

Hamilton Headlines

December 21, 2015



ACA Tax Considerations for Employers With Fewer Than 50 Employees

IRS Health Care Tax Tips for Small Employers

Some of the tax provisions of the Affordable Care Act (ACA) apply only to employers with fewer than 50 full-time or full-time equivalent employees. The IRS is reminding such employers to take note of the following tax considerations:

- Employers with fewer than 50 full-time employees or equivalents are not subject to

HEALTH CARE REFORM UPDATES

Approaching Deadlines for ACA Information Reporting by ALEs

IRS FAQs on ALE Reporting Requirements

The IRS is reminding applicable large employers or "ALEs" (generally those with 50 or more full-time employees, including full-time equivalents) that deadlines are fast approaching to report information to the IRS and to their employees about their compliance with the "pay or play" provisions of the Affordable Care Act (ACA) and the health care coverage they have offered.

The following Q&As will help ALEs satisfy their reporting requirements:

Who Must Report?

As a governmental, tax-exempt, or for-profit employer, if an employer is considered an ALE, it is subject to the ACA's information reporting requirements. These requirements apply whether or not the ALE offered health coverage to its employees.

the employer shared responsibility ("pay or play") provisions.

- Calculating the number of full-time employees is especially important for employers that have close to 50 employees or whose workforce fluctuates throughout the year.
- If an employer has 50 or fewer full-time equivalent employees, it can purchase health insurance coverage for its employees through the Small Business Health Options Program SHOP).

[More Information](#)

DOL Proposes More Stringent Rules for Disability Claims Procedures

The DOL has proposed regulations that will change the procedures ERISA plans must follow in adjudicating claims for benefits conditioned on a determination of disability, including claims for disability retirement benefits. The proposed rules generally adopt the expanded internal claims and review requirements that apply to non-grandfathered group health plans under ACA guidance, with some limited modifications and additions.

Background ERISA prescribes the procedures that employee benefit plans subject to ERISA must follow in adjudicating and administering benefit claims and appeals. These rules generally apply to all benefits subject to ERISA, although there are some differences depending on the type of benefit - for example, the timeframes for adjudicating claims or appeals are shorter for health and disability benefits than they are for claims involving life insurance or pension benefits.

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Employers are considered ALEs for 2015 if they had 50 or more full-time employees, including full-time equivalent employees, on average in 2014.

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Do Your Clients' Cafeteria Plans Need to be Amended?

In 2014, the Internal Revenue Service expanded the events that would allow employees to drop their health plan coverage under their employer's cafeteria plan. As a reminder, the general rule is that once an employee enrolls in his or her employer's group health plan through a cafeteria plan - which is what allows the employee to pay his or her required premiums on a pre-tax basis - that enrollment is irrevocable for the entire plan year unless a qualifying "change in status" event occurs.

In order for an employee to change his enrollment election, the change in status event also must affect the employee's (or his spouse's or dependent's) eligibility for the health plan coverage. Typical change in status events include marriage, divorce, birth of a child, change in status from full-time to part-time, etc.

The IRS added two new events that allow employees to drop health plan coverage, even if the events do not affect an employee's eligibility under his or her employer's health plan coverage:

[Full Article](#)

7 Trends That Shook Benefits in 2015

Although approaching the process from different ends of the spectrum, brokers, employers and end consumers faced increased expectations for their respective roles in employee benefit plans this year. This, coupled with evolutions in technology, 401(k) and voluntary product design, made 2015 anything but static.

1) Changing Titles

During 2015 and especially in the fourth quarter, brokers shifted away from being benefit consultants to being compliance consultants, says Jeff Fallick, managing

A Myth of ACA Reporting

I can just read the instructions and figure out how to complete the forms.

The instructions are 14 pages long and are written for tax and benefit experts. In addition, the IRS has already released an additional 14 pages of clarifying questions and answers, with more to come. This is complicated information. In addition, do you have the staff to either data enter all of the information on the forms or to do the programming to map your data to the forms?

DID YOU KNOW? Top Headlines of the Week

-- The Affordable Care Act's fines for skipping health insurance will rise next year. On average, people currently uninsured would have to pay \$969 in 2016, up from \$661 this year, according to the report by the Kaiser Family Foundation. The penalties are rising to 2.5% of income or a flat dollar amount of \$695 per adult, whichever is higher.

-- The outlook for the new year is a mixed one, as brokers will continue to face "unnecessary stress" and compliance challenges. Those issues, combined with changes to the healthcare delivery model, will make 2016 another landmark year for the industry, experts say.

Questions About Compliance?

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principal of Digital Benefit Advisors, Northern California in Los Altos. "With the ACA reporting deadline looming, there was a major push to ensure our clients had the appropriate solutions in place for their tracking and reporting needs," he says. "With the fines becoming quite severe in 2017, it is incumbent upon us to accurately vet the best of breed vendors for our clients. And, there are plenty of options available."

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REMINDERS

-- ACA Reinsurance Fee

November 16, 2015 was the annual deadline to report enrollment count.

The entire 2015 benefit year contribution in one payment is due no later than January 15, 2016 reflecting \$44.00 per covered life; or

For two separate payments for the 2015 benefit year, with the first remittance due by January 15, 2016 reflecting \$33.00 per covered life, and the second remittance due by November 15, 2016 reflecting \$11.00 per covered life.

-- Marketplace/Exchange Open Enrollment started on November 1, 2015 and ends on January 31, 2016.

-- ACA Reporting Forms 1094-C and 1095-C to be filed with the IRS by February 29, 2016 or March 31, 2016, if filing electronically.

Forms 1095-C are due to employees by February 1, 2016.

-- Washington, DC and New York City

Recently adopted rules requiring some employers with operations in these cities to adopt, by January 1, 2016, Qualified Transportation Fringe Benefit Plans for their employees.

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Please note that Hamilton Insurance does not provide legal advice, and this does not constitute advice of any kind for any particular situation. Instead, this is intended as non-comprehensive general information serving as a starting point for further discussion. Please contact your tax and/or legal advisors for information about how these issues affect you.

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