

Benefits Buzz

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DID YOU KNOW

On Sept. 17, model Notices of Privacy Practices were released for use by health plans and providers.

The model notice for health plans comes in booklet, full-page and layered versions. Each design has the same language and customizable content, with the layered notice adding an additional page that details key privacy aspects.

The final HIPAA Omnibus Rule requires covered entities to revise and redistribute their Privacy Notices. Generally, a health plan must provide a revised Privacy Notice, or information about the changes and how to obtain the revised notice, to covered individuals within 60 days of a material revision to the Notice.

Small Employer Tax Credit Changes for 2014

On Sept. 13, the Internal Revenue Service (IRS) and the Department of Labor (DOL) issued guidance on how certain Affordable Care Act (ACA) rules apply to health reimbursement arrangements (HRAs), health flexible spending accounts (FSAs) and cafeteria plans.

Under the new guidance, a group health plan, including an HRA, used to purchase coverage on the individual market cannot be integrated with that individual market coverage for purposes of the ACA's annual dollar limit or preventive services requirements. This means that an HRA will need to be integrated with another group health plan to satisfy these rules.

Health FSAs must be offered through a cafeteria plan to be exempt from the annual limit prohibition. Also, health FSAs must qualify as "excepted benefits" to meet the preventive services requirements.

Finally, beginning in 2014, premiums for individual coverage through an Exchange cannot be reimbursed or paid for under a cafeteria plan.

For cafeteria plans that do not operate on a calendar-year plan year (as of Sept. 13, 2013), this restriction will apply beginning with the 2014 plan year. However, individuals may not claim a premium tax credit for any month in which they are covered by an individual plan purchased through an Exchange as a benefit under a cafeteria plan.

The guidance applies for plan years beginning on or after Jan. 1, 2014, but can be applied for all prior periods. For additional information, please consult the following resources:

- [IRS Notice 2013-54](#)
- [DOL Technical Release 2013-03](#)

The small employer tax credit was created in 2010 upon the passage of the Affordable Care Act. Next year, a few key aspects of the tax credit will change.

For 2014 and later taxable years, the maximum credit increases to 50 percent of premiums paid for taxable small employers and 35 percent of premiums paid for tax-exempt small employers. But those credit percentages are based on the average premium in the small group market in the rating area where employees sign up, instead of the specific premium chosen by employees.

Also beginning in 2014, the health care tax credit is only available to an employer for two consecutive taxable years, and cannot start before the 2014 taxable year. Finally, the new rules require employers to obtain group coverage through an Exchange to claim the credit.

Please contact Deutsch & Associates, LLC for more information on the small employer tax credit.