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TO: Board of Trustees, U.A. Local 467 Health and Welfare Plan

FROM: Richard K. Grosboll and Lois H. Chang, Trust Counsel

RE: **2018 Health Care Developments & Reminders**

I. Individual Mandate Repealed – Effective 2019

Under the Affordable Care Act, individuals who did not have health coverage were required to pay a shared responsibility penalty with their federal tax return. The Tax Cut and Jobs Act reduced the individual shared responsibility payment to zero after December 31, 2018. Thus, beginning in 2019 individuals will be able to go without coverage without a penalty but all other provisions of the ACA remain in force. (**Note**: Individuals are still required to have insurance for 2018). There is little if any impact on your Plan given that Participants have minimum essential coverage through this Plan. Instead, this will affect those who do not have access to employer coverage.

II. DOL delays applicability of the Claims Regulations for Disability Plans- 90 days.

The Department of Labor ("DOL") postponed the effective date of the disability claims and appeals regulations to April 1, 2018 (they were scheduled to apply to disability claims filed as of January 1, 2018).

III. ACA's Cadillac Tax for High-Cost Health Plans Postponed.

Congress recently postponed the implementation of the Cadillac tax until 2022. Initially the Cadillac Tax was to be imposed in 2018. Later Congress postponed its implementation until 2020. Now it is 2022.

IV. Mileage Reimbursement Rate/Trustee Expense Policy.

The IRS increase the mileage reimbursement rate in 2018 from 53.5 cents to 54.5 cents.

V. ACA Employer & Health Coverage Reporting Reminders

The ACA Forms 1094-b and 1095-b (for minimum essential coverage reporting for group health plans) and Forms 1094-c and 1095-c (for large employers reporting coverage for their full-time employees) are due with the IRS by **Feb. 28, 2018** (if filed by paper) or **April 2, 2018** (if filed electronically). In addition, the statements of coverage are due to Participants by **March 2, 2018** (extended from January 31, 2018) for coverage in 2017. The new Forms also add a new paragraph entitled "Additional Information" which refers participants and employees to the IRS Website (https://www.irs.gov/affordable-care-act/individuals-and-families) for more resources. The penalty for failing to file the reporting forms and failing to provide the statements to individuals is $260 for each return.

VI. Medicare Part D (prescription drugs) Income Related Monthly Adjustment (for high wage earners).

High wage earners (above $85,000 for individuals or above $170,000 for married couples) must pay an additional premium for their Medicare prescription drug coverage (Part D) to the Social Security Administration known as IRMAA-Income Related Monthly Adjustment Amount. The premium is based on your modified adjusted gross income as reported on your IRS tax return from **two** years ago (thus, the fee in 2018 will be based on your adjusted gross income on your 2016 tax return). The fee is in addition to any Medicare part D premium and Medicare Part B premium (doctors' services and outpatient care) you may have to pay (if you are now eligible or will become eligible for Medicare). In 2018, high wage earners (if applicable) will pay the following additional IRMAA amount:

If you file an Individual Tax Return	If you're Married and file a Joint Tax Return	If you're Married and file a Separate Tax Return	2018 You Pay
≤ $85,000	≤ $170,000	≤ $85,000	**$0**
> $85,000 - $107,000	> $170,000 - $214,000	Not Applicable	**$13.00**
> $107,000 - $133,500	> $214,000 - $267,000	Not Applicable	**$33.60**
> $133,500 - $160,000	> $267,000 - $320,000	Not Applicable	**$54.20**
> $160,000 - $214,000	> $320,000 - $428,000	> $85,000 - $129,000	**$74.80**
> $214,000	> $428,000	> $129,000	**$74.80**

VII. Small Increase in Patient-Centered Outcomes Research Institute Fee (PCORI) – by 13 cents.

The Patient Centered Outcomes Research institute fee (first assessed in 2012) to assist patients, clinicians, purchasers and policy-makers in clinical effectiveness research, is paid by group health insurance providers and sponsors of self-insured health plans. In 2018, the fee will increase to **$2.39 per enrollee** (up from $2.26) for plan years that end on or after October 1, 2017 through December 31. The fee is scheduled to end in 2019. As a reminder, the fee is due July 31st of the year following the last day of the plan year.

VIII. DOL Increases Civil penalties for Failure to File Form 5500

The DOL has increased the maximum per-day penalty for failure to file Annual Reports/Forms 5500 to **$2,097** (from $2,063 per day). This is not an issue as your Form 5500 has always been timely filed.

IX. DOL Proposed Rule Expanding Access to Small Business Health Plans

The DOL recently released proposed rules that would amend ERISA's definition of "Employer" to allow for "Association Health Plans" where small business owners, their employees, sole proprietors and self-employed individuals could join as a single-group health plan to purchase insurance in the large group market. These Small Association Health Plans would be regulated under the same standards as a large group health plan. These Association Health Plans would also be exempt from certain ACA requirements (ex. not required to cover essential health benefits which is required by individual and small group health plans). The current criteria that an employer association must satisfy to sponsor a single multiple employer plan is narrow. As such, most employer associations have been found not as the sponsor of the multiple employer plan, instead, each employer that gets its health coverage through the association is considered to have established a separate, single employer plan covering its own employees. Therefore, these small employer plans are each subject to regulation as small group coverage for ACA purposes. The proposed rules would redefine the criteria and allow small employers to form Association Health Plans for offering health coverage if they either are (1) in the same trade, industry, line or business or profession or (2) were in the same state, region or metropolitan area and even if they had no other connections to one another. These are just proposed rules and have not been finalized.

This has no direct impact on your Plan but if adopted, it could allow competitors to adopt lower-cost and lower-quality health care plans. That is the primary concern.

cc: Sandy Stephenson, Fund Manager
Sid Kaufmann/Marci Vukson, Benefit Consultant