News Alert – It's Renewal Time: What's Happening in 2019?

With the new plan year, or 2019 coming into focus, it's a reminder that the IRS, DOL and other regulatory agencies tend to increase penalties, change the rules or be silent on other aspects related to benefits. The following information below provides a summary of the issues that shape the landscape in which 2019 will be traveled as it related to benefits and ACA.

Affordability Percentage

Per the IRS, the affordability percentages for 2019, which will be 9.86%, will rise up from 2018's affordability percentage of 9.56%. Pursuant to the Employer Shared Responsibility provisions, applicable large employers who do not offer affordable, minimum value coverage face potential penalties if full-time employees qualify for subsidies to buy health insurance in the Marketplace. Employer-sponsored coverage, or group coverage, is considered "affordable" if the portion that the employee is required to pay for the lowest cost, self-only coverage does not exceed a certain amount of that individual's household income. Given that employers are not able to ascertain an employee's household income, the three (3) safe-harbors are W-2, rate of pay or FPL (Federal Poverty Level).

As indicated above, for 2019, that percentage will be 9.86%. The table below shows the historical increase (and decrease in 2018).

	Affordability Percentages					
Year	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Employer Shared Responsibility Percentage	9.5	9.56	9.66	9.69	9.56	9.86

This increase in the percentage means that, assuming a W-2 safe harbor is used, employers can charge a premium equal to 9.86% of an employee's W-2 wages/earnings. For purposes of the FPL, the affordable amount increases from $96.72 to $99.75. Employers who use the "rate-of-pay" safe harbor can increase the affordable amount depending on the specific rate of pay for an employee/participant.

Elimination of Individual Mandate

One of the significant updates for 2019 is the elimination of the Affordable Care Act's individual mandate. Under the current ACA regulations (still in effect for 2018 plan years), the individual mandate requires most Americans to purchase a minimum level of health coverage. Those who fail to do so are liable for a penalty of $695 for an adult or 2.5 percent of household income, whichever is greater. The new guidance has eliminated of the individual mandate by reducing the penalty amounts to $0 and zero percent, respectively.

Employer Mandate Penalty

Employers that are considered an "ALE" (applicable large employer) must offer health insurance that is *affordable* and provides *minimum value* to 95% of their full-time employees and their children up to age 26, or be subject to penalties. This is known as the employer mandate. It applies to ALE's, which are employers with 50 or more full-time employees, and/or full-time equivalents (FTEs). Employees who work 30 or more hours per week are considered full-time.

As stated above, employers subject to the employer mandate are required to offer coverage that provides "minimum value" and is "affordable," or be subject to penalties. The questions to ask yourself to determine the potential penalty exposure are below:

- *Do you offer coverage*?
    - No
        - $2,330 per full-time employee (minus first 30) applies if one full-time employee receives federal premium subsidy for marketplace coverage
    - Yes
        - *Does the plan provide minimum value (60%+ of total allowed cost)*?
            - No
                - Lesser of $3,480 per full-time employee receiving subsidy or $2,320 per full-time employee (minus first 30)
            - Yes
                - *Is the coverage affordable (less than 9.86% for 2019)*?
                    - No
                        - Lesser of $3,480 per full-time employee receiving subsidy or $2,320 per full-time employee (minus first 30)
                    - Yes
                        - NO PENALTY.

As of the date of this news alert, there is no information related to the employer mandate penalty increase, decrease or removal of employer mandate for 2019. We will keep you updated should anything arise.

PCORI

The PCORI fee will not be assessed for plan years ending after Sept. 30, 2019, which means that for a calendar-year plan, the last year for assessment is the 2018 calendar year. Or, better said, calendar year plans beginning January 1, 2019 will not be subject to a PCORI fee.

Questions?

If you have any questions related to this information or guidance above, please contact your Henderson Account Management Team at INFO@HENDERSONCONSULTING.NET