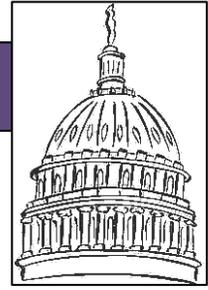




Health Care Reform Update



IMPORTANT NOTICE REGARDING HEALTHCARE REFORM **Update #16** **June, 2013**

Form 5500 Counting Method for Non-Calendar Year Plans Approved for Self-Insured Plan Reinsurance Contributions

The Department of Health and Human Services (HHS) has issued an FAQ clarifying that self-insured health plans with non-calendar plan years may use the Form 5500 counting method to calculate their contributions to the temporary reinsurance program effective in 2014.

Health insurers and self-insured health plans must contribute to a temporary reinsurance program from 2014 through 2016. The calculation of a plan's contribution is based on the average number of covered lives during the applicable year. The final HHS regulations issued in March 2013 provided three methods for counting a self-insured plan's covered lives, e.g., the actual method, snapshot method, and Form 5500 method. These calculations were described as a "benefit year," defined as a calendar year for which a plan provides coverage for health benefits.

For a self-insured plan with a non-calendar plan year, the "benefit year" is not necessarily the basis on which the participant count is reported on Form 5500. Considering this, the HHS FAQ specifies that it is permissible for a self-insured plan to use the Form 5500 counting method, even if the plan year is not the calendar year.

The Form 5500 counting method may also be used by self-insured plans in determining PCORI fees under health care reform. However, the final regulations on PCORI fees do not raise the same concern since they use the term "plan year" rather than "benefit year" for purposes of the participant count reported on the Form 5500.

You can obtain a copy of the FAQ at:

https://www.regtap.info/uploads/library/PMQHP_FAQ11_052813_5cr_052913.pdf

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