



Affordable Care Act Compliance Update for 2016

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Affordable Care Act (ACA) reforms have become effective incrementally over the last six years. In 2016, most of the ACA changes are applicable. Employers that sponsor group health plans should ensure that they are in compliance with the following requirements in 2016.

Employer Mandate. All ?Applicable Large Employers? (or ?ALEs?) must offer affordable health coverage to at least 95 percent of their full time employees in 2016 or face penalties. An ?Applicable Large Employer? is any employer that employed at least 50 full-time employees and/or full-time equivalent employees in 2015. Regulations allow Applicable Large Employers to choose one of two methods for identifying full-time employees: the monthly measurement method and the look-back measurement method. Plan documents and summary plan descriptions should be consistent with the method chosen by the Applicable Large Employer for identifying full-time employees to whom health plan coverage is offered.

Reporting Health Coverage. ALEs must report information about employee health coverage to employees and the IRS in 2016. ALEs must provide Form 1095-C to employees and Forms 1094-C and the 1095-Cs to the IRS. Form 1094-C must be provided to covered individuals, and Forms 1094-B and the Forms 1094-Cs must be provided to the IRS by ALE and small employers that sponsor health plans. ALEs that sponsor self-insured health plans may meet the Form 1094 and 1095 reporting requirements by using Forms 1094-C and 1095-C. Reporting to employees is due **March 31, 2016**. The reports to the IRS are due **May 31, 2016** or, if filing electronically, **June 30, 2016**.

Patient-Centered Outcomes Research Institute Fee. The ACA requires employers sponsoring self-insured health plans to pay a fee to fund the Patient-Centered Outcomes Research Institute. The fee is reported on the second quarter Form 720 and must be paid by **July 31**. The fee is \$2.17 per covered life for plan years that ended in October, November, or December of 2015.

Out-of-Pocket Maximum. The ACA limits cost sharing for all non-grandfathered health plans. For 2016, the out-of-pocket maximum for self-only coverage is \$6,850. For family coverage, the out-of-

pocket maximum is \$13,700. The self-only limit also applies to individuals enrolled in family coverage. Each enrolled individual may not be subject to cost sharing in excess of \$6,850.

Coverage of Preventive Care. Non-grandfathered health plans must provide, at no cost to participants, certain forms of preventive care. Under guidance issued by the Departments of Labor, Health and Human Services and the Treasury, effective **January 1, 2016**, plans must cover at least one form of contraception in each of the 18 methods identified by the Food and Drug Administration in its current Birth Control Guide.

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