Benefits BUZZ

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DID YOU KNOW?

On Oct. 21, 2015, the IRS announced the annual contribution limit for health flexible spending accounts (FSAs) starting in 2016. According to this guidance, for taxable years beginning in 2016, the dollar limitation on employee salary reduction contributions to health FSAs will remain unchanged at **$2,550**.

The FSA dollar limit first became effective in 2013 as part of the Affordable Care Act (ACA).

An employer may continue to impose its own dollar limit on employees' salary reduction contributions to health FSAs, as long as the employer's limit does not exceed the ACA's maximum limit in effect for the plan year. Employers should ensure that their cafeteria plan documents reflect the appropriate health FSA dollar limit.

ACA's Automatic Enrollment Requirement Repealed

On Nov. 2, 2015, President Obama signed the Bipartisan Budget Act of 2015 into law, which included a provision repealing the ACA requirement that large companies automatically enroll their employees in group health plans.

Under the ACA, certain large employers that offer health coverage would have been required to automatically enroll new employees (and re-enroll current employees) in one of the employer's health plans, subject to any permissible waiting period.

The ACA further required that adequate notice be given to employees as well as the opportunity for an employee to opt out of any coverage in which he or she was automatically enrolled.

This automatic enrollment requirement would have applied to employers subject to the Fair Labor Standards Act (FLSA) with more than 200 full-time employees.

On Dec. 22, 2010, the Departments of Labor (DOL), Health and Human Services (HHS) and the Treasury (Departments) issued FAQs on the automatic enrollment requirement. Also, on Feb. 9, 2012, the DOL issued Technical Release 2012-01 to answer questions from employers and other stakeholders on this provision.

However, the Departments did not issue regulations or any other final guidance regarding the ACA's automatic enrollment requirement. As a result, this requirement had never taken effect for any employers. The repeal ensures that no employers will be required to comply with the ACA's automatic enrollment requirement at any point.

Although the ACA's automatic enrollment requirement has now been repealed, employers can choose to use an automatic enrollment process under certain circumstances. This would allow an employer to enroll an eligible employee in the employer's plan, unless the employee affirmatively elects otherwise. This process often involves a deduction from the employee's wages that is contributed to the plan on the employee's behalf.

Due to the complexity of the accompanying rules of such a process, employers may want to consult with legal counsel before implementing any automatic enrollment arrangements.

Supreme Court to Rule on Contraceptive Coverage for Religious Groups

On Nov. 6, 2015, the Supreme Court agreed to review the ACA's requirement that health plans provide contraceptive coverage to their employees and students without cost-sharing and how it applies to nonprofit religious organizations. Seven nonprofit organizations will challenge the rule, making it the second time in three years that the issue has come before the court.

Although the current law states that nonprofits and private companies can opt out of the requirement, religious nonprofits say that simply writing a letter or completing a form makes them morally complicit in providing the coverage. The new challenge asks the Supreme Court to allow nonprofit groups to receive the same blanket exclusion as houses of worship and religious organizations.

Whatever the Supreme Court decides, it's not likely to end the dispute. A ruling for nonprofits could prompt for-profit corporations to seek the same relief.

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