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Employee Benefits – Question of the Month

July 2017

Q: We are working on our 2018 budget and trying to estimate the cost of providing health insurance to our employees next year. In light of the Trump administration's ongoing efforts to overturn the ACA, what are your recommendations regarding ACA compliance – specifically with regard to the affordability requirement for group health coverage?

A: While it's possible that Congress will pass new legislation in the near future (thereby overturning the ACA's employer mandate and the requirement to offer affordable coverage) there is still no clear sign of when that might happen. Even if new legislation does pass, it is also possible that any changes it enacts will be phased in over time, leaving some or all of the employer mandate in place for a while.

So, for now, we recommend that employers comply with the ACA until a new law passes. With that said, it is ultimately your decision on whether to take this conservative approach to the situation or a more aggressive one.

Under the current state of the ACA, the law's requirement that employers offer affordable coverage is still in place. In fact, the IRS recently announced the new safe harbor percentage for coverage offered by employers to be considered affordable in 2018. **For the first time since the employer mandate took effect, the percentage has gone down.**

The new percentage for 2018 plans is 9.56%, the same percentage as applied in 2015. Here's a history of the applicable percentages by year:

2014:	9.5%
2015:	9.55%
2016:	9.66%
2017:	9.69%
2018:	9.56%

Note, however, that because the individual federal poverty level (FPL) has increased (to \$12,060 annually), the maximum monthly premium for 2018 under the FPL safe harbor has also increased slightly (from \$95.93 in 2017 to \$96.08 in 2018).

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