BENEFITS FOCUS

July 2015

Benefits tips delivered to your inbox by Alper Services LLC

Family Plans Must Embed Out-of-pocket Limits in 2016

The Affordable Care Act (ACA) requires non-grandfathered health plans to limit an enrollee's out-of-pocket costs for essential health benefits each year. This annual limit is often referred to as the out-of-pocket (OOP) maximum.

Recent Department of Labor guidance will require the individual OOP maximum to be embedded family coverage when the plan's OOP maximum for family coverage exceeds the ACA's limits for individual coverage. This requirement will take effect beginning with the 2016 plan year, when the OOP maximum for self-only coverage will be $6,850.

This guidance applies to all non-grandfathered group health plans, including self-funded plans and insured plans of all sizes.

While this change will have a significant impact on many employer-sponsored health care plans, high deductible health plans are likely to be affected the most. This is due to the fact that high-deductible family plans have higher cost-sharing limits. They are also typically designed to administer a single OOP limit on all family coverage with no underlying OOP maximum for each individual enrolled in the family plan.

Under the new guidance, many high-deductible family health plans will need to be modified so that a single individual's OOP costs do not exceed the specified maximum. For instance, currently, a plan could have an $8,000 OOP limit for family coverage and require that limit to be satisfied before it covers expenses at 100 percent, even if one individual incurs all of the expenses.

According to the guidance, this type of plan design will no longer be permitted for non-grandfathered plans, and the plan would have to be amended so that each individual would not be required to pay more than the OOP maximum for individual coverage for essential health benefits. Contact the Alper Employee Benefits Team to ensure your plan design still meets your needs and federal requirements. EBTeam@AlperServices.com

IRS Issues New Q&As on Section 6056 Reporting

The Internal Revenue Service (IRS) recently released new Questions and Answers (Q&As) regarding Section 6056 reporting. These Q&As provide additional details on completing Forms 1094-C and 1095-C.

Under Section 6056, applicable large employers (ALEs) subject to the "pay or play" rules must report information to the IRS and full-time employees about the health coverage they offer. Reporting is first required in early 2016 for calendar year 2015.

The Q&As clarify existing requirements under Section 6056 and provide more guidance on specific aspects of reporting that had not been addressed previously. For example, the Q&As address reporting offers of COBRA coverage and reporting offers of coverage for employees who are newly hired or who terminate employment during a month. The Q&As also include examples that may be helpful when completing Forms 1094-C and 1095-C.

Alper Services recently hosted a webinar on this topic. If you were not able to attend, click here to access the recording.

Have You Seen?

Have you seen the Alper Services' Voluntary Benefits Campaign?

According to research, 65% of employees think that voluntary benefits are important to their overall job satisfaction.
We can help you understand how to offer these benefits at NO or little additional cost to you.

April 2015: Identity Theft Protection

May 2015: Disability Insurance

June 2015: Dental & Vision Insurance

Watch for information about accident and critical illness coverage coming to you in July.
Contact Yvette Bickcom, Manager of Employee Benefits, for more information: YBickcom@AlperServices.com or call 312-654-4269.

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