



The "Total" Advisor

Brought to you by Total Insurance Services

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Reminder: Updated COBRA and CHIP Model Notices for Employers

Employers and group health plan administrators who have not done so already will want to download the U.S. Department of Labor's revised [COBRA Model General Notice](#), [COBRA Model Election Notice](#), and [CHIP Model Notice](#). The updated model notices reflect that coverage is now available through the Health Insurance Marketplace (Exchange) and provide information on special enrollment rights.

COBRA Notice Requirements

Federal COBRA generally requires group health plans sponsored by employers with [20 or more employees](#) in the prior year to offer employees, spouses, and dependents a temporary extension of health coverage when group coverage would otherwise end due to certain [qualifying events](#).

Plan administrators are required to distribute a number of specific notices to comply with COBRA, including:

- A [general notice](#) describing COBRA rights, to be provided to an employee and his or her spouse who become covered under the plan **within 90 days after the date group health plan coverage begins**; and
- An [election notice](#) informing eligible employees, spouses, and dependents of the right to continue coverage and how to elect COBRA, to be provided **within 14 days after receiving notice of a qualifying event**.

Required CHIP Notice

Employers that provide coverage in states with premium assistance through Medicaid or the Children's Health Insurance Program (CHIP) must inform employees of potential opportunities for assistance in obtaining health coverage **annually before the start of each plan year**. The [notice](#) may generally be provided concurrent with the furnishing of:

- Materials notifying employees of health plan eligibility;

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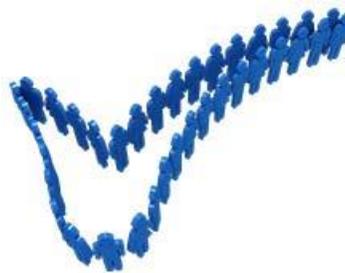
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- Materials given to employees in connection with an open season or election process conducted under the plan; or
- The summary plan description (SPD).

For information on other federal notice requirements, and to download additional model notices available for employers and group health plans, check out our [Benefits Notices Calendar](#).

Minimum Wage to Increase in Several States This Summer

The minimum wage rates are set to rise in a number of states over the coming months, generally as follows:

- **California:** \$9.00 per hour, effective July 1, 2014
- **Delaware:** \$7.75 per hour, effective June 1, 2014
- **District of Columbia:** \$9.50 per hour, effective July 1, 2014
- **Michigan:** \$8.15 per hour, effective September 1, 2014
- **Minnesota:** \$8.00 per hour (enterprises with annual gross volume of sales of \$500,000 or more) and \$6.50 per hour (enterprises with annual gross volume of sales of less than \$500,000), effective August 1, 2014



If an employee is subject to both state and [federal minimum wage](#) laws, the employee is entitled to the higher minimum wage. Be sure to comply with any city or other local wage requirements (which may be **higher** than the state or federal minimum wage) that may apply to your business.

The rates for tipped employees are also changing in a number of states. Be sure to review our [State Laws](#) section for more information on state wage and hour requirements, including downloadable posters that are required to be displayed in the workplace.

Employers Face Significant Penalties for Reimbursing Employees' Individual Health Insurance Policy Premiums

New [guidance](#) from the IRS explains the consequences when an employer does not establish a health insurance plan for its own employees, but instead chooses to reimburse those employees for some or all of the premiums they pay for individual health insurance, either inside or outside the Health Insurance Marketplace (Exchange).



Such arrangements are described as "employer payment plans," which are considered group health plans subject to the Affordable Care Act's [market reforms](#) (including the annual dollar limit prohibition and preventive services requirements). Employer payment plans also include arrangements under which an employer uses its funds to directly pay the premium for an individual health insurance policy covering an employee. The term

generally does not include arrangements under which an employee may choose either cash or an after-tax amount to be applied toward health coverage.

Consistent with prior FAQs, the new guidance confirms that employer payment plans cannot be integrated with individual policies to satisfy the Affordable Care Act market reforms. Accordingly, **such arrangements fail to satisfy the market reforms and may be subject to a \$100 per day excise tax per applicable employee (\$36,500 per year, per employee)** under the federal tax code.

Visit our section on [HSAs, FSAs, & Other Tax-Favored Accounts](#) to learn about how these types of programs are affected by the Affordable Care Act.

New FAQs Address Summary of Benefits and Coverage Template and Other Affordable Care Act Topics

The U.S. Department of Labor has released its [latest set of FAQs](#) regarding implementation of various provisions of the Affordable Care Act. Highlights of the FAQs are presented below.

Summary of Benefits and Coverage (SBC)

Group health plans are required to provide, without charge, a standard SBC form explaining plan coverage and costs to employees at specified times during the enrollment process and upon request. (For insured group health plans, the notice requirement may be satisfied if the issuer furnishes recipients with a timely and complete SBC.)

The new FAQs provide that the updated [SBC template](#) (and sample [completed SBC](#)) made available in April 2013 **continues to be authorized until further guidance is issued**. The FAQs also confirm that certain safe harbors and other enforcement relief with respect to providing the SBC continue to apply.

Effect of Health FSA Carryovers on 'Excepted Benefits' Status

Excepted benefits provided under a group health plan generally are exempt from the Affordable Care Act's [market reforms](#). Health FSAs may constitute excepted benefits if, among other requirements, the arrangement is structured so that the maximum benefit payable to any employee participant in the class cannot exceed a certain amount.

The latest set of FAQs explains that unused carryover amounts remaining at the end of a plan year in a health FSA (permitted under the [modified "use-or-lose" rule](#)) **should not be taken into account** when determining if the health FSA satisfies the maximum benefit payable limit to constitute excepted benefits.

Other topics addressed in the FAQs include the application of cost-sharing limits to out-of-network items and services, and preventive coverage related to tobacco cessation interventions. For more on the Affordable Care Act, including previously released questions and answers, please visit our [Health Care Reform](#) section.



4 Ways to Keep Your Employees Motivated During the Summer

The warm weather and eagerly anticipated outdoor activities of summer may take a toll on your workers' concentration. If you're noticing a lack of focus among your employees during this time of year, consider the following ideas to help keep them motivated:



1. **Encourage your employees to step outside for at least 15 minutes each day.** Exposure to natural sunlight can prevent workers from feeling confined to the office during the warm summer months. Holding business meetings outside may also help to boost workers' morale.
2. **Change things up!** Employees may become more motivated when their jobs are more challenging and interesting. Consider lateral moves to build your workers' skill levels and knowledge base.
3. **Create opportunities for casual interaction.** A company sports team, a family day or an outdoor after-hours social event can keep your employees engaged and interested in each other and in their workplace.
4. **Consider flexible working arrangements.** Arrangements such as flextime or staggered work hours may allow employees to enjoy summer activities and attend to family obligations, while coming to work refreshed. It's a good idea for employers to work with a knowledgeable employment law attorney when creating policies on flexible working arrangements, to ensure policies and practices are in compliance with the law and do not unlawfully discriminate against certain employees.

Our section on [Motivating Employees](#) offers additional strategies to help you motivate your workers at any time of year.

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