Affordable Care Act Overview
Your guide to health care reform law

2018 Edition
The foregoing information is general in nature and is intended to keep you apprised of certain important developments. This information may be subject to interpretation or clarification over time, so we cannot guarantee its long-term accuracy or how it might be determined to apply in certain situations.
ACA Overview

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What is the ACA?

In March 2010, President Barack Obama signed the Patient Protection and Affordable Care Act (ACA) into law, bringing about changes to how Americans access and pay for health care. In June 2012, the U.S. Supreme Court upheld the vast majority of the law. With President Obama’s re-election in November 2012, full implementation of the ACA began. As of this edition, President Trump and Congress have not passed significant modifications to the ACA, aside from effectively repealing the individual mandate. GuideStone® will update employers as new developments are announced.

Church health plans and the ACA

- What are church health plans?

Among the oldest health plans in the nation, church health plans are self-funded, multiple employer health plans operated by not-for-profit church benefits boards. They’re designed specifically to meet the unique needs of those in ministry and have special standing with the IRS for this purpose. Because GuideStone’s health plans exist solely to serve those in ministry organizations, they include special benefits like:
  - Increased flexibility for employers in structuring their programs to meet their ministry’s unique needs
  - Plan designs that adhere to shared biblical values, particularly regarding sanctity of life
  - Medical plans that provide the most commonly requested benefit levels
  - The freedom for employees to move between available plans during annual re-enrollment
  - No sales commissions and a not-for-profit approach to plan management
  - Access to some of the largest, nationwide networks so our participants can choose best-in-class doctors, hospitals, pharmacies and other health care providers at discounted rates
  - Family-friendly plans that do not increase costs for additional children and offer maternity coverage
  - Potential for cost-containment results to be returned to our participants and employers in the form of lower rates

- How does the ACA address church health plans?

The ACA does not directly address church plans except to the extent that these self-funded health plans are not subject to certain ACA sections. Therefore, in cooperation with church benefits boards throughout the country, GuideStone is on the forefront of efforts to secure legislation and regulatory relief that speaks to the unique needs of church plans. GuideStone continues to pursue a number of church plan advocacy initiatives and remains committed to standing strong for those in ministry. We will continue to promptly inform our employers and participants as developments occur.
Women’s preventive health expansion

The ACA requires that health plans cover preventive health services outlined under the Preventive Care Schedule for women at no cost to the participant. These benefits include:

- Well-woman visits
- Gestational diabetes screening
- Human Papillomavirus (HPV) DNA testing
- Sexually Transmitted Infection (STI) counseling
- HIV screening and counseling
- Contraception and contraceptive counseling
  (Note: GuideStone plans do not provide coverage for abortion-causing drugs or devices.)
- Breastfeeding support, supplies and counseling
- Interpersonal and domestic violence screening and counseling

Effective January 1, 2013, GuideStone covers all of these expanded services at 100 percent, in-network, per the Preventive Care Schedule. The only exception is that GuideStone plans do not provide coverage for abortion-causing drugs or devices, as this violates our biblical convictions on the sanctity of life.

Medical loss ratio (MLR) rebates

A medical loss ratio (MLR) is the percentage of insurance premium dollars spent on reimbursement for clinical services or activities to improve health care quality. The ACA requires insurers to meet minimum MLR standards — 85 percent and 80 percent respectively for large group and small group/individual policy business. If a state-regulated insurer does not meet these minimums, the insurer is required to issue rebates to plan sponsors (i.e., employers), which they must pass along to participants.

Beginning August 1, 2012, some plan sponsors began receiving rebates from insurers who failed to meet these minimum standards. For-profit state-regulated insurers are required to submit data to the government to determine if rebates will be paid to policyholders. Re- bates will be paid every August 1.

As self-funded plans, GuideStone’s medical plans are exempt from this requirement. Self-funded plans exist solely to pay claims for a specified group and ensure adequate reserves. GuideStone is a nonprofit organization, and GuideStone’s self-funded church plans are not intended to make a profit — unlike many state-regulated insurance carriers.

GuideStone’s claims-to-premium ratio exceeds the minimum standard set by the federal government. This means that even if GuideStone were subject to this provision, we would not be required to issue rebates. As a nonprofit church plan, GuideStone uses any additional funds it receives for the benefit of the plan and those participating. Those benefits are seen in reduced plan pricing and/or increased plan benefits.
Patient-Centered Outcomes Research Institute (PCORI) fee

**Effective Date:**
Beginning on first day of plan years ending after October 1, 2012

**Effective Date for GuideStone Plans:**
January 1, 2013

Under the law, employers who sponsor self-funded health plans and insurers of insured plans must pay an annual fee based on the number of covered lives. The annual fee will be used to fund the Patient-Centered Outcomes Research Institute (PCORI), a nonprofit entity created by the ACA to focus on medical research.

For plan years ending on or after October 1, 2017 and before December 31, 2017, the annual fee is $2.39 times the average number of covered lives under the plan.

Health Reimbursement Arrangements (HRAs) may be considered separate health plans under this provision. Accordingly, employers that offer an HRA may see a notification from their HRA administrator (for example: Employee Benefits Corporation) that the employer may be responsible for the annual fee on their HRA and completing the required IRS reporting.

GuideStone pays the required fees for its self-funded church plans; individual employers who offer health plans through GuideStone do not have to pay the fee directly. However, fees mandated by the ACA will have an ongoing impact on rates year after year.

Fees will be paid annually using IRS Form 720.

**Summary of Benefits and Coverage (Summary)**

**Effective Date:**
First day of the first open enrollment period on or after September 23, 2012

**Effective Date for GuideStone Plans:**
Same as above

The Summary of Benefits and Coverage (Summary) was created to help consumers more easily understand their insurance benefits and compare plans side-by-side. The health care reform law requires all health plan sponsors to provide Summaries to participants.

Plan sponsors/administrators must provide Summaries for all health plans they offer, including HRAs. They must be distributed in hard copy, though in some cases may be distributed electronically and be available online as well. Employers of all sizes must distribute Summaries to new hires or newly eligible employees, after qualifying events, at annual re-enrollment, at the introduction of a new plan option, when plan benefits materially change or upon request.

For those in GuideStone health plans, GuideStone will provide group administrators the required Summaries. Employers should download and distribute to their employees the most recent Summary by visiting GuideStone.org/Summaries.

The departments of Labor, Health and Human Services, and the Treasury will impose a penalty for not complying with the requirement to provide a Summary. Each failure to provide the Summary may trigger a penalty to the employer of up to $1,128 (2018) per participant, indexed annually.

**Closing the Part D gap**

**Effective Date:**
January 1, 2011 and January 1 of every year through 2020

**Effective Date for GuideStone Plans:**
Same as above

In 2011, Medicare Part D beneficiaries began receiving a 50 percent discount on all brand-name drugs in the coverage gap (commonly known as the “donut hole”). The donut hole is a gap in Medicare Part D prescription drug coverage between the initial coverage limit and the catastrophic threshold during which the beneficiary must pay 100 percent of the cost of prescription drugs. Additional cost-sharing on brand-name and generic drugs will be phased in through 2020. As a result, each year the Part D benefit will become more valuable.
See charts below for benefit changes slated through 2020:

**Closing the Part D gap – generic prescription cost reduction**

<table>
<thead>
<tr>
<th>PLAN YEAR</th>
<th>BENEFICIARY COST-SHARING</th>
<th>DRUG PLAN COST-SHARING</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>93%</td>
<td>7%</td>
</tr>
<tr>
<td>2012</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>2013</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>2014</td>
<td>72%</td>
<td>28%</td>
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<tr>
<td>2015</td>
<td>65%</td>
<td>35%</td>
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<tr>
<td>2016</td>
<td>58%</td>
<td>42%</td>
</tr>
<tr>
<td>2017</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>2018</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>2019</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>2020</td>
<td>25%</td>
<td>75%</td>
</tr>
</tbody>
</table>

An employer must provide a written notice to each employee at the time of hiring. The notice is to provide certain information on the existence of an exchange and certain information about the employer’s plan. Forms are available and can be downloaded at GuideStone.org/EmployerNotice.

**Health care Flexible Spending Accounts (FSAs)**

<table>
<thead>
<tr>
<th>EFFECTIVE DATE:</th>
<th>Tax years beginning on or after January 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFFECTIVE DATE FOR GUIDESTONE PLANS:</td>
<td>Same as above</td>
</tr>
</tbody>
</table>

For tax years beginning on or after January 1, 2018, employees’ annual health care Flexible Spending Account (FSA) elections are limited to $2,650/year. (The limit does not impact dependent day care FSA elections.) The limit is indexed for inflation in future years. If offered through a Code section 125 cafeteria plan, the health FSA limit of $2,650 does not violate the prohibition against annual limits.

Employers should have put new limits in place and notified employees of new limits before their 2018 FSA elections. Employers should consult their FSA administrator to amend their cafeteria plan documentation.

**Additional taxes for high earners**

<table>
<thead>
<tr>
<th>EFFECTIVE DATE:</th>
<th>January 1, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EFFECTIVE DATE FOR GUIDESTONE PLANS:</td>
<td>Same as above</td>
</tr>
</tbody>
</table>

**Additional Medicare Tax**

High earners will pay an Additional Medicare Tax on wages. Income and compensation above a threshold will be taxed at 0.9 percent. The threshold is $200,000 for a single individual, $125,000 for a married person filing separately and $250,000 for a married person filing jointly. Note: The higher tax rate will only apply to the incremental amount over the threshold. Income up to the threshold will be taxed at the lower 1.45 percent rate.
Net Investment Income Tax

High earners will pay a Net Investment Income Tax on income from investments, estates and trusts. Investment income above a threshold for modified adjusted gross income will be taxed at 3.8 percent. The threshold is $200,000 for a single individual, $125,000 for a married person filing separately and $250,000 for a married person filing jointly. High earners — particularly couples whose combined income reaches this threshold — may need to adjust their withholding to accommodate for this change.

Tax deductions for itemized medical expenses

**EFFECTIVE DATE:**
January 1, 2013

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

Under the ACA, the threshold for claiming the itemized deduction for medical expenses is 10 percent of adjusted gross income (increased by the ACA from 7.5 percent). However, individuals age 65 and over are temporarily exempt from the increase. Individuals age 65 and over will use the 7.5 percent threshold of adjusted gross income through and including tax year 2017.

With passage of the Tax Cuts and Jobs Act in December 2017, the medical expense deductibility threshold is reduced back to 7.5 percent for 2017 and 2018 tax years only.

Transitional Reinsurance Fee (TRF)

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
2014–2016 plan years

For each plan year, GuideStone paid the required Transitional Reinsurance Fee (TRF) for covered employees of employers who were enrolled in GuideStone’s self-funded church plan before September. The fees contributed to a reinsurance fund set up by health care reform to stabilize market premiums in years 2014, 2015 and 2016.

Employers who entered GuideStone’s plan from a self-funded plan after February will need to pay the TRF themselves.

Employers sponsoring an HRA must pay the TRF if they allow employees to receive HRA reimbursements while participating in a group health plan other than GuideStone’s. Employers who will be required to pay the TRF should work with their HRA administrator.

Health insurance exchanges

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Not applicable

An exchange is a marketplace for Americans to shop for health insurance. It connects buyers (individuals and families) and sellers (insurers) of health insurance to facilitate purchasing and enrollment. An exchange also provides access to premium subsidies and cost-sharing reductions to people of a certain income level.

Individuals can choose from standardized plans with different benefit levels (bronze, silver, gold, platinum and catastrophic). These plans are administered by private insurance companies. Individuals are not required to purchase a plan that is included in the exchanges.
Every state has an exchange for individuals and small businesses, and every state is required to choose one of three types of exchanges: state-based, federally facilitated or a partnership.

Exchanges will have open enrollment annually. Visit healthcare.gov for specific enrollment dates.

Self-funded plans, such as GuideStone's plans, are not offered in the exchanges. We can continue focusing on serving only the Southern Baptist Convention and other evangelicals in a manner consistent with our biblical principles.

Small business exchanges

There is a separate exchange in each state for small businesses called the Small Business Health Options Program (SHOP). SHOP exchanges are limited to employers with 50 or fewer employees where all full-time employees are offered coverage. Subsidies are not available through a SHOP exchange, but the Small Business Tax Credit is accessible to certain employers through a SHOP exchange.

GuideStone offers a range of health plan options that not only comply with the ACA but also stay true to our biblical convictions. Plus, we administer the plans so ministries can focus on ministry work.

We handle claims and bill payment, manage vendor performance, follow legal guidelines, comply with health care reform (within our biblical convictions), ensure proper medical management and so much more on behalf of employers. Because of our unique benefit arrangement, employers have the freedom to offer health plans to meet their business needs. This affords employers flexibility when designing cost-effective employee benefits packages.

Individual Shared Responsibility Provision (individual mandate)

Individuals of all ages are required to have health insurance. Individuals must have minimum essential coverage through an employer-sponsored plan, a government program (such as Medicare), a private insurer, an exchange or a grandfathered health plan. If an individual does not have coverage, they may be required to pay a penalty. GuideStone's plans provide minimum essential coverage for employees of eligible organizations and will satisfy the Individual Shared Responsibility Provision (individual mandate) requirements. There are limited exemptions from the penalty.

For the 2016 and 2017 tax years, individuals without coverage or an exemption may pay a penalty of $695 per uninsured adult and $347.50 per uninsured child (up to $2,085 for a family) or 2.5 percent of the household income over the filing threshold, whichever is greater. An individual (or married couple) claiming a child or dependent without minimum essential coverage (or an exemption) is responsible for the dependent's payment. Payments are made when filing a federal income tax return.

The Tax Cuts and Jobs Act of 2017 reduces to zero the penalty for failure to maintain coverage, beginning in 2019. While the penalty for 2018 has yet to be announced by the IRS, it will be based on the 2016 penalty, plus an adjustment for inflation.

GuideStone is committed to offering affordable, quality health coverage that not only complies with applicable ACA requirements but also stays true to the Christian values of our participants, ministry organizations and GuideStone. Through educational resources, we will provide families and ministries with information they need to make appropriate financial decisions.

Essential health benefits

This provision creates an essential health benefits package that provides a specific, comprehensive set of services and limits annual cost-sharing (deductible and out-of-pocket maximums) to the Health Savings Account (HSA) limits determined by the IRS. Self-funded plans are not required to include essential health benefits. However, if they do provide benefits that fall into those categories, they are also prohibited from having annual or lifetime limits on that coverage.
Essential health benefits generally include items and services within the following categories:

- Ambulatory patient services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic condition management
- Pediatric services, including oral and vision care

Fully insured individual and small group health plans offered on and off the exchanges must cover all 10 categories of essential health benefits. GuideStone medical plans include the majority of the essential health benefits mandated by health care reform; however, as a self-funded plan, GuideStone is not required to comply with essential health benefits. GuideStone is committed to providing competitive, quality coverage to those we serve. Additionally, in cooperation with church benefits boards across the country, we are working with administration and legislators to gain legislation that speaks to the structure and unique needs of church plans.

**Annual coverage limits**

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

The ACA has eliminated annual dollar limits on the value of essential health benefits, which are required if a plan is to be considered “qualified” and eligible to be sold on the exchanges.

While self-funded plans are not required to include essential health benefits, they do provide benefits that fall into those categories. They are prohibited from having annual dollar limits on that coverage. For many years, GuideStone has not set an annual or lifetime dollar limit on medical coverage because that was in the best interest of our participants.

**Health care affordability tax credits and cost-sharing reductions (subsidies)**

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Not applicable

NOTE: In October 2017 President Donald Trump reported that the federal government will no longer provide funding for these subsidies. However, insurers in the federal exchanges are still required by law to provide the subsidies. The majority of these insurers have increased their premiums to offset the cost of providing the subsidies.

This provision contains two kinds of subsidies: tax credits (premium credits) and cost-sharing reductions (deductible, co-pay and co-insurance credits).

- **Premium tax credits** have the stated purpose to reduce the cost of premiums, limiting the amount an individual or family must pay for coverage. The credit is based on a sliding scale for individuals with household incomes between 100 percent and 400 percent of the federal poverty level (FPL).

- **Cost-sharing reductions** are intended to limit an individual’s maximum out-of-pocket costs, deductibles, co-insurance or co-payments.

Because the subsidies will be administered through the exchanges, only health plans offered in the exchanges will provide subsidy eligibility. Subsidies are not available to individuals who are offered employer-sponsored coverage.

- Employees offered an employer-sponsored health plan that is affordable and of minimum value do not have access to subsidies.

- A family member may be eligible for a subsidy if the employee must contribute more than 9.56 percent of household income for self-only coverage in 2018.

Only employee, not family or dependent, coverage offered by an employer has to be affordable, according to the Employer Shared Responsibility Provision (employer mandate). This may prevent children from having health insurance because families may not be able to afford it. Any individual, including children, without health insurance may be penalized. Certain exemptions apply. As part of
our commitment to advocate on your behalf, GuideStone is eager to work with your family to find a health plan that provides coverage to all of your family members, fits your budget and shares your Christian values. GuideStone’s plans are priced in such a way that, regardless of the number of children a family has, they do not pay additional costs for more children.

GuideStone, along with other denominational benefits boards, is seeking technical relief from certain provisions of the ACA so our participants can receive financial assistance for the cost of health care.

**Waiting periods**

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

The ACA prohibits group health plans and employers from imposing excessive waiting periods before an eligible individual is covered under the plan. The maximum waiting period is 90 days. Employers are permitted to apply an orientation period not to exceed one month beginning on the employee’s start date prior to the beginning of the maximum 90-day waiting period. GuideStone does not impose waiting periods under its plans.

**Pre-existing condition limitations**

**EFFECTIVE DATE:**
January 1, 2014

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

Group health plans and health insurance issuers offering group or individual health insurance coverage are prohibited from excluding coverage for pre-existing health conditions.

**Employer Shared Responsibility Provision (employer mandate)**

**EFFECTIVE DATE:**
January 1, 2015 for applicable large employers (ALEs)

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

For plan years beginning on or after January 1, 2015, employers with 50 or more employees including equivalents are considered an applicable large employer (ALE) and must comply with the employer mandate or face penalties.

The ACA requires employers with 50 or more full-time equivalent employees to offer to their full-time employees (and their dependents) minimum essential coverage that is of a minimum value and affordable or pay a “shared responsibility payment” (penalty) if an employee receives a premium tax credit or cost-sharing reduction. The employer-provided minimum essential coverage must meet two requirements:

- It must be at a **minimum value**, which means it must pay at least 60 percent of the total, allowed cost of benefits provided under the plan. GuideStone health plans will provide at least minimum value. Dependent health coverage costs do not apply to the minimum value test.

- It must be **affordable**. Coverage is considered unaffordable if the required employee contribution toward the cost of coverage (employee only) exceeds 9.56 (2018) percent of household income (or 9.56 percent of the employee’s W-2 wages under a safe harbor). If an employer offers more than one plan option, the affordability test applies to the lowest-cost option available to the employee. Dependent health coverage costs do not apply to the affordability test for the employee.

Under the ACA, a full-time employee is one who works an average of at least 30 hours per week for which they are paid or payment is due. If several entities are affiliated under the same organization (a controlled group), the number of full-time and full-time equivalent employees must be combined for purposes of determining whether the employer is an ALE with 50 or more full-time employees. If the combined total meets the threshold, then each separate company is subject to the employer mandate, even if an individual company does not employ 50 or more employees. Those rules for combining
related employers do not apply, however, for purposes of determining whether an employer owes a penalty or the amount of any penalty if the separate company meets its own employer mandate. GuideStone’s Controlled Group Fact Sheet provides information that can help you comply with the law.

Employers need to record the hours worked by their employees. GuideStone developed a resource to help employers understand this provision. Our calculator helps employers count employees to determine if an employer is subject to this provision.

Health plan reporting

EFFECTIVE DATE:
Various

EFFECTIVE DATE FOR GUIDESTONE PLANS:
Same as above

The ACA requires that employers provide reports to employees and the IRS regarding the existence of health care coverage for their employees. The IRS has published guidance for W-2 reporting and two sets of final regulations regarding information reporting.

W-2 reporting

W-2 reporting on the value of employer-sponsored health coverage is effective for non-church plan employers.

The IRS issued interim guidance for employers on reporting the cost of employer-sponsored health insurance coverage on tax Form W-2. Employers who issued 250 or more W-2s in the previous tax year must include the aggregate value of their annual health plan coverage on employees’ W-2s. The aggregate cost of an employee’s health care coverage is to be determined under rules similar to the rules for determining the applicable COBRA continuation coverage. This is an information reporting requirement only, so the reporting of the amount on an employee’s W-2 does not make it taxable.

For persons participating in a self-funded church health plan like GuideStone’s, W-2 reporting is delayed. In accordance with Q&A-21 and the transition relief found in IRS Notice 2012-9, W-2 reporting of the cost of group health insurance coverage is delayed for self-insured employers not subject to COBRA continuation. As a self-insured, employer-sponsored church health plan, GuideStone coverage is not subject to COBRA and is therefore not subject at this time to the W-2 reporting of health care costs.

The earliest that W-2 reporting may be required for self-funded church health plan participants would be beginning in 2020 for health plan coverage in 2019. GuideStone will announce the implementation for church plans, but it is the employer’s responsibility to ensure they collect and provide the appropriate information in their W-2s.

There is no similar exemption for reporting employer contributions to a Flexible Spending Account (FSA). Employers making such contributions will need to review the instructions provided under Form W-2.

Health plan information reporting

Employers will be subject to two sets of regulations on information reporting to the IRS and to covered employees.

Code section 6055 imposes a reporting requirement on certain employers that provide minimum essential coverage to individuals. One report under 6055 will provide information to the IRS about each employee and related individuals with employer coverage. Code section 6055 also requires a report be provided to each covered individual that includes information reported to the IRS as well as additional employer and policy information.

Code section 6056 requires ALEs (as of January 1, 2014, defined as employers with 50 or more full-time equivalent employees) to report to the IRS information about their compliance with the ACA’s employer mandate for the health care coverage they have offered employees. Section 6056 also requires those employers to furnish related statements to employees so that employees may use the statements to help determine whether, for each month of the calendar year, they can claim a premium tax credit on their tax returns.

Employers offering a Health Reimbursement Arrangement (HRA) must report the HRA coverage under Code section 6055 for each individual who is not enrolled in the employer’s group health plan but whose medical expenses are reimbursable under the HRA.

Visit GuideStone.org/HealthReform to find fact sheets on ACA reporting.
On the horizon

Cadillac tax

**EFFECTIVE DATE:**
2022 (pending additional guidance)

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

A 40 percent excise tax will be imposed on certain high-cost, employer-sponsored health plans (i.e., “Cadillac” plans) to the extent that the annual cost for an employee exceeds a threshold amount.

Stand-alone vision coverage and dental coverage are excluded from the cost calculation.

Plans with higher-than-average costs, because of the age or gender demographics of their participants, may adjust the value of their coverage using the age and gender demographics of a national risk pool. Interim guidance issued on December 18, 2015, delayed implementation of the Cadillac tax until 2020. In addition, the guidance provided the tax would be deductible. In January 2018 Congress further delayed the tax until 2022. Because this provision is not effective until 2022, we expect additional guidance to be issued in the future.

Nondiscrimination rules

**EFFECTIVE DATE:**
Pending additional guidance

**EFFECTIVE DATE FOR GUIDESTONE PLANS:**
Same as above

Prior to the ACA, self-funded group health plans were prohibited from discriminating in favor of certain highly paid employees with respect to the plans’ eligibility requirements and benefits. The ACA extended this prohibition to the fully insured market.

Failure to satisfy these nondiscrimination tests could trigger excise taxes of $100 per day, per person discriminated against. The departments of Labor, the Treasury, and Health and Human Services, which are responsible for implementing this mandate, have recognized that there are a significant number of issues surrounding it. Consequently, these departments have agreed not to impose the excise tax until additional guidance is issued.

The IRS has not issued guidance on how nondiscrimination rules would apply to self-funded church health plans, despite a directive from Congress more than 20 years ago to do so. The nondiscrimination regulations currently in the tax law refer to provisions that do not apply to most self-funded church health plans such as GuideStone’s medical plans. Additionally, the ACA has made no accommodation for the unique structure of church plans, despite having made church plan accommodations in previous legislation. Although there is no explicit exemption for church plans, GuideStone is not aware of a self-funded church health plan of a major denomination that has attempted to apply these rules, given the technical and practical impediments of doing so.
Helpful information

Stay informed! Stay up-to-date on the latest health care reform news.

With a law as big in scope as health care reform, things are always changing. Regulations are being revised, and additional guidance is continually issued. The information contained in this overview is accurate as of January 2018. To stay up-to-date on individual provisions and the latest news, visit GuideStone.org/HealthReform.