



June 2013

# Healthcare Reform

UPDATES

## About USI Affinity

USI Affinity, the endorsed broker of the Montgomery County Bar Association, is also one of the largest benefits brokers in the United States.

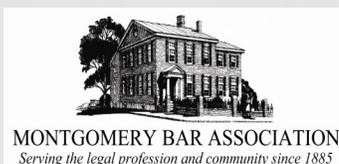
The healthcare consultants at USI Affinity are experts in the compliance and legal issues around Health Care Reform, and we strive to keep our association partners and their members up-to-date on the latest developments in this area.



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For more information about insurance and benefits options for Montgomery County Bar members, visit [www.mybarinsurance.com/mba](http://www.mybarinsurance.com/mba)

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## Additional Info on Exchange Notices, HSA Limits

Two important things to focus on in this month's article, additional information on the Exchange Notices which were delayed earlier this year, and new limits for Health Savings Accounts.

The Affordable Care Act creates a new Fair Labor Standards Act (FLSA) section that requires employers to provide each employee at the time of hiring, as well as current employees, a written notice that includes information regarding the new Health Insurance Marketplace. Earlier materials referred to this notice as the "Exchange Notice," however, it is now referred to as the "Notice of Coverage Options."

All employers subject to the FLSA are required to provide the Notice of Coverage Options, regardless of whether a health plan is offered by the employer. Employers subject to the FLSA include employers that employ one or more employees who are engaged in, or produce goods for, interstate commerce. For most firms, a test of not less than \$500,000 in annual dollar volume of business applies. Other entities covered by the FLSA and subject to this notification requirement include hospitals, schools, federal, state and local governments. Employers will need to determine if they are subject to the FLSA. General guidance relating to the applicability of the FLSA (which includes an internet compliance assistance tool to determine applicability of the FLSA) can be found through the Department of Labor's Wage and Hour Division ([www.dol.gov/elaws/esa/flsa/scope/screen24.asp](http://www.dol.gov/elaws/esa/flsa/scope/screen24.asp)).

It is important to note that employers must provide the Notice of Coverage Options – insurance carriers and third-party administrators of group health plans are not responsible for providing the Notice on behalf of an employer. The Notice must be provided to each employee, regardless of plan enrollment status or of part-time or full-time status. Employers are not required to provide the Notice to spouses or dependents who are not employees.

For new hires, employers must provide the Notice to each new employee at the time of hiring beginning October 1, 2013. For 2014, the DOL will consider a Notice to be provided at the time of hiring if the Notice is provided within 14 days of an employee's start date. For employees who are current employees prior to October 1, 2013, employers must provide the Notice no later than October 1, 2013. The Notice is required to be provided automatically, free of charge.

# Healthcare Reform Update from USI Affinity

The Notice is required to be provided in writing in a manner calculated to be understood by the average employee. It may be provided by first-class mail, but also may be provided electronically if the requirements of the DOL's electronic disclosure safe harbor are met.

The Notice must inform employees of the existence of a new Marketplace, as well as contact information and a description of the services provided by a Marketplace. The Notice must also inform the employee that the employee may be eligible for a premium tax credit if the employee purchases a qualified health plan through the Marketplace. Additionally, the Notice must include a statement informing the employee that if the employee purchases a qualified health plan through the Marketplace, the employee may lose the employer contribution, if any, to any health benefits plan offered by the employer and that all or a portion of such contribution may be excludable from income for federal income tax purposes.

With the Exchange Notice the DOL also updated the model COBRA Notice. Some qualified beneficiaries may want to consider and compare health coverage alternatives to COBRA continuation coverage that are available through the Marketplace. The DOL's model COBRA election notice has been revised to help make qualified beneficiaries aware of other coverage options available in the new Marketplace.

The DOL provides two model Notices that will satisfy this requirement. One Notice applies to employers that offer a health plan to some or all employees. The other Notice applies to employers that do not offer a health plan. Employers will need to complete Part B of the applicable notice with the requested information. If the employer offers a health plan, the employer must provide some basic information about the health plan coverage, including who is eligible for coverage and whether the coverage satisfies minimum value and is intended to be affordable based upon employee wages. The model Notices can be found on the DOL website.

Also the IRS has released the 2014 limits for Health Savings Accounts (HSAs). The HSA contribution limits and High Deductible Health Plan (HDHP) out-of-pocket maximums are up slightly over 2013. The HDHP minimum required deductibles for a plan to be considered a "high deductible health plan," is still \$1,250 for single coverage and \$2,500 for family coverage (no change from 2013 levels).

The maximum out-of-pocket maximums for HDHPs for 2014 will increase to \$6,350 for single coverage and \$12,700 for family coverage (2013 levels are \$6,250 single/ \$12,500 family). This limit is also important as it sets the maximum Out of Pocket for Health Care Reform Compliant plans in 2014.

Annual Individual Contribution Limit to the HSA on behalf of an individual increases slightly to \$3,300 for an individual with single coverage and \$6,550 for an individual with family coverage (2013 levels are \$3,250 single/ \$6,450 family). For those age 55 or older, the catch-up contributions will continue to be \$1,000.

**If you have any questions about Health Care Reform or would like more information about insurance and benefits options for Montgomery County Bar members, visit <http://www.mybarinsurance.com/mba> or call 855-874-0267.**

**Brian McLaughlin (Brian.McLaughlin@usiaffinity.com) is vice president of USI Affinity's Benefit Solutions Group. For over 75 years, the divisions of USI Affinity have developed, marketed and administered insurance and financial programs that offer affinity clients and their members unique advantages in coverage, price and service. As the endorsed broker of the Montgomery County Bar Association and more than 30 other state and local bar associations, and with more than 30,000 attorneys insured, USI Affinity has the experience and know-how to navigate the marketplace and design the most comprehensive and innovative insurance and benefits packages to fit a firm's individual needs.**