



EXPECT AN EXPERT

Limited MEC Plans Lack Minimum Value Coverage

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Guidance re-proposed by the IRS reiterates that employer-sponsored health benefits provide minimum value (MV) coverage **only** if the plan's share of the total allowed costs provided to a participant is at least 60% and the plan provides **substantial** coverage for physician services and in-patient hospital care.

This release emphasizes that plans cannot satisfy minimum value coverage requirements without providing the fundamental benefits historically offered within traditional comprehensive major medical plans.

Caution: Limited Minimum Essential Coverage without MV Exposes Employers to ACA Risk

Employers attempting to avoid the play or pay subsection (a) penalty by offering a limited MEC product to 95% or more of their full-time workforce will still be exposed to the subsection (b) penalty when an MEC eligible employee enrolls in subsidized Exchange coverage. This risk should be carefully evaluated, especially if the employee population involved has annual wages under 400% of the Federal Poverty Level.

For example, a single person household reporting a modified adjusted gross household income of \$47,080 in 2015 will qualify for federal premium assistance if the only coverage offered is limited MEC benefits. The plan sponsor will be hit with a \$250 penalty each month a single employee at this household wage level is enrolled in subsidized Exchange coverage.

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