

November 2014

Agencies Issue Final Rule Expanding the Definition of Excepted Benefits

On Sept. 26, 2014, the Departments of Labor (DOL), Health and Human Services (HHS) and the Treasury issued final regulations expanding one category of excepted benefits. Excepted benefits are certain categories established under the Health Insurance Portability and Accountability Act (HIPAA) that are not governed by the HIPAA portability regulations.

Employee benefits that qualify as excepted benefits under HIPAA are also not subject to the market reforms under the Affordable Care Act (ACA), including the prohibition on annual limits and the preventive care coverage requirement.

These final regulations, issued on Sept. 26, simplify the requirements for limited-scope vision or dental benefits to qualify as excepted benefits, and the regulations also

recognize certain employee assistance program (EAP) benefits as a new form of limited excepted benefits.

- Self-insured plans may cover dental and vision benefits as excepted benefits without requiring participants to pay an additional premium or contribution for these benefits.
- Certain EAPs will be excepted benefits if they meet four requirements:
 - The EAP does not provide significant benefits in the nature of medical care.
 - EAP benefits are not coordinated with group health plan benefits.
 - Employee premiums or contributions are not required to participate in the EAP.
 - The EAP does not have any cost-sharing requirements.

The final regulations apply to group health plans and group health insurance issuers for plan years beginning on or after Jan. 1, 2015.

The proposed rule also addressed limited group wraparound coverage, but the final regulations did not address this issue. The Departments intend to publish regulations addressing limited wraparound coverage in the future.

DID YOU KNOW

Open enrollment for the Health Insurance Marketplace, also known as the Exchange, opens Nov. 15, 2014, and continues until Feb. 15, 2015. Employees are likely to hear about the Exchange open enrollment and may have questions.

If your company offers affordable, minimum value health coverage, employees may still choose to enroll in a plan through the Marketplace, but they will not be eligible for premium tax credits and other savings.

Contact Island Group Plans for more information or for access to employee education materials.

Pay or Play Rules – IRS Proposed Approach for Measurement Period Changes

On Sept. 18, 2014, the Internal Revenue Service (IRS) issued Notice 2014-49, which describes a proposed approach for applying the look-back measurement method if the measurement period for a particular employee changes.

Beginning in 2015, the employer shared responsibility rules under the Affordable Care Act (ACA) will require applicable large employers (ALEs) to offer affordable, minimum value health coverage to their full-time employees (and dependents) or pay a penalty. Final regulations provide an optional safe harbor method, called the look-back measurement method, which employers can use to determine full-time employee status.

Notice 2014-49 addresses measurement period changes resulting from employee transfers within the same ALE or employer-initiated changes. The approach is not finalized, but the guidance may be relied upon through the end of 2016.