



May 21, 2014

## Government Issues Substantial Guidance

The IRS, Centers for Medicare and Medicaid and Department of Health and Human Services issued close to 600 pages of rules on May 18, 2014. We will report on the rules in the next newsletter.

<http://1.usa.gov/1gHBmQx>

<http://1.usa.gov/1tb82nn>

<http://1.usa.gov/1p6KePf>

<http://go.cms.gov/1nZnnaN>

<http://bit.ly/1jwfEPB>

Some of the rules apply to employers while others do not. It is clear the government continues to provide guidance and it does not appear that health care reform is going away anytime soon.

## Handy Chart of HSAs, HRAs and FSAs

Here is a handy little chart showing the differences between HSAs, HRAs and Health FSAs. There is nothing really new here but it does provide a nice side-by-side comparison between the programs.

<http://bit.ly/1ggJkj7>

With all the new rules employers are looking for ways to provide employees comprehensive benefits, and these three options may still be viable in certain situations.

## Reference Pricing May Save Employers Money BUT Cost Employees

The government has just approved reference pricing, which allows health plans to limit the amount they pay for certain procedures. For example, the plan may limit the maximum amount it will pay for hospital charges associated with a hip replacement. Amounts above that limit will be treated as out of network charges.

<http://apne.ws/1p6KzBm>

Clearly this will save the plan, which should translate into lower costs for the employer. However, the plan participants could be in for a nasty surprise if they are not aware of the benefit limits.

### **Investigating Severance Claims**

A severance plan can be subject to ERISA, which requires the plan fiduciary to comply with certain claims procedures. So what responsibilities do the fiduciaries have with respect to investigating a denied claim?

<http://bit.ly/RPF6DN>

As this article points out, as a general proposition, the fiduciaries need not conduct an independent investigation but can instead rely on the employer's representations.

### **Employer Mandate Penalties to Increase in 2015**

The employer mandate or pay or play rules kick in next year for employers with 100 or more full-time and full-time equivalent employees. The amounts of the penalties are indexed and are scheduled d to go up slightly in 2015.

<http://bit.ly/1n9liZl>

<http://bit.ly/1jwgiMS>

The increases are not huge but employers need to realize that the amounts do go up each year.

### **Individual Mandates Exemption and Special Enrollment Periods**

As a general proposition most Americans have to have health coverage or pay a penalty. In addition, most people have to enroll in coverage through the health care exchanges or marketplace during the annual open enrollment period. However, there are exceptions to these rules. This chart lists the various exceptions.

<http://bit.ly/TmCPkF>

The rollout of the exchanges has been less than perfect and it remains to be seen how the government will enforce the rules. As time goes on it is anticipated the exchanges will operate more smoothly.

### **New CHIPRA & COBRA Notice**

Carol Rini 5/19/14 2:02 PM

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We reported last time the government has updated the COBRA and CHIPRA notices. The updated notices tell people about the health care exchanges or marketplaces.

<http://bit.ly/1IVt7PB>

Most anticipate fewer people will elect COBRA as time goes on but there is no indication the statute is going to be repealed.

### **Three Keys to a Successful Wellness Program**

Many people agree the real way to control health care costs is to encourage a healthier population. To that end more employers are adopting wellness programs. This article talks about three keys to a successful program.

<http://bit.ly/1gHCPX1>

Wellness programs can have a real impact but they have to be structured properly to succeed.

### **Health FSA Mistakes Happen and How to Correct Them**

The IRS issued a memo on how employers can go about correcting mistakes when a claim has been paid improperly. The memo also talks about the new rule that allows employers to amend their Health FSAs to allow participants to carry over unspent money from year to year and how that impacts the person's ability to make or receive HSA contributions.

<http://bit.ly/1IVtjOQ>

As a practical matter there probably are not that many claims that are paid in error. Many employers use an outside administrator and those that are administering the plan in-house should be asking for documentation before paying a claim. So the number of errors should be small.