

SpecialAlert

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UPDATED ACA PARAMETERS

The Department of Health & Human Services (HHS) and the Internal Revenue Service (IRS) recently released the 2020 parameters for specific Affordable Care Act (ACA) provisions:

- 2020 Out-of-Pocket Maximum Limit
- 2020 Affordability Percentage

2020 OUT-OF-POCKET MAXIMUM LIMIT

The ACA added a statutory maximum to the out-of-pocket limits for non-grandfathered health plans. The limits are annually indexed, and are as follows:

	<u>Single</u>	<u>Family</u>
2018	\$7,350	\$14,700
2019	\$7,900	\$15,800
2020	\$8,150	\$16,300

These cost of living adjustments were released in Revenue Procedure 2019-25.

2020 AFFORDABILITY PERCENTAGE

The IRS released Revenue Procedure 2019-29, which included annual indexed adjustments to the percentage used to test affordability under the ACA. The affordability testing percentages are as follows:

2018:	9.56%
2019:	9.86%
2020:	9.78%

The Marketplaces use the indexed percentage to determine whether employer coverage is affordable based on household income, and whether an employee is eligible for premium subsidies. Employers use the percentage when they test for affordability based on any of the following safe harbors:

- Box 1 of the W-2
- Rate of pay
- Federal Poverty Level (FPL)

The updated affordability percentage will apply to any aspect of the reporting requirements that refers to affordability. MMA



We welcome your comments and suggestions regarding this issue of our Special Alert. For more information, please contact your Account Manager or visit our website at www.mma-mi.com.

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