



Health Care Reform Update



IMPORTANT NOTICE REGARDING HEALTHCARE REFORM **Update #86** **June, 2018**

IRS Announces ACA Indexing Adjustments for Affordability and Premium Tax Credit Determinations for 2019

The IRS has announced 2019 indexing adjustments for two key percentages under the Affordable Care Act (ACA).

The first percentage, which is the required contribution percentage used to determine whether employer-sponsored health coverage is “affordable” for purposes of employer shared responsibility under Code § 4980H, will increase from the 9.56% in 2018% baseline to 9.86% for 2019.

The second percentage, used to determine the amount of household income that individuals eligible for premium tax credits must contribute toward the cost of Exchange coverage, will also see small increases. The adjusted percentage, ranging from 2.08% to 9.86%, varies across household income bands.

Unlike last year’s announcement, there is no reference this year to the required contribution percentage used to determine whether individuals are exempt from the individual shared responsibility penalty. This is because, effective in 2019, the penalty associated with the individual mandate will be eliminated.

Adjustments to the affordability percentage will be of interest to applicable large employers since failure to offer affordable, minimum value coverage to full-time employees may result in employer shared responsibility penalties. The Code § 4980H penalty amounts are also indexed, but the indexed amounts have not yet been released for 2019.

More Information is available at <https://www.irs.gov/pub/irs-drop/rp-18-34.pdf>

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