

Benefits

BUZZ

Benefits tips brought to you by
Loudoun Insurance Group LLC



July 2018

ACA Affordability Percentages Will Increase for 2019

The IRS recently issued a [Revenue Procedure](#) to index the contribution percentages used to determine the affordability of an employer's plan under the Affordable Care Act (ACA).

These updated affordability percentages are effective for taxable years and plan years beginning Jan. 1, 2019. They represent a significant increase from the affordability contribution percentages for 2018.

As a result, some employers may have additional flexibility with respect to their employee contributions for 2019 to meet the adjusted percentage.

Affordable Coverage Test

For plan years beginning in 2019, employer-sponsored coverage will be

considered affordable if the employee's required contribution for self-only coverage does not exceed:

- **9.86 percent** of the employee's household income for the year, for purposes of both the pay or play rules and premium tax credit eligibility
- **8.3 percent** of the employee's household income for the year, for purposes of an individual mandate exemption (adjusted under [separate guidance](#))

This adjustment means that employer-sponsored coverage for the 2019 plan year will be considered affordable under the employer shared responsibility rules if the employee's required contribution for self-only coverage does not exceed 9.86 percent of the employee's household income for the tax year.

The 2018 affordability percentage for the pay or play rules and premium tax credit eligibility was 9.56 percent. The 2018 percentage for the individual mandate exemption was 8.05 percent.

For more guidance on this and other compliance topics, contact Loudoun Insurance Group LLC today.

DID YOU KNOW?

The Trump administration unveiled an [outline](#) for potentially lowering the price of prescription drugs.

The blueprint identifies four key areas of focus:

1. Improved competition
2. Better negotiation
3. Incentives for lower list prices
4. Lowering out-of-pocket costs

Stay tuned for updates later in the year.

IRS Announces HSA Limits for 2019

The IRS recently announced that limits for HSA contributions will increase for 2019. The HDHP maximum out-of-pocket limits will also increase for 2019. The HSA contribution limits will increase effective Jan. 1, 2019, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2019.

HSA Contribution Limit

- **Family** - \$7,000
- **Single** - \$3,500

HDHP Maximum Out-of-pocket Expense Limit (*deductibles, copayments and other amounts, but not premiums*)

- **Family** - \$13,500
- **Single** - \$6,750

Because the cost-sharing limits for HDHPs will change for 2019, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2019.