

New SBC Template Goes Into Effect April 1

By Nicholas J. Engel and Nick J. Welle
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Legal News: Employee Benefits & Executive Compensation

The U.S. Department of Labor (DOL) released a new [template](#) for the Summary of Benefits and Coverage (SBC) last year. As background, the Affordable Care Act requires health plans and health insurers to annually distribute SBCs to participants and enrollees. SBCs provide a general overview of covered benefits and cost-sharing, along with examples, in a format prescribed by the DOL.

Health plans and health insurers will be required to use the new version beginning on the first day of the first open enrollment period that begins on or after April 1, with respect to coverage for plan years beginning on or after that date. For calendar-year plans, the new version must be used for the 2017 open enrollment period concerning January 1, 2018, coverage. The SBC format remains largely unchanged. The new SBC template contains some minor changes, including these notable modifications:

- A third coverage example regarding a foot fracture treated in the emergency room
- Revised language regarding minimum essential coverage, continuation coverage, and minimum value
- A description of the embedded deductible for family coverage
- Deleted content (e.g., questions and answers about the coverage examples), reducing the SBC from eight pages to five pages
- An updated glossary

For more information, visit the DOL [webpage](#) for SBCs.

Cures Act Lets Small Employers Reimburse Premiums

By Casey K. Fleming and Nick J. Welle
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On December 13, 2016, President Obama signed into law the [21st Century Cures Act](#), which allows small employers to maintain health reimbursement arrangements (HRAs) for the purpose of reimbursing employees for the cost of premiums for individual health insurance policies.

As background, the IRS provided in [Notice 2013-54](#) that employers who maintain HRAs that reimburse employees for the cost of premiums for individual health insurance policies violate the Patient Protection and Affordable Care Act (PPACA), subjecting such employers to potential excise taxes of \$100 per day per affected employee. In [Notice 2015-17](#), the IRS provided transition relief from these excise taxes to small employers not subject to the PPACA's employer mandate. The transition relief under this notice ended on June 30, 2015.

The Cures Act extends the penalty relief set forth in Notice 2015-17 through December 31, 2016, and permanently exempts from these excise taxes Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs), effective January 1, 2017. To qualify as a QSEHRA, an employer must satisfy the following requirements:

- Employ on average less than 50 full-time employees and full-time equivalents
- Not offer group health coverage to any employees
- Offer HRA coverage to all employees, with certain permitted exclusions (e.g., part-time and seasonal employees)
- Offer HRA coverage on the same terms to all eligible employees, with certain permitted variations based on the price of an individual policy (e.g., age and number of enrolled family members)
- Offer HRA benefits that do not exceed \$4,950 for individual coverage and \$10,000 for family coverage (adjusted for inflation in future years)
- Distribute a specific annual notice regarding details of the employer's HRA plan

ACA Tax Reporting Extensions

By Nicholas J. Engel and Nick J. Welle
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The IRS has once again extended the deadline for furnishing to employees the applicable tax forms required by the Affordable Care Act (ACA), and will continue to provide employers with penalty relief if they make good-faith efforts to comply with the ACA's tax reporting requirements. Unfortunately, unlike last year, the IRS did not extend the deadline for filing the applicable tax forms with the IRS.

As background, for the first time last year employers were required to perform ACA tax reporting. This generally required large employers to complete a [Form 1095-C](#) for each full-time employee and all other employees enrolled in self-insured health coverage (if the employer sponsors a self-insured health plan), and furnish the Form 1095-C to the employee and file copies of the Forms 1095-C with the IRS. Because it was the first year of reporting, the IRS provided that it would not impose penalties if the employer made good-faith efforts to comply. Last year, the IRS extended the deadlines for both furnishing and filing.

As noted, the IRS provided in [Notice 2016-70](#) that it will continue to permit employers to utilize the good-faith standard for penalty relief, and that the Form 1095-C furnishing deadline is once again extended. It did not extend the filing deadline. With this furnishing extension, the following deadlines apply for this year's reporting:

	Original Deadline	Extended Deadline
Furnishing Form 1095-C to Employees	January 31, 2017	March 2, 2017
Filing Paper Forms 1095-C with IRS	February 28, 2017	No Extension
Electronically Filing* Forms 1095-C with IRS	March 31, 2017	No Extension

*Electronic filing required for 250 or more forms.

This 30-day extension of the furnishing deadline is welcomed news for employers who are still working out the kinks as they undergo the second year of reporting. While the IRS did not extend the filing deadline, employers may receive an automatic 30-day extension to file if they submit [Form 8809](#) before the deadline. Please note that employers cannot take advantage of the good-faith standard if they do not complete their ACA tax reporting on time.