

Benefits

BUZZ

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U.S. Supreme Court Upholds ACA Subsidies in Federal Exchanges

On June 25, 2015, the U.S. Supreme Court issued a ruling in [King v. Burwell](#). The case challenged the availability of health insurance Exchange subsidies in every state, including states with federally facilitated Exchanges (FfEs).

In a 6-3 decision, the Supreme Court ruled that when Congress drafted the ACA, the intention was for subsidies to be available in all states. According to the Supreme Court, several key ACA provisions, such as the individual mandate and the employer-shared responsibility rules, would not function as initially intended without the availability of subsidies in all states.

The Exchange subsidies were created to make health care coverage more affordable for eligible individuals and families. According to the Department of Health and Human Services (HHS), 87 percent of individuals who purchased health care coverage through an Exchange were eligible to receive subsidies. In addition, of the 11 million people who purchased private health plans, 9 million obtained health insurance through an FFE.

Prior to the Supreme Court's decision, the IRS had determined that subsidies would continue to be offered in every state. Accordingly, the Supreme Court's ruling will not change subsidy availability. Eligible individuals will continue to receive subsidies when purchasing health care coverage through state Exchanges and FfEs.

However, the ruling is significant for large employers in states with FfEs. Under the ACA's employer mandate, applicable large employers that do not provide full-time employees with health coverage may face penalties. This penalty is triggered when a full-time employee receives a subsidy for Exchange coverage. If subsidies were unavailable in some states, employers in those states would not have been subject to the shared responsibility penalties under the employer mandate.

DID YOU KNOW?

The Internal Revenue Service (IRS) recently released 2015 draft versions of the forms that employers will use to report under Internal Revenue Code (Code) Sections 6055 and 6056. These new reporting requirements were created by the Affordable Care Act (ACA), and require certain employers to report information about employee health plan coverage to the IRS.

For the most part, the 2015 draft forms are no different from the 2014 versions except for a few minor updates. However, instructions for the 2015 forms have not yet been released, and the current 2015 forms are draft versions only. Employers should not rely upon or file the 2015 draft forms with the IRS.

Final Rule Updates the SBC Requirement

On June 16, 2015, the Department of Labor (DOL), Health and Human Services (HHS) and the Treasury (Departments) published [final regulations](#) on the summary of benefits and coverage (SBC) under the Affordable Care Act (ACA).

These updated regulations clarify when and how a plan or issuer must provide an SBC, they streamline the SBC template requirements and they add elements to the SBC template intended to be useful to consumers. The regulations also make some of the SBC enforcement safe harbors and transition rules permanent, with some changes.

The final regulations apply to group coverage that begins on or after Sept. 1, 2015, and to individual coverage that begins on or after Jan. 1, 2016. The new template, instructions and uniform glossary are expected to be finalized in January 2016.