

HHS Proposes 2019 Out-of-Pocket Maximums

The Department of Health & Human Services has proposed 2019 out-of-pocket maximums for non-grandfathered plans of \$7,900 for self-only coverage and \$15,800 for other than self-only coverage and proposed rules on other issues related to the ACA marketplaces, including how states may choose their EHB benchmark plans. The factors used to adjust the out-of-pocket maximum will also apply for determining the employer shared responsibility assessment amounts for 2019.

Background

Each year, the Department of Health & Human Services (HHS) releases the HHS Notice of Benefit and Payment Parameters that provides important guidance related to the Affordable Care Act (ACA) marketplaces and various ACA provisions. On November 2, HHS published the proposed [rule](#) for 2019 and a [Fact Sheet](#) that summarizes its most significant elements. While primarily focused on the ACA marketplaces and insurers offering programs, the proposed rule also includes guidance affecting large employer and self-insured group health plans.

Out-of-Pocket Maximums

The ACA imposes annual out-of-pocket (OOP) maximums on the amount that an enrollee in a non-grandfathered health plan, including self-insured and large group health plans, must pay for essential health benefits (EHB) through cost-sharing. (See our [February 27, 2013 For Your Information.](#)) These limits are subject to adjustment annually based on a “premium adjustment percentage” determined each year by HHS.

Based on the proposed premium adjustment percentage for 2018, the 2019 OOP maximums will be \$7,900 for self-only coverage and \$15,800 for other than self-only coverage. This represents an approximately 7% increase over 2018 OOP limits, which will be \$7,350 for self-only coverage and \$14,700 for other than self-only coverage.

What’s the “premium adjustment percentage”?

The “premium adjustment percentage” is the percentage (if any) by which the average per capita premium for health insurance coverage for the preceding calendar year exceeds such average per capita premium for health insurance for 2013.

Employer Shared Responsibility Assessment Amounts

Applicable large employers (ALEs) are potentially subject to one of two nondeductible “shared responsibility” assessments if they have at least one full-time employee who enrolls in public marketplace coverage and receives a premium tax credit:

“Play or pay” assessment. This assessment may be imposed when an ALE fails to offer minimum essential coverage to at least 95% of its full-time employees and their dependent children during a month and at least one of its full-time employees receives a premium tax credit through a public marketplace. For 2017, the maximum annual assessment per full-time employee is \$2,260 and for 2018 will be \$2,320. Based on the proposed premium adjustment percentage for 2019, the maximum assessment for 2019 is estimated to be \$2,500.

“Play and pay” assessment. This assessment may be imposed when an ALE offers minimum essential coverage to at least 95% of its full-time employees but a full-time employee receives a premium tax credit because: (1) the employer-offered coverage is unaffordable or fails to provide minimum value, or (2) the employee was not offered employer-sponsored coverage. For 2017, the maximum annual assessment for each full-time employee receiving a premium tax credit is \$3,390 and for 2018 will be \$3,480. Based on the proposed premium adjustment percentage for 2019, the maximum assessment for 2019 is estimated to be \$3,750.

For an in-depth discussion about the shared responsibility assessments, see our [April 17, 2014](#) *For Your Information*.

Although self-insured group health plans do not have to cover all EHBs, they cannot apply lifetime or annual dollar limits on the EHBs they do cover. A self-insured group health plan may choose any state’s EHB benchmark plan as a reference for defining EHBs. (See our [November 2, 2016](#) *For Your Information*.) The proposed rules would give states more flexibility in designating their EHB benchmark plans, which could potentially affect self-insured plans, especially if the state the health plan is using changes its definition of EHB.

ACA Indexed Dollar Amounts

The table below summarizes the ACA indexed dollar limits for 2019 and prior years.

ACA Indexed Dollar Amounts								
	Out-of-Pocket Maximums ^(1,5)		PCORI Fee ^(2,5)	Transitional Reinsurance Fee ⁽⁶⁾	Health FSA Salary Reduction Cap ^(3,5)	Employer Shared Responsibility Annual Assessments ^(1,4,6,7,8)		
	Self-Only	Other Than Self-Only				4980H(a) – Failure to Offer Coverage	4980H(b) – Failure to Offer Affordable, Minimum Value Coverage	Affordability Threshold Under 4980H(b)
2019	\$7,900	\$15,800	N/A	N/A	Not available	\$2,500 (Est.)	\$3,750 (Est.)	Not available
2018	\$7,350	\$14,700	Not available	N/A	\$ 2,650	\$2,320 (Est.)	\$3,480 (Est.)	9.56%
2017	\$7,150	\$14,300	\$ 2.39	N/A	\$ 2,600	\$ 2,260	\$ 3,390	9.69%
2016	\$6,850	\$13,700	\$ 2.26	\$ 27	\$ 2,550	\$ 2,160	\$ 3,240	9.66%

ACA Indexed Dollar Amounts								
	Out-of-Pocket Maximums ^(1,5)		PCORI Fee ^(2,5)	Transitional Reinsurance Fee ⁽⁶⁾	Health FSA Salary Reduction Cap ^(3,5)	Employer Shared Responsibility Annual Assessments ^(1,4,6,7,8)		
	Self-Only	Other Than Self-Only				4980H(a) – Failure to Offer Coverage	4980H(b) – Failure to Offer Affordable, Minimum Value Coverage	Affordability Threshold Under 4980H(b)
2015	\$6,600	\$13,200	\$ 2.17	\$ 44	\$ 2,550	\$ 2,080	\$ 3,120	9.56%
2014	\$6,350	\$12,700	\$ 2.08	\$ 63	\$ 2,500	\$ 2,000	\$ 3,000	9.50%
2013	N/A	N/A	\$ 2.00	N/A	\$ 2,500	N/A	N/A	N/A
2012	N/A	N/A	\$ 1.00	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Indexed to increase in average per capita premium for U.S. health insurance coverage in prior calendar year. Out-of-pocket maximum does not apply to grandfathered plans or retiree-only plans
- (2) Indexed to increases in national health expenditures
- (3) Indexed for CPI-U
- (4) One-twelfth of annual amount assessed on monthly basis. No assessments for 2014
- (5) Applicable dollar amount affected by when plan year ends. No assessment for plan years ending on and after October 1, 2019
- (6) Applies on a calendar year basis
- (7) 2018 and 2019 assessment amounts have not been released. Estimate based on increase in average per capita premium for U.S. health insurance coverage as determined by HHS
- (8) Affordability threshold adjusted consistent with 36B(b)(3)(A)(i)

N/A – Not applicable

Authors

Leslye Laderman, JD, LLM
Richard Stover, FSA, MAAA

Produced by the Knowledge Resource Center of Conduent Human Resource Services

The Knowledge Resource Center is responsible for national multi-practice compliance consulting, analysis and publications, government relations, research, surveys, training, and knowledge management. For more information, please contact your account executive or email fyi@conduent.com.

You are welcome to distribute FYI® publications in their entirety. To manage your subscriptions, or to sign up to receive our mailings, visit our [Subscription Center](#).

This publication is for information only and does not constitute legal advice; consult with legal, tax and other advisors before applying this information to your specific situation.