

INFOBRIEF



TOPIC: AFFORDABLE CARE ACT (ACA) – LIMITS, FEES AND PENALTIES THROUGH 2018

ISSUED 03/06/18

The Affordable Care Act (ACA) contains a number of limits and penalties that apply to employers.

These include the following provisions:

- **Employer Shared Responsibility (employer mandate)** – requirement that applicable large employers (ALEs) offer affordable, minimum value coverage to substantially all full-time employees and their dependents
 - **Affordability** – an offer is *affordable* if the employee's contribution, toward the employee only rate, does not exceed a certain percent of their compensation. Employers use one of the three allowable safe harbor compensation methods to determine affordability, e.g. W-2, rate of pay, or federal poverty line (FPL).

Plan Years	2018	2017	2016	2015	2014
Affordability Safe Harbor Percentages	9.56%	9.69%	9.66%	9.56%	9.50%

- **Penalties** - for failure to comply with the Employer Shared Responsibility provision
 - Tier 1 - Failure to offer to substantially all full-time employees
 - Tier 2 – Failure to provide coverage that is affordable or meets minimum value (plan reimburses at least 60% of the cost of essential health benefits)

Employer Mandate Penalties – Calendar Year	2018	2017	2016	2015	2014
Tier one – Failure to offer coverage or to offer to 95% of employees (70% for 2015)	\$2,320	\$2,260	\$2,160	\$2,080	\$2,000
Tier two – Failure to offer coverage that is affordable and meets minimum value	\$3,480	\$3,390	\$3,240	\$3,120	\$3,000

* Projected amounts

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Market Rules

ISSUED 03/06/18

- [Flexible Spending Accounts](#) – the maximum amount of annual pretax dollars employees may put aside through payroll deduction to pay for qualified medical expenses
- [Health Savings Account \(HSA\)](#) – an employee-owned bank account coupled with a qualified high deductible plan

Listed below are the new limits, fees and penalties for 2018, along with historical perspective.

Account Limits	2018	2017	2016	2015	2014
Health Care Flexible Spending Account (FSA)	\$2,650	\$2,600	\$2,550	\$2,550	\$2,500
Dependent Care Flexible Spending Account (FSA)	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Health Savings Accounts (HSA) – High deductible health plan					
Annual deductible minimums	Self-only: \$1,350 Family: \$2,700	Self-only: \$1,300 Family: \$2,600	Self-only: \$1,300 Family: \$2,600	Self-only: \$1,300 Family: \$2,600	Self-only: \$1,250 Family: \$2,500
Annual out-of pocket maximums	Self-only: \$6,650 Family: \$13,300	Self-only: \$6,550 Family: \$13,100	Self-only: \$6,550 Family: \$13,100	Self-only: \$6,450 Family: \$12,900	Self-only: \$6,350 Family: \$12,700
Health Savings Accounts (HSA) – maximum contribution	Self-only: \$3,450 Family: \$6,900	Self-only: \$3,400 Family: \$6,750	Self-only: \$3,350 Family: \$6,750	Self-only: \$3,350 Family: \$6,650	Self-only: \$3,330 Family: \$6,550
Transportation Fringe Benefits					
Parking	\$260/mo	\$255/mo	\$255/mo	\$250/mo	\$250/mo
Mass transit	\$260/mo	\$255/mo	\$255/mo	\$250/mo	\$130/mo
Fees – Paid by Health Plan Per Covered Life	2018	2017	2016	2015	2014
Transitional Reinsurance Fee	n/a	\$0	\$27.00	\$44.00	\$63.00
Patient-Centered Outcomes Research (PCORI)					
Plan years ending 1/1 - 9/30	\$2.39	\$2.26	\$2.17	\$2.08	\$2.00