# ACA Compliance (Fully Insured Plans)

BEERE&PURVES

| Reform / Provision | Year Effective | Ongoing | Responsible Party |
|---|---|---|---|
| **LIFETIME LIMITS PROHIBITED**<br>Individual and group health plans are prohibited from placing lifetime limits on the dollar value of coverage. | 2010 | Yes | CARRIER |
| **ANNUAL LIMITS REGULATED**<br>Restricts the use of annual limits by all employer plans and new plans in the individual market, to ensure access to needed care. Restrictions to be defined by HHS. Also see "ANNUAL LIMITS PROHIBITED" in year 2014. | 2010 | Yes | CARRIER |
| **POLICY RECESSIONS PROHIBITED**<br>Individual and group health plan insurers are prohibited from rescinding coverage except in cases of fraud. | 2010 | Yes | CARRIER |
| **DEPENDENT COVERAGE UP TO AGE 26**<br>Plans must make coverage available to dependents up to the age of 26, regardless of their coverage options. Prior to January 1, 2014 dependents up to age 26 could only obtain coverage if coverage was not available to them elsewhere, e.g. the dependent's employer. | 2010 | Yes | CARRIER |
| **PRE-EXISTING CONDITION EXCLUSION PROHIBITED - CHILDREN**<br>Individual and group health plan insurers are prohibited from applying pre-existing condition exclusions to children for new and existing plans. | 2010 | Yes | CARRIER |
| **PREVENTIVE CARE COVERAGE**<br>Requires qualified health plans to cover preventive services with no copayments and being exempt from deductibles. | 2010 | Yes | CARRIER |
| **MEDICAL LOSS RATIO (MLR) REQUIREMENTS**<br>Health insurers and plans must annually report percentage of premiums (MLR) spent on healthcare. The individual and small group market must maintain an MLR of 80% and large group must maintain an MLR of 85%. Enrollees will receive rebates from the carrier for the amount of premium spent on health care services that is less than the required MLR. | 2011 | Yes | CARRIER |
| **HSA DISTRIBUTION TAX PENALTY INCREASE**<br>Distributions from an HSA, or Archer MSA, not used for qualified medical expenses will incur a 20% tax or 15% (both up from 10%) respectively. | 2011 | Yes | INDIVIDUAL |
| **OVER-THE-COUNTER DRUG TAX BENEFIT ELIMINATED**<br>Costs for over-the-counter drugs, not prescribed by a physician, may not be reimbursed through HSAs, Archer MSAs, Health FSAs, or HRAs on a tax-free basis. The CARES Act of 2020 once again allowed over-the-counter (OTC) medications, along with menstrual care products, to be treated as qualified medical expenses that may be paid for by HSAs and other tax advantaged accounts.. | 2011 | through 2019 | INDIVIDUAL |
| **APPEALS PROCESS FOR NEW PLANS**<br>Ensures consumers in new plans have access to an effective internal and external appeal process to appeal decisions; coverage to be maintained during appeal process. | 2012 | Yes | CARRIER |
| **REPORTING VALUE OF HEALTH PLANS VIA W-2s**<br>Going forward employers are required to report the value of health care benefits on employees' 2012 W-2 tax statements (issued in January 2013+). Requirements for employers filing less than 250 W-2s has been indefinitely delayed. | 2012 | Yes | ER |
| **SUMMARY OF BENEFITS AND COVERAGE (SBC)**<br>Employers must distribute a Summary of Benefits and Coverage document to participants based on a specified timeline. SBCs will be provided to group health plans by the insurance carriers. By July 2016, written translations of the template uniform SBCs for all language groups identified by the Department of Health Care Services (DMHC) should be available with distribution of new templates required beginning October 1, 2016. | 2012 | Yes | CARRIER<br>ER |
| **NOTICE OF MATERIAL MODICIFICATION (NMM)**<br>Required when an employer makes a change between renewal periods in which an average participant would consider it an important enhancement or reduction in benefits and coverage. It must be distributed to participants and beneficiaries at least 60 days before the effective date of the change. It is also necessary to distribute an updated SBC within 60 days of the NMM distribution. | 2012 | Yes | ER |

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| **FSA CONTRIBUTIONS LIMITED**<br>Contributions to a Flexible Spending Account (FSA) for medical related expenses will be limited to $2,500 per year with an annual increase in the amount of the cost of living adjustment.<br>2017 maximum contribution: $2,600<br>2018 maximum contribution: $2,650<br>2019 maximum contribution: $2,700<br>2020 maximum contribution: $2,750<br>2021 maximum contribution: $2,750 | 2013 | Yes | ER |
| **MEDICAL EXPENSE ITEMIZED TAX DEDUCTIONS**<br>Thresholds for claiming itemized tax deductions for medical expenses rise from 7.5% to 10.0% of adjusted gross income. This increase will be waived for those 65 or older for tax years 2013 through 2016. | 2013 | Yes | INDIVIDUAL |
| **COVERED CALIFORNIA MARKETPLACE NOTICE**<br>New employees must be provided written notice about their options under PPACA and the potential availability for premium tax credits through Covered California. | 2013 | Yes | ER |
| **MEDICARE PART A TAX RATE INCREASE**<br>Increase the Medicare Part A tax on wages by 0.9% (to 2.35%) on earnings over $200,000 for individuals and $250,000 for married couples filing jointly and impose a 3.8% tax on unearned income for higher-income taxpayers (thresholds are not indexed). | 2013 | Yes | ER |
| **PATIENT CENTERED OUTCOMES RESEARCH INSTITUTE FEES (PCORI)**<br>An annual fee, included in premium, imposed on insurance carriers for fully insured groups to help fund research to compare the effectiveness, risk and benefits of medical treatments. Plans years ending on or after October 1, 2013 through September 30, 2014 will be assessed a fee of $2 per member (including dependents) and must be paid by July 31 of the calendar year that immediately follows the close of the plan year. The fee will be adjusted for inflation for ongoing plan years. | 2013 | Yes | CARRIER |
| **INDIVIDUAL COVERAGE MANDATE / PENALTY**<br>A penalty will be imposed on individuals not having qualified coverage. The penalty will be will be the greater of:<br>2014: $95/adult and $47.50/child ($285 family max) OR 1.0% of household income.*<br>2015: $325/adult and $162.50/child ($975 family max) OR 2.0% of household income.*<br>2016-2018: $695/adult and $347.50/child ($2,085 family max) OR 2.5% of household income.*<br>2019: $0 **<br>2020: $695/adult and $347.50/child OR 2.5% of household income.*<br>2021: $750/adult and $375/child OR 2.5% of household income.*<br>* Household penalty is capped at the cost of the national average premium for a bronze plan.<br>** Individual Mandate was effectively repealed in 2019 by reducing the penalty to $0. | 2014 | Yes ** | INDIVIDUAL |
| **PREMIUM SUBSIDIES FOR INDIVIDUALS & FAMILIES**<br>Tax credits will be provided to individuals and families with incomes above Medicaid eligibility and below 400% of the Federal Poverty Level (600% in CA from 2020-2023) to buy coverage through state-based Exchanges. These individuals and families would be entitled to the credits if they are not eligible for or offered other "acceptable coverage". | 2014 | Yes | INDIVIDUAL |
| **METALLIC LEVEL PLANS**<br>This provision requires that all new plans must meet a minimum actuarial value of 60%, plus or minus 2%. The metallic levels are Platinum - 90%, Gold - 80%, Silver - 70%, and Bronze - 60%. | 2014 | Yes | CARRIER |
| **GUARANTEED COVERAGE**<br>Insurance carriers must accept every employer that applies for coverage, with certain exceptions. California already offers guarantee coverage to groups meeting guidelines of California legislation AB1083. | 2014 | Yes | CARRIER |
| **90-DAY WAITING PERIOD MAXIMUM**<br>Employers may not impose waiting periods in excess of 90 days. Coverage must be effective no later than the 91st day, including holidays and weekends. NOTE: California legislation, AB1083, signed in 2012 imposed a shorter, 60-day waiting period through 2014. This legislation was later revised to 90 days through SB1034. | 2014 | Yes | ER |
| **OVERAGE DEPENDENT COVERAGE - REGARDLESS OF OTHER COVERAGE**<br>Coverage must be offered to all dependents (including married children) even if they are eligible for other employer group coverage. | 2014 | Yes | ER |

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| **COMMUNITY RATING**<br>Since the health of a group is no longer taken into account for rating purposes, a new rating structured known as Community Rating will be used to determine rates in the Small Group (1-50) market. Community Rating was extended to groups with 100 or fewer employees January 1, 2016. | 2014 | Yes | CARRIER |
| **PRE-EXISTING CONDITION EXCLUSION PROHIBITED - ALL AGES**<br>All new plans issued January 1, 2014 and beyond may not exclude individuals, regardless of age, form coverage or limit or deny benefits based on pre-existing conditions. | 2014 | Yes | CARRIER |
| **HEALTH INSURANCE TAX (HIT)**<br>Insurance carriers pay this fee on behalf of fully-insured groups. The fee is funded via monthly premium and adjusts annually. | 2014 | through 2020 | CARRIER |
| **ESSENTIAL HEALTH BENEFITS (EHBs)**<br>All non-grandfathered plans, offered both inside and outside of the Marketplace, must cover a core package of items and services termed Essential Health Benefits. The categories include:<br>• ambulatory patient services<br>• emergency services<br>• hospitalization<br>• maternity and newborn care<br>• prescription drugs<br>• laboratory services<br>• mental health and substance abuse services<br>• rehabilitative and habilitative services and devices<br>• preventive and wellness services and chronic disease management, and<br>• pediatric services, including oral and vision care (up to age 19) | 2014 | Yes | CARRIER |
| **OUT-OF-POCKET MAXIMUM LIMITS**<br>Insurance carriers are responsible for ensuring plan designs include cost-sharing limits. Out-of-pocket maximums may not exceed limits as defined under the Health Savings Account section of the Internal Revenue Code. Maximums must include the plan deductible, coinsurance and copayments. If Rx and other services are provided by vendors other than the insurance carrier, those costs may have separate limits but the combined total must not exceed the established out-of-pocket maximum.<br>2014 Plan Year Limits: $6,350 individual / $12,700 family<br>2015 Plan Year Limits: $6,600 individual / $13,200 family<br>2015 HDHP Plan Year Limits: $6,450 individual / $12,900 family<br>2016 Plan Year Limits: $6,850 individual / $13,700 family<br>2016 HDHP Plan Year Limits: $6,450 individual / $12,900 family<br>2017 Plan Year Limits: $7,150 individual / $14,300 family<br>2017 HDHP Plan Year Limits: $6,650 individual / $13,100 family<br>2018 Plan Year Limits: $7,350 individual / $14,700 family<br>2018 HDHP Plan Year Limits: $6,650 individual / $13,300 family<br>2019 Plan Year Limits: $7,900 individual / $15,800 family<br>2019 HDHP Plan Year Limits: $6,750 individual / $13,500 family<br>2020 Plan Year Limits: $8,200 individual / $16,400 family<br>2020 HDHP Plan Year Limits: $6,900 individual / $13,800 family<br>2021 Plan Year Limits: $8,550 individual / $17,100 family<br>2021 HDHP Plan Year Limits: $7,000 individual / $14,000 family | 2014 | Yes | CARRIER |
| **CLINICAL TRIAL COVERAGE**<br>All new plans issued January 1, 2014 going forward may not deny any individual participation in an FDA-approved clinical trial, may not deny or limit the coverage of routine patient costs for items and services provided in connection with the trial, and may not discriminate against participants in a clinical trial. | 2014 | Yes | CARRIER |
| **REINSURANCE FEE**<br>Program to help stabilize individual market premiums for the first three years of Marketplace operation. The 2016 and 2015 annual per capita contribution rate is $44 and $27 per covered life (employees and dependents), respectively; reduced from $63 in 2014. Fees are paid by insurance carriers for fully-insured groups. First payment due to HHS January 15, 2015 with third year payment taking place in 2017. | 2015 | through 2017 | CARRIER |
| **MINIMUM ESSENTIAL COVERAGE REPORTING - IRS CODE SECTION 6055**<br>A statement of Minimum Essential Coverage (MEC) must be reported to the IRS in 2016 using Forms 1094-B & 1095-B for all employers that have provided health care coverage to their employees and dependents during the 2015 calendar year going forward. | 2015 | Yes | CARRIER |

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| **EMPLOYER MANDATE REPORTING - IRS CODE SECTION 6056**<br>Beginning with the 2015 calendar year, employers with 50 or more full-time plus full-time equivalent employees must report all required data elements pertaining to their offer of coverage, or lack thereof, to the IRS in 2016 using Forms 1094-C & 1095-C. Employers must also provide statements to each of the employees included in Form 1094-C. | 2015 | Yes | ER |
| **EMPLOYER COVERAGE MANDATE (PAY OR PLAY) - 100+ FTEs**<br>Employers with 100 or more full-time equivalent employees will be subject to a penalty if they fail to offer at least 70% of their full-time employees (and their dependents) the opportunity to enroll in employer-sponsored coverage AND/OR if the lowest cost offered coverage is deemed unaffordable (see % below) AND/OR does not provide Minimum Value (60% or higher).<br>2015 Plan Years: 9.56% of employees W-2 wages<br>2016 Plan Years: 9.66% of employees W-2 wages<br>2017 Plan Years: 9.69% of employees W-2 wages<br>2018 Plan Years: 9.56% of employees W-2 wages<br>2019 Plan Years: 9.86% of employees W-2 wages<br>2020 Plan Years: 9.78% of employees W-2 wages<br>2021 Plan Years: 9.83% of employees W-2 wages | 2015 | Yes | ER |
| **EMPLOYER COVERAGE MANDATE (PAY OR PLAY) - 50+ FTEs**<br>Employers with 50 or more full-time equivalent employees will be subject to a penalty if they fail to offer at least 95% of their full-time employees (and their dependents) the opportunity to enroll in employer-sponsored coverage AND/OR if the lowest cost offered coverage is deemed unaffordable (see % below) AND/OR does not provide Minimum Value (60% or higher).<br>2015 Plan Years: 9.56% of employees W-2 wages<br>2016 Plan Years: 9.66% of employees W-2 wages<br>2017 Plan Years: 9.69% of employees W-2 wages<br>2018 Plan Years: 9.56% of employees W-2 wages<br>2019 Plan Years: 9.86% of employees W-2 wages<br>2020 Plan Years: 9.78% of employees W-2 wages<br>2021 Plan Years: 9.83% of employees W-2 wages | 2016 | Yes | ER |
| **COMMUNITY RATING UPDATE FOR MEMBERS AGE 0-20**<br>Beginning in 2018, individuals age 0 through 20 will be rated by the following:<br>A single age band for individuals age 0 through 14<br>One-year age bands for individuals age 15 through 20<br>Health plans will continue to use the three oldest dependents under age 21 for rating purposes. | 2018 | Yes | CARRIER |
| **CADILLAC TAX**<br>Insurers and plan administrators will pay a 40% tax for any health insurance plan that is above the threshold of $10,200 for singles and $27,500 for families. The excise tax would apply to the amount of the premium that is above these thresholds. Dental and Vision are not included. | 2020 | Repealed | CARRIER |