

Benefits Buzz

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Deductible Limits Repealed for Health Plans in Small Group Market

The Protecting Access to Medicare Act of 2014 eliminated the Affordable Care Act's (ACA) annual deductible limit for health plans in the small group market. This change is retroactively effective to when the ACA was enacted in March 2010. The ACA's out-of-pocket maximum limit is not affected by this change.

The ACA's cost-sharing limits had included an annual deductible limit for small group health plans that was to take effect for plan years beginning on or after Jan. 1, 2014.

For the 2014 plan year, the limit was \$2,000 for self-only coverage and \$4,000 for family coverage. The limit would have seen a small increase for 2015 and annual adjustments each year. However, many small group plans had higher deductibles for the 2014 plan year due to an exception for insurance carriers.

The repeal of the annual deductible limit will provide small employers with more flexibility to control premium costs by selecting a health plan with a higher deductible.

Small employer health plans that have started their 2014 plan years may have already incorporated the deductible limit. These plans will probably not be affected by the repeal until their 2015 plan years.

However, small employer health plans that have not started their 2014 plan years (for example, health plans with a Nov. 1 to Oct. 31 plan year) may be able to avoid the ACA's deductible limit altogether.

These provisions were signed into law on April 1, 2014. The Protecting Access to Medicare Act's main purpose is to preserve the pay rate for physicians treating Medicare patients.

DID YOU KNOW?

The U.S. Supreme Court is expected to decide this summer whether private businesses can claim an exemption to the Affordable Care Act's (ACA) contraceptive coverage mandate based on religious beliefs.

On March 25, the Supreme Court heard oral arguments in two cases challenging the ACA's requirement that most health plans cover Food and Drug Administration-approved contraceptives, sterilization procedures and patient counseling. The companies involved claim that this rule violates their freedom of religion.

The Court is expected to issue its decision by the end of June 2014.

IRS Clarifies FSA Carry-over and HSA Eligibility

The IRS has provided clarification on how health flexible spending account (FSA) carryovers affect eligibility for health savings accounts (HSAs). An individual who carries over unused funds from a prior year to a current year under a general purpose health FSA will not be eligible for HSA contributions for the entire current plan year (even for months after the health FSA no longer has any amounts available to pay or reimburse medical expenses).

Alternative approaches to preserve HSA eligibility include carrying over unused amounts to an HSA-compatible health FSA and allowing individuals participating in a general purpose FSA to decline or waive the carryover.

Guidance on this issue was released on March 28, 2014, by the Internal Revenue Service (IRS) in an Office of Chief Counsel Memorandum.