administrators is here to help you navigate the changes

Regulatory Updates is an online news series designed to help you understand the changes resulting from the Affordable Care Act (ACA) and other regulatory changes, and how they may affect your plan and plan members. We are committed to bringing you current regulatory information to help you make informed decisions.

Employer Shared Responsibility Payments and How to Calculate

Employers will need to begin reporting to the IRS under the Employer Shared Responsibility provision of the Affordable Care Act. This requires that all large employers who offer health insurance coverage to their full-time employees and dependents must provide coverage that meets these requirements:

- **Affordability** - The individual's contribution to the plan's premium for "self-only" coverage cannot exceed 9.5 percent of household income.
- **Minimum value coverage** - The plan pays 60 percent or more, on average, of total allowed costs of benefits provided under a group health plan or health insurance plan. Coverage for 70 percent of full-time equivalent active employees for 2015.

The penalties may include the following:

- If a large employer does not offer health coverage or offers coverage that is less than 70 percent of its full-time employees (and their dependents), and has at least one full-time employee who receives a premium tax credit to help purchase health insurance on the Health Insurance Marketplace, the employer will be subject to a penalty of \$2,000 multiplied by the number of full-time employees, minus 30 employees.
 - If a large employer offers coverage to at least 70 percent of its full-time employees but at least one full-time employee receives a premium tax credit to help purchase health coverage on the Health Insurance Marketplace, the employer will be subject to a \$3,000 per employee penalty. The \$3,000 penalty applies only to the number of employees who obtain a subsidy. This penalty may occur if the employer did not offer coverage to that employee, or the coverage that was offered to the employee was either unaffordable or did not provide minimum value.
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For additional information about Employer Shared Responsibility, see IRS [Questions and Answers](#).

For additional information on employer payments and how they are calculated, see the [IRS](#) site.

Forms 1094 and 1095 Finalized

Whether your plan offers full-time employees and their dependents minimum essential coverage or your employees enrolled in the self-funded minimum essential coverage you offered, you must track this information because you may be subject to employer shared responsibility payments.

If you offered coverage to fewer than 70 percent of your full-time employees for 2015 (after 2015 the threshold changes to 95 percent of your full-time employees), or you offered coverage to at least 70 percent for 2015 of your full-time employees and their dependents, then you will be subject to employer responsibility payments. The threshold changes to 95 percent after 2015.

The reporting requirements take effect in 2016 for coverage provided in 2015.

- [Form 1094-B](#)
- [Form 1095-B](#)
- [Form 1095-C](#)
- [Form 1094-C](#)

IRS [Publication 5196](#) offers information on filing the new IRS Forms in 2016

Q & A [Section 6055](#)

Certificates of Credible Coverage to Continue

Independence Administrators will continue to provide HIPAA Certificates of Creditable Coverage for both grandfathered and non-grandfathered plans who request them. The Certificate of Creditable Coverage is a valuable document, providing the member with proof of medical coverage.

The United States Department of Health and Human Services issued a final rule on February 24, 2014, that said HIPAA Certificates of Creditable Coverage are no longer required under the Affordable Care Act (ACA). As the ACA prohibits pre-existing condition exclusions, the new rule eliminates the requirement to provide Certificates of Creditable Coverage beginning December 31, 2014.

If a group no longer wishes to receive the Certificate of Creditable Coverage service, they should contact their account representative. Retroactive terminations are not permissible and, cancellation of this service will not result in a retroactive credit of fees.

Resources:

Previous alert topics on the [Affordable Care Act](#)
Previous issues of [Regulatory Updates newsletters](#)
Independence Administrators' [health care reform page](#)

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