



Minimum Value of Employer's Group Health Plans

78 FR 25909 (May 3, 2013)

Large employers (more than 50 employees) are not required to offer a group health plan to their employees. But if employers do offer a group health plan, the plan must meet certain requirements.

This regulation talks about one of the requirements: minimum value. Minimum value means that the plan covers 60% of the costs of benefits offered in the plan. (Most employer-sponsored plans have an 80/20 or 70/30 split and so would comply with this requirement.)

General Points:

- Regulation applies to taxable years beginning after December 31, 2013
 - Taxpayers may apply this regulation for taxable years ending before January 1, 2015. (So this regulation applies to calendar year 2014.)
- **Minimum Value Percentage**: means the proportion of total allowed costs of benefits provided to an employee that are paid by the plan.
- Large group health plans (GHPs) and self-funded GHPs don't have to offer all the essential health benefits (EHB)
 - But when you read other proposed regulations, it is clear that large & self-funded GHPs can't provide minimum value (MV) unless they offer all essential health benefits.
- Small group GHPs must offer all EHBs (a/k/a minimum essential coverage – 10 categories of benefits)

Health Reimbursement Accounts (HRAs) and Minimum Value and Affordability

- Minimum Value (60% actuarial value covered by plan)
 - Employer contributions to an HRA in the current plan year are included in minimum value calculations if:
 - (i) the HRA is integrated with an employer GHP
 - (ii) the amounts are used for cost-sharing and
 - (iii) the amounts may not be used to pay premiums
- Affordability (9.5% maximum paid by employee for self-only coverage)
 - Employer contributions to an HRA in the current plan year are included in affordability calculations if:
 - (i) the HRA is integrated with an employer GHP,
 - (ii) the amounts are used by employee to pay premium, or



- (iii) the amounts are used by employee to pay premium or for cost-sharing
- The employer contributions must be for the current plan year. There is no carry-over of contributions from prior plan years.

Health Savings Accounts (HSAs) and Minimum Value

- Employer contributions to an HSA in the current plan year are included in the minimum value calculations and are treated as amounts available for first dollar coverage.

Non-discriminatory Wellness Programs and Minimum Value

- Minimum Value:
 - A plan's share of costs for wellness programs are not included in minimum value calculations unless the program is designed to prevent or reduce tobacco use. Then assume that every eligible individual meets the requirements of the program to prevent or reduce tobacco use.
- Affordability:
 - When calculating affordability, assume that each employee fails to satisfy the requirements of a wellness program, except the requirements related to tobacco use.
 - Affordability of a plan that charges a higher initial premium for tobacco users will be determined based on the premium: (i) charged to a non-tobacco user or (ii) tobacco users who complete the related wellness program, such as smoking cessation classes.
 - This rule only matters when the employer (i) establishes a wellness program with a premium discount and (ii) sets the employee-only premium contribution at an amount that would exceed 9.5% but for the wellness program discount.
 - Example: Employee's wages are \$25,000 and the premium for employee-only coverage is \$2,375 (9.5% of \$25,000). The coverage is affordable whether or not the wellness premium discount is taken into account to reduce the \$2,375 required contribution.

Do you have questions about the information in this paper? Would you like to know more about this important topic?

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