

## Individual Mandate Penalty Cap

The Affordable Care Act (ACA) requires most individuals to either obtain acceptable health insurance coverage for themselves and their family members or pay a penalty. This rule is often referred to as the individual mandate. The individual mandate went into effect beginning 2014.

The penalty amount for not having health coverage is the greater of two amounts:

- A flat dollar amount
- A percentage of the individual's income

However, the penalty amount that an individual must pay is capped at the national average bronze plan premium for the individual's family size. Thus, for each taxable year, the penalty amount is the lesser of these amounts:

- The sum of the monthly penalty amounts

- The sum of the monthly national average bronze plan premiums for the shared responsibility family

Based on the ACA's rating factors, the monthly national average bronze plan premium for an individual who does not obtain minimum essential coverage is determined by using a population-weighted average of the premium in each county (or county equivalent) that would be charged to a 21-year-old individual who does not use tobacco.

In determining a taxpayer's monthly national average bronze plan premium for a family, the age-21, non-tobacco user premium described above is multiplied by the number of family members who are liable for a penalty, up to a maximum of five.

### 2015 Limits

On Jan. 16, 2015, the Internal Revenue Service (IRS) released Revenue Procedure 2015-15 (Rev. Proc. 2015-15), which provides the 2015 monthly national average premium for bronze-level plans. For 2015, the monthly national average premium for bronze-level qualified health plans (QHPs) is as follows:

- \$207 per individual (\$2,484 annually)
- \$1,035 for a family with five or more members (\$12,420 annually)

Rev. Proc. 2015-15 is effective for taxable years ending after Dec. 31, 2014.

## DID YOU KNOW?

Wellness programs remain popular among employees. A recent HealthMine study shows that 71 percent of employees report that they want wellness programs from their companies. In addition, 75 percent report that an incentive would motivate them to engage in wellness activities.

However, despite the popularity of wellness among employees, regulatory uncertainty remains due to the Equal Employment Opportunity Commission's unclear guidelines and lawsuits against some employers that offer incentive-based wellness programs.

## Supreme Court Rejects Presumption of Lifetime Retiree Benefits

On Jan. 26, 2015, the U.S. Supreme Court ruled, in the case of *M&G Polymers USA, LLC v. Tackett*, that courts should interpret the retiree health care provisions of collective bargaining agreements according to the ordinary principles of contract law, rather than presuming that the benefits are vested for life.

The Supreme Court's decision clarifies that a traditional analysis of contractual language is necessary to determine whether retiree benefits are vested.

The ruling resolves a split in how different circuit courts interpreted collective bargaining agreements. Employers facing lawsuits over retiree welfare benefit plans can now more easily rely on contractual language contained in collective bargaining agreements and ERISA plan documents when determining whether they have the right to amend, modify or terminate those benefits.