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# bailey benefit news



## ACA Affordability Contribution Percentages Will Decrease in 2018

While the House has passed the American Health Care Act, it is now in the Senate being debated and most likely rewritten. With that said, the PPACA is still the law of the land and must be followed.

One of the provisions within the PPACA is that all ALEs (applicable large employers – i.e., those with more than 50 full-time employees) are subject to a specified penalty if they fail to provide full-time employees and their dependents minimum essential coverage OR if health coverage is considered “not affordable” for a plan with a minimum 60% actuarial value.

While there are three safe harbors that a company can use to avoid being subject to the “affordability” test, the bottom line is that to be deemed “affordable” from the government’s perspective, the cost of **employee only** coverage for the company’s lowest cost plan cannot exceed a specified percentage of an employee’s household income. **The percentage for 2017 is 9.69% and the government just released that for 2018, this percentage is being reduced to 9.56%.**

For example, if an employee makes \$12 per hour and works 2080 hours, their annual salary would be \$24,960. Currently under the 2017 9.69%, they could be charged up to \$201.55 per month for the company’s least expensive plan. For 2018, this amount would be reduced to \$198.85 per month.

Remember, even if you charge more than the stated percentage, a penalty will only apply if the employee:

- Waives coverage under your group plan
- Enrolls in the state/federal exchange **AND**
- Receives a government subsidy

As always, your Bailey & Company Account Management Team will review your employee contributions against this provision to determine if you might have any employees who could potentially result in a penalty.

Should you have any questions on this matter, please contact your Bailey & Company Benefit Group Account Management Team.



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