

Benefits Buzz

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DID YOU KNOW

On Feb. 25, 2013, the Department of Health and Human Services (HHS) released its Minimum Value (MV) Calculator. The MV Calculator permits an employer to enter information about its health plan's benefits, coverage of services and cost-sharing terms to determine whether the plan provides minimum value.

According to HHS, the calculator is available for "informal external testing," and users are encouraged to notify HHS of technical or operational issues. If necessary, the calculator will be revised based on feedback.

Proposed Individual Mandate Rules

On Jan. 30, 2013, the Internal Revenue Service issued two proposed rules relating to the individual coverage mandate. The basics of these rules are provided in the following paragraphs.

The penalty for not obtaining minimum essential health coverage will:

- Be phased in over a three-year period, starting at \$95 per person, or up to 1 percent of income for 2014
- Be capped at the national average of the annual bronze plan premium
- Be half as much for children, up to a family cap of three times the annual flat dollar amount per year
- Be assessed against an individual for any month in which he or she does not maintain acceptable coverage, beginning in 2014, unless an exemption applies
- Possibly be subtracted from an individual's tax refund

Exemptions may exist for individuals who:

- Cannot obtain affordable coverage

- Belong to one of the nine categories of individuals who are exempt from the penalty

To be eligible for the premium tax credit for purchasing health insurance through an Exchange, a taxpayer:

- Must have household income for the year between 100 and 400 percent of the federal poverty line
- May not be claimed as a tax dependent of another taxpayer
- Must file a joint return, if married
- Must enroll in one or more qualified health plans through an Exchange
- Cannot be eligible for minimum essential coverage

The Supreme Court addressed legal challenges to the individual mandate last June and upheld it as constitutional, meaning that the individual mandate will go into effect in 2014 as planned.

State Plans for Health Insurance Exchanges

Feb. 15 marked the deadline for states to declare their intent to create a partnership exchange with HHS. The following is the most recent list of state intentions regarding Exchanges.

States with declared state-based exchanges: WA, OR, ID, NV, CA, UT, CO, NM, MN, KY, NY, VT, MA, RI, CT, MD, DC and HI

States planning for partnership exchanges: IA, IL, AR, MI, WV, DE and NH

States defaulting to the federal exchange: MT, ND, WY, SD, NE, KS, AZ, AK, TX, OK, MO, LA, MS, AL, TN, GA, FL, SC, NC, VA, IN, WI, OH, PA, ME and NJ

While Mississippi presented its plan for a state-based exchange, the plan was rejected, moving Mississippi to the list of states defaulting to the federal exchange.