



## Compliance Recap

### December 2014

During the month of December Congress passed a temporary increase to the transit pass and vanpooling benefit and the regulatory agencies released several cost-of-living increases, proposed relatively minor revisions to the Summary of Benefits and Coverage (SBC) requirement, and updated the list of counties in which foreign language versions of the SBC and other benefits notices may be required.

#### Qualified Transportation Benefits

Congress has passed the Tax Increase Prevention Act of 2014 (TIPA) which, among other things, retroactively increases the 2014 combined limit for transit passes and vanpooling benefits provided under a qualified transportation plan to equal the \$250 per month limit for qualified parking benefits. This increase only applies to 2014 – for 2015 the limits for transit passes and vanpooling benefits will again reduce to the pre-TIPA levels of \$130 per month for transit passes and \$250 per month for qualified parking unless Congress passes another extension bill.

#### 2015 Standard Mileage Rates and Adoption Credit

On December 10, 2014, the IRS [released](#) the optional standard mileage rates for 2015. Beginning on January 1, 2015, the standard rates for the use of a car, van, pickup or panel truck will be:

- 57.5 cents per mile for business miles, up from 56 cents in 2014
- 23 cents per mile for medical or moving purposes, down half a cent from 2014

Taxpayers may instead claim deductions based on the actual costs of using a vehicle rather than the standard mileage rates if they prefer.

The adoption tax credit limit will increase to \$13,400 in 2015, up from \$13,190 in 2014. This credit will again phase out for taxpayers with a high modified adjusted gross income (for 2015 the phase-out will begin at \$201,010 and will be completely phased out for taxpayers with a modified adjusted gross income of \$241,010 or more; for 2014 the phase-out range was \$197,880 to \$237,889).

## **Proposed Changes to Summary of Benefits and Coverage (SBC)**

The Department of Labor (DOL), the Department of Health and Human Services (HHS), and the Internal Revenue Service (IRS) have issued [proposed regulations](#) that would update the summary of benefits and coverage (SBC) requirement, including the SBC template, instructions, example calculator, and uniform glossary. If adopted, the revised form would be used for open enrollments beginning on or after September 1, 2015, and for plan years beginning on or after September 1, 2015, for plans that do not have an open enrollment.

The basic SBC distribution requirements would remain in effect, and a plan administrator that has multiple service providers, such as a major medical provider and a prescription drug provider, would still be allowed to provide multiple SBCs if it notified participants that the SBCs need to be considered together.

Under the proposal, information about the plan's status as providing minimum essential and minimum value coverage would need to be included on the SBC itself and could no longer be provided separately. The SBC also would be required to state whether elective abortion is covered.

The SBC template itself would be shorter (about five pages compared to the current eight) to allow additional space for plans that need more room to adequately explain their benefits. A new example, involving emergency department care for a foot fracture, would be required, in addition to the current examples of a normal birth and diabetes management. The examples would still be based on figures supplied by HHS, and not actual plan data, although the figures in the HHS calculator have been updated. Most of the deletions from the SBC template involve text, not benefit information. The uniform glossary would be expanded, however.

Comments on the proposed changes are due March 2, 2015, which means that the final version of the template to be used starting this fall likely will not be available until early this summer.

## **Foreign Language Requirements**

Employers are required to provide the Summary of Benefits and Coverage and related glossary, as well as certain other notices, in a foreign language if the recipient lives in a county in which 10% or more of the recipients are literate only in a particular non-English language. Each year the Department of Health and Human Services publishes a list of counties with populations above the 10% threshold. The [2015 listing](#) has now been released. The list of counties changes from year to year, so an employer should check the list against its employees' addresses – the requirement to provide a foreign language-version of the SBC or notice is based on the employee's address, not the employer's location.

## **Reminders**

Beginning in 2015, employers that had 100 or more full-time or full-time equivalent employees in their controlled group during 2014 must offer coverage to employees who work an average of 30 or more hours per week or face penalties.

Beginning in 2016, employers that had 50 or more full-time or full-time equivalent employees in their controlled group during 2014 must report whether they offered coverage to their full-time employees during 2015.

[Read a summary of these requirements.](#)

### Question of the Month

**Q:** I know that individuals must have health coverage in 2014 or they will owe penalties. Are employers required to provide employees with proof of coverage?

**A:** Employers and insurers will not be required to provide proof that coverage was offered or provided during 2014. Individuals will be required to report on their federal income tax return whether they had coverage in effect during 2014. Although the final Forms 1040 and 1040-EZ are not yet available, the draft of the form simply has added a box for the employee to check if they, and all dependents, had full-year minimum essential (basic medical) coverage. Individuals will not be required to attach proof of coverage, but should maintain evidence of coverage (such as pay stubs showing deductions for premiums or explanations of benefits) in case they are audited. Individuals who did not have the needed coverage for the entire year must use Form 8965 to claim an exemption or determine their penalty (which is determined on a month-by-month basis).

Individuals who received a premium tax credit or subsidy will need to complete Form 8962. The Marketplace will provide these individuals with a Form 1095-A with information they will need to complete the Form 8962.

Early in 2016, employers that had 50 or more full-time or full-time equivalent employees during 2014, and all insurers and self-funded plans that provided medical coverage during 2015, will first need to provide a report to employees and the IRS about coverage offered and in effect during 2015. That report will be due to the employee by February 1, 2016.

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