



Health Care Costs Still Rising, According to Annual Survey

Each year, the Kaiser Family Foundation and the Health Research & Educational Trust conduct a survey to examine employer-sponsored health benefit trends such as annual deductibles, plan enrollment, and health and wellness programs. The 2018 edition of this survey has been released, and it discusses a lot, including how health care costs continue to rise.

One of the key findings of the survey was that the average cost of employer health coverage offered to workers rose 5 percent for a family plan in 2018, reaching nearly \$20,000. For individual coverage, the average cost rose 3 percent from 2017 at just under \$7,000.

While it was predicted years ago that health care costs would continue to rise, the sticker shock can be hard to get past. Industry experts believe that an increase in the costs of health care services is the reason why insurance premiums are consistently increasingly expensive.

How are employers combatting rising costs?

Many employers have sought out ways to offset the cost of rising health insurance premiums. One of the most common ways this is accomplished is through increasing annual deductibles. For 2018, the average annual deductible for single coverage was \$1,573 and the average annual deductible for family coverage was \$4,676.

Another common way to reduce costs is to give employees the resources they need to become wiser health care consumers. Helping employees learn how to use the right health care services and shop around whenever possible can help employers and employees spend less money on health care services.

Hardship Exemption Rules Eased for 2018 Individual Mandate

The Centers for Medicare & Medicaid Services (CMS) has provided guidance making it easier to claim a hardship exemption from the individual mandate under the Affordable Care Act (ACA) for 2018.

Individuals may claim a hardship exemption on their 2018 federal income tax return without:

- Obtaining a hardship exemption certification from the Exchange.
- Providing any explanation or documentation of the hardship

In the past years, most individuals had to apply for exemption and receive a certification from an Exchange to qualify.

Only certain individuals were able to claim a hardship exemption without obtaining a certification in prior years:

- Individuals with income below the tax filing threshold.
- Family members whose combined cost of self-only coverage is considered unaffordable.
- Individuals who are eligible for services through an Indian health care provider.
- Individuals who are ineligible for Medicaid based on a state's decision not to expand Medicaid.

Under the new guidance, any individual can claim a hardship exemption without obtaining a certification. This change applies to 2018 only.

However, for all other eligible years, individuals can still apply for hardship exemptions through the Exchange, and CMS will continue to process those as normal.

No exemptions are required after 2018 because the individual mandate has been effectively repealed beginning in 2019.

IRS Issues Letters to Noncompliant Employers

The IRS has been sending Letter 5699 to employers that have not complied with their ACA reporting requirements for 2015.

Letter 5699 requests missing information from applicable large employers (ALEs) that were required to report under Section 6056, but failed to file Forms 1094-C and 1095-C with the IRS. The IRS identifies potentially noncompliant ALEs based on their Form W-2 total employee count reported for 2015.

Employers who receive a Letter 5699 should respond within the appropriate time frame and provide all appropriate information requested by the IRS, including any forms that are due.

Penalties may apply for any failures to file with the IRS by required deadlines. The IRS will use information provided in response to Letter 5699 to identify noncompliant ALEs and assess any penalties that may be owed.



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