



COMPLIANCE ADVISOR



WHAT YOU NEED TO KNOW

Compliance Recap

February 2016

Despite having an extra day, February 2016 remained relatively quiet in regard to compliance and employee benefit plans. The Department of Labor (DOL) issued the awaited proposed revisions to the Summary of Benefits and Coverage (SBC) template and its instructions.

The 2016 [poverty guidelines](#) (also referred to as the FPL) were released by the Department of Health and Human Services (HHS). For a family/household of 1 in the contiguous United States, the FPL is \$11,880. In Alaska the FPL is \$14,840 and in Hawaii the FPL is \$13,670. Applicable large employers that wish to use the FPL affordability safe harbor under the employer shared responsibility/play or pay rules should ensure that their lowest employee-only premium is equal to or less than \$95.63 a month, which is 9.66% of the FPL.

UBA Guides and Compliance Documents

UBA updated a number of ACA guides for 2016:

- [Effects of ACA](#)
- [Requirements and Applicability Table](#)
- [Self-Funded Plans and the ACA](#)
- [Small Group Insured Plans and the ACA](#)
- [Mid-Size Group Insured Plans and the ACA](#)

Proposed SBC Changes

A Summary of Benefits and Coverage ([SBC](#)) is four-page (double-sided) communication required by the federal government. It must contain specific information, in a specific order and with a minimum size type, about a group health benefit's coverage and limitations. In February 2016, the Department of Labor (DOL) issued proposed revisions to the template and related materials. The agency expects final templates and materials to apply to plan or policy years beginning on or after January 1, 2017. The proposal includes both a [blank template](#) and a sample [completed template](#) along with [instructions](#) for completion. The agency has also [invited public comments](#) on the proposed template, to be submitted on or before March 28, 2016. All information about current and proposed SBCs, including a proposed uniform glossary and more can be found on the [DOL's website](#).

Read about the [updates to the SBC template](#).

Question of the Month

Q. If an employee of an applicable large employer takes an unpaid leave of absence (not FMLA), what happens to their benefit eligibility during that time?

A. The answer depends on whether the employer is using the measurement and lookback method of tracking employees or the monthly method.

Measurement and lookback: If the employee is on an unpaid leave of absence and in a stability period, the employee must be offered coverage through the stability period. When the employee's hours are calculated during the contemporaneous measurement period, the leave of absence will count as zero hours of service. If an employee declined coverage for a stability period, and then has a leave of absence that is less than 13 weeks, upon return the employer is not obligated to make a new offer of coverage to the employee.

Monthly: Employee would not be credited with hours of service. Once the employee drops below 30 hours per week for the month, the employer does not need to offer coverage.

Employers should note that unpaid FMLA is handled differently and special rules apply for educational institutions.

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