

REFORM UPDATE

Issue One Hundred Forty-One

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UPDATED ACA INDEXED PARAMETERS

The ACA has a number of provisions that are updated annually. Recent guidance for 2019 has made changes to the following:

- Statutory out-of-pocket maximums
- Percentage for affordability testing

This *Reform Update* will summarize these provisions and the new amounts for 2019.

STATUTORY OUT-OF-POCKET MAXIMUMS

The annual maximum out-of-pocket limits for member cost-sharing have increased to \$7,900 for individual coverage and \$15,800 for family coverage in 2019. These are sizeable increases from 2018, when the limits were \$7,350 for individual coverage and \$14,700 for family coverage.

PERCENTAGE FOR AFFORDABILITY TESTING

The IRS recently released Revenue Procedure 2018-34, which included the 2019 indexed percentage for testing affordability under certain ACA provisions. For plan years beginning in 2019, that rate increases to 9.86 percent. The Marketplaces will use the indexed percentage to determine whether employer coverage is affordable based on household income, as well as whether an individual is eligible for premium subsidies. Employers must use the increased percentage when they test for affordability based on any of the following safe harbors:

- Box 1 of the W-2
- Rate of pay
- Federal Poverty Level (FPL)

The updated rate will apply to any aspect of the reporting requirements referencing affordability.

This Revenue Procedure also updates the applicable percentage table for aspects of the ACA that determine the amount of potential premium subsidies in the Marketplace. The process for determining potential premium tax credits was reviewed in our *Reform Update* at http://www.mcgrawwentworth.com/Reform_Update/2012/Reform_Update_47.pdf.

The updated percentages for 2019 are as follows:

Household Income Percentage of Federal Poverty Line:	Initial Percentage	Final Percentage
Less than 133 percent	2.08%	2.08%
At least 133 percent but less than 150 percent	3.11%	4.15%
At least 150 percent but less than 200 percent	4.15%	6.54%
At least 200 percent but less than 250 percent	6.54%	8.36%
At least 250 percent but less than 300 percent	8.36%	9.86%
At least 300 percent but not more than 400 percent	9.86%	9.86%

The updated out-of-pocket maximums and affordability percentages are important to employers while they work through planning for 2019.

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