

# IAA Legislative Ledger



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Page | 1

## Affordable Care Act Compliance – The Moving Parts

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### Out of Pocket Maximums Important for Self Funded Clients

The “Out-of-Pocket” (OOP) Maximums are an integral part of the plan designs offered to IAA’s Self-Funded Medical Clients. The ACA regulation writers created rules limiting a medical plans member’s out-of-pocket cost within compliant health plans. This limit impacts Medical and Prescription plans. IAA has been working with our clients to implement the limits necessary to stay compliant and continue to control the cost of their medical plan. However, each year, the out of pocket limit increases to keep pace with inflation. The decision to modify the plan to reflect this increase is up to each client. If you have a Self-Funded plan administered by IAA and wish to have your plan’s out-of-pocket limit increased to the maximum limit by law, please contact our office and we will create the necessary Plan Amendment and updated Summary of Benefits to assist you in communicating this to your plan members

*For 2015, the Maximum Out-of-Pocket cost is \$6,600 for an individual and \$13,200 for a family plan. For 2016, the amount increases to \$6,850 for an individual and \$13,700 for a family plan.*

### Embedded Out of Pocket Maximums

Health and Human Services (HHS) finalized the clarification of the treatment of other than self-only (family) OOPs which was included in the Proposed ACA Guidance. Under this guidance, an “embedded” individual OOP is required for

family coverage. In other words, the annual OOP maximum under ACA for self-only coverage applies regardless of whether the individual has self-only or family coverage. For example, if a plan has a family OOP of \$10,000 and an individual in the family has \$20,000 in expenses, that individual can only be responsible for cost-sharing up to the ACA maximum of \$6,850 in 2016, even though the overall OOP under the plan for the family is \$10,000. This clarification is not expressly stated in the regulations and is effective for plan years starting in 2016. A Cost-Sharing FAQ was posted by HHS on March 24, 2015 that further clarifies the treatment of deductibles under the OOP requirements.

### Transitional Reinsurance Fee

Health and Human Services finalized the 2016 transitional reinsurance rate of \$27 per covered member.

As always, please call if you have questions.

*Thank you,*

*Paul Kelly, President*