

WHAT YOU NEED TO KNOW



## Mid-Sized Group (50 to 99 Employees) Insured Plans and the ACA

Updated November 2018

The Patient Protection and Affordable Care Act (ACA) brings numerous responsibilities and options to employers. Below is a summary of the ACA provisions that apply to group health plans and whether the provision applies to insured mid-sized group plans.

### Provisions Effective 2016 or Later

Requirement	Applies to Mid-sized Group Insured Plans	Effective Date
Penalties apply if don't offer coverage to employees who average 30 or more hours/week.	Generally, no – 2015 Yes – 2016 and later	Plan year beginning on or after 1/1/2015 if 100 or more employees or do not meet maintenance requirements. <sup>+</sup> 2016 if 50-99 employees. <sup>^</sup>
Penalties apply if don't offer affordable, minimum value (60%) coverage to employees who average 30 or more hours per week.	Generally, no – 2015 Yes – 2016 and later	Plan year beginning on or after 1/1/2015 if 100 or more employees or do not meet maintenance requirements. <sup>+</sup> 2016 if 50-99 employees. <sup>^</sup>
Report to IRS and employees if provide minimum essential coverage.	Yes (insurer will report)	First report due 2/1/2016
Report to IRS and employees regarding offers of affordable, minimum value coverage to full-time employees.	Yes	First report due 2/1/2016
Modified community rating applies*	Yes – 2016 and later <sup>#</sup>	Plan year beginning on or after 1/1/2016
Essential health benefits (EHBs) must be offered*	Yes – 2016 and later <sup>#</sup>	Plan year beginning on or after 1/1/2016
Must meet metal levels (60%, 70%, 80%, 90%)*	Yes – 2016 and later <sup>#</sup>	Plan year beginning on or after 1/1/2016
Single risk pool*	Yes – 2016 and later <sup>#</sup>	Plan year beginning on or after 1/1/2016
SHOP exchange available	Yes – 2016 and later	Plan year beginning on or after 1/1/2016

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## Provisions Effective 2015 or Later (continued)

Requirement	Applies to Mid-sized Group Insured Plans	Effective Date
Cadillac tax	Yes	1/1/2022
Quality of care reporting*	Yes	TBD
Nondiscrimination (highly compensated)*	Yes	IRS has delayed enforcement until final rules are issued
Auto-enrollment	No	Repealed

## Provisions Effective 2015

Requirement	Applies to Mid-sized Group Insured Plans	Effective Date
Penalties apply if don't offer coverage to employees who average 30 or more hours/week.	Generally, no – 2015 Yes – 2016 and later	Plan year beginning on or after 1/1/2015 if 100 or more employees or do not meet maintenance requirements. <sup>+</sup> 2016 if 50-99 employees. <sup>^</sup>
Penalties apply if don't offer affordable, minimum value (60%) coverage to employees who average 30 or more hours per week.	Generally, no – 2015 Yes – 2016 and later	Plan year beginning on or after 1/1/2015 if 100 or more employees or do not meet maintenance requirements. <sup>+</sup> 2016 if 50-99 employees. <sup>^</sup>

## Provisions Effective 2010 – 2014

Requirement	Applies to Mid-Sized Group Insured Plans	Effective Date
Lifetime dollar limits prohibited on EHBs	Yes	Plan year beginning on or after 9/23/2010
Annual dollar limits restricted on EHBs	Yes	Plan year beginning on or after 9/23/2010
Must cover dependents to age 26*	Yes	Plan year beginning on or after 9/23/2010
First dollar coverage for preventive care*	Yes	Plan year beginning on or after 9/23/2010
Pre-existing condition exclusion not permitted on children	Yes	Plan year beginning on or after 9/23/2010
Patient protections on choice of provider and emergency room*	Yes	Plan year beginning on or after 9/23/2010
Claims and appeals requirements*	Yes	Plan year beginning on or after 9/23/2010
Rescissions of coverage generally prohibited	Yes	Plan year beginning on or after 9/23/2010
Small employer tax credit available	No	2010 tax year
Restrictions on covering over-the-counter drugs	Yes	Tax year beginning on or after 1/1/2011
Medical loss ratio (MLR) rebates must be distributed	Yes	8/1/2012
Summaries of Benefits and Coverage (SBCs) required	Yes	First open enrollment or plan year on or after 9/23/2012

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## Provisions Effective 2010 – 2014 (continued)

Requirement	Applies to Mid-Sized Group Insured Plans	Effective Date
Health flexible spending arrangement (FSA) limited to \$2,500 (indexed: \$2,550 for 2015, \$2,550 for 2016, \$2,600 for 2017, \$2,650 for 2018, \$2,700 for 2019)	Yes	Plan year beginning on or after 1/1/2013
W-2s must include the cost of health coverage	No	2012 tax year (W-2s issued January 2013)
PCORI fee due	Yes (insurer will report and pay on medical; employer will report and pay on any HRA)	First due 7/31/2013 if plan year ended between 10/1/2012 and 12/31/2012 First due 7/13/2014 if plan year ends 1/1/2013 or later
Exchange notices due	Yes	10/1/2013
Inquiries from exchange to employer	Yes	October 2013
Eligibility waiting period maximum of 90 days	Yes	Plan year beginning on or after 1/1/2014
Pre-existing condition exclusion not permitted on anyone	Yes	Plan year beginning on or after 1/1/2014
Annual dollar limits prohibited on essential health benefits.	Yes	Plan year beginning on or after 1/1/2014
Protections for those in clinical trials*	Yes	Plan year beginning on or after 1/1/2014
Dependent to age 26 exception for grandfathered plans expires	Yes	Plan year beginning on or after 1/1/2014
Out-of-pocket may not exceed \$6,350/\$12,700 in 2014, \$6,600/\$13,200 in 2015, \$6,650/\$13,700 in 2016, \$7,150/\$14,300 in 2017, \$7,350/\$14,700 in 2018, \$7,900/\$15,800 in 2019*	Yes <sup>#</sup>	Plan year beginning on or after 1/1/2014
Guaranteed issue and renewal apply*	Yes <sup>#</sup>	Plan year beginning on or after 1/1/2014
Revised wellness program rules	Yes	Plan year beginning on or after 1/1/2014
Health reimbursement arrangements (HRAs), except Qualified Small Employer Health Reimbursement Arrangements, must integrate with a group medical plan	Yes	Plan year beginning on or after 1/1/2014
Health FSA must qualify as an “excepted” benefit	Yes	Plan year beginning on or after 1/1/2014
Health insurer provider tax (indirect obligation)	Yes (insurer will report and pay)	2014
Transitional reinsurance fee	Yes (insurer will report and pay)	Reporting due December 2014, first fee due January 2015

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- \* Does not apply in whole or part to grandfathered plans.
- + To qualify, the employer must not have reduced the size of its workforce or the overall hours of service of its employees so that it falls below 100 full-time and full-time equivalent employees unless there is a change in its business for the period of February 9, 2014 through December 31, 2014. It also must not have materially reduced its contribution level, reduced plan benefits below minimum value, or reduced the classes of employees or dependents eligible for coverage from what was in place on February 9, 2014.
- # States have the option to renew policies that do not meet all ACA requirements, beginning on or before October 1, 2019. Such policies must not extend past December 31, 2019. If renewal of "non-compliant" policies is allowed, this requirement will not apply to the renewed policies.  
  
**Note:** For 2014 and 2015 a group is considered small for the insurance market requirements of the ACA if the group has 50 or fewer employees. Beginning in 2016, a group will be considered "small" for the insurance market requirements if the group has 100 or fewer employees. (In most states part-time employees count pro rata toward full-time equivalent employees using the same method as the employer shared responsibility/play or pay requirement.)  
  
In contrast, for purposes of the employer shared responsibility/play or pay requirement, for 2015 an employer generally will not be considered "large" unless it has 100 or more full-time or full-time equivalent employees. Beginning in 2016, an employer will not be considered "large" for purposes of the employer shared responsibility/play or pay requirement unless it has 50 or more full-time or full-time equivalent employees.
- ^ An employer that had a non-calendar year plan that was eligible for the 2015 transition relief was also eligible for transition relief for any calendar months in 2016 that fell within the 2015 plan year.

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