

Alert!



We are the company that insurance agents do not want you, or your colleagues, to know about!

3/8/15

ObamaCare News! SCOTUS & Federal HIX Plans plus IRS Guidance on Cadillac Tax

There have been 2 major developments in the employee benefits world that we thought that you would want to know about.

1. On March 4, 2015 the U.S. Supreme Court just heard oral arguments on yet another landmark case involving the Patient Protection and Affordable Care Act (PPACA), this time addressing one of the key features of the law: the availability of tax credits to subsidize the cost of health insurance coverage for low-income individuals who purchase coverage through a federally-established Health Insurance Exchange (HIX). The outcome of the case, called *King v. Burwell*, will have significant impact on many, including (1) health insurers, to whom the subsidies are ultimately paid; (2) employers, given that PPACA's "employer mandate" penalty is only triggered if a full-time employee receives a federal tax

About Bushnell & Company

We are NOT insurance agents or brokers! Since we are a professional fee based consulting firm, our income is transparent and is not tied to high or undisclosed incentives, commissions, sales trips, etc. from the sale of insurance products.

As the architects of employee benefit plans, we specialize in consulting with leaders and managers of organizations regarding the design, administration, funding and communication of high quality, cost effective and administratively efficient employee benefit plans.

These include, but are not limited to, the following:

- * Medical
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- * Disability - Short & Long Term
- * Life Insurance
- * Long Term Care
- * Retirement Plans including Defined Benefit Pension, Money Purchase, Profit Sharing, ESOP, 401(k), 403(b), & 457
- * Flexible Benefits or Sec. 125 Cafeteria

credit; and (3) individuals that may lose their ability to access federal subsidies. If the Court rules that tax credits are *not* available for coverage obtained through a federal HIX, it could be a potentially devastating blow to the viability of the ACA, given that 34 states have declined to establish state HIXs. Our friends at the Groom Law group prepared a [detailed summary](#) of the oral arguments that you will want to read.

2. On February 23, 2015 Treasury and the Internal Revenue Service have issued initial guidance on one of the least popular provisions of the Patient Protection and Affordable Care Act (PPACA) - the excise tax on high cost employer-sponsored health coverage (commonly referred to as the "Cadillac Tax") ("40% Excise Tax" or "Tax"). Although attempts on Capitol Hill to repeal or delay the 40% Excise Tax are likely to continue, whether any of these efforts succeed remains to be seen. Meanwhile, in Notice 2015-16 ("Notice"), Treasury and the IRS offer the first glimpse of the complex requirements that employers, insurers and third party plan administrators will face if the 40% Excise Tax goes into effect in 2018, as called for by the statute.

Treasury/IRS specifically are inviting comments on all of the issues addressed in the Notice and any other issues arising under the 40% Excise Tax, which must be submitted no later than May 15, 2015. Now is the time for insurers, employers, and plan sponsors and administrators to share their comments, concerns, and

Plans

- * Transit & Parking
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Those services include, but are not limited to, the following:

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- \$ Review and analysis of insurance company contracts and proposals.
- \$ Prepare RFI / RFP / RFP specifications and do analysis for vendor selection.
- \$ Manage annual insurance / vendor renewal process.
- \$ Financing vehicle analysis, including appropriateness of managed care, HMO, HRA, FSA, HSA in insured plan, self-funding and self - insurance.
- \$ Actuarial and administrative consulting services for retirement as well as health and

insights with Treasury/IRS in order to maximize the chance that final rules fully take their comments into consideration.

Again, our friends at the Groom Law group prepared a [summary](#) of the initial guidance that we encourage you to read.

Please contact us with your questions regarding compliance with the Affordable Care Act. It would be our pleasure to be of service. If we do not know the immediate answer to your question, we will research the answer for you (within reason) and get back to you that same day or within 24 - 48 hours.

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- \$ Communication of employee benefit plans.
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