



HR News Alert

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November 2016 Issue

2017 HSA and Health FSA Contribution Limits Announced

The Internal Revenue Service (IRS) has announced the inflation-adjusted contribution limits for **health savings accounts** (HSAs) and **health flexible spending arrangements** (health FSAs) for tax year 2017.

2017 Contribution Limits

The tax year 2017 contribution limits for HSAs and health FSAs are as follows:

- **HSAs:** The annual limitation on deductions for an individual with self-only coverage under a high deductible health plan (HDHP) is **\$3,400** (up from \$3,350 for 2016). The annual limitation on HSA deductions for an individual with family coverage under an HDHP is **\$6,750** (unchanged from 2016). For 2017, an HDHP is defined as a health plan with an annual deductible that is not less than **\$1,300 for self-only coverage** or **\$2,600 for family coverage** (unchanged from 2016), and annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) that do not exceed **\$6,550 for self-only coverage** or **\$13,100 for family coverage** (unchanged from 2016).
- **Health FSAs:** The annual dollar limitation on employee contributions to employer-sponsored health FSAs rises to **\$2,600** (up from \$2,550 for 2016).



For more information, please see IRS Revenue Procedures [2016-28](#) and [2016-55](#).

Visit our [HSAs, FSAs, and Other Tax-Favored Accounts](#) section for more on HSAs and health FSAs.

2016 ACA Transitional Reinsurance Program Contributions Form Due by November 15

Employers sponsoring [certain self-insured plans](#) that use a third-party administrator in connection with claims processing, claims adjudication, and enrollment functions ("contributing entities") **must submit their [2016 Annual Enrollment and Contributions Submission Form](#) and schedule a payment for the 2016 benefit year no later than November 15.**



Reinsurance Contribution Process

To successfully complete the reinsurance contribution process, contributing entities (or third-party administrators or administrative services-only contractors on their behalf) must register on Pay.gov (or confirm a password if such entities registered for the previous benefit years of the program) and submit their annual enrollment counts of the number of covered lives of reinsurance contribution enrollees for the 2016 benefit year using the [2016 form](#).

2016 Contribution Amounts

The 2016 reinsurance contribution rate is **\$27.00 per covered life**. For the 2016 benefit year, contributing entities have the option to pay:

- The entire 2016 benefit year contribution in one payment, no later than **January 17, 2017** reflecting **\$27.00 per covered life**; or
- In two separate payments for the 2016 benefit year, with the first remittance due by **January 17, 2017** reflecting **\$21.60 per covered life**, and the second remittance due by **November 15, 2017** reflecting **\$5.40 per covered life**.

Our [Transitional Reinsurance Program](#) section features additional information on the reinsurance contribution process.

IRS Releases Final 2016 Forms 1094 and 1095

The Internal Revenue Service (IRS) has released the final forms and instructions for Forms 1094 and 1095 for calendar year 2016 reporting. **Employers are required to report in early 2017 for calendar year 2016.**

A screenshot of the IRS Form 1095-C, Employee-Provided Health Insurance Offer and Coverage. The form is titled "1095-C Employee-Provided Health Insurance Offer and Coverage" and includes a table for reporting health insurance information. The table has columns for "Plan Year", "Employee", "Employer", "Plan", "Type of Plan", "Coverage", "Cost", "Employee", "Employer", "Plan", "Type of Plan", "Coverage", "Cost", "Employee", "Employer", "Plan", "Type of Plan", "Coverage", "Cost". The form also includes sections for "Employer Information", "Employee Information", and "Health Insurance Information".

2016 Forms and Instructions

The following calendar year 2016 reporting forms and instructions are now available:

- [Form 1094-C](#) (transmittal)
- [Form 1095-C](#)
 - [2016 Instructions for Forms 1094-C and 1095-C](#)
- [Form 1094-B](#) (transmittal)
- [Form 1095-B](#)
 - [2016 Instructions for Forms 1094-B and 1095-B](#)

Information Reporting Deadlines

[Applicable large employers](#) (ALEs)--generally those with **50 or more full-time employees**, including full-time equivalents (FTEs)--must furnish a Form 1095-C to each of its full-time employees by **January 31, 2017**. Forms 1094-C and 1095-C are also required to be filed with the IRS by **February 28, 2017** (or March 31, 2017, if filing electronically).

Insurers, self-insuring employers, and other parties that [provide minimum essential health coverage](#) (**regardless of size, except for large self-insuring employers**) must furnish a copy of Form 1095-B to the person identified as the "**responsible individual**" by **January 31, 2017**. The responsible individual is the person who, based on a relationship to the covered individual(s), the primary name on the coverage, or some other circumstances, should receive the statement. Forms 1094-B and 1095-B are also required to be filed with the IRS by **February 28, 2017** (or March 31, 2017, if filing electronically).

Employers subject to **both** reporting provisions (generally **self-insured employers with 50 or more full-time employees**, including FTEs) will satisfy their reporting obligations using Forms 1094-C and 1095-C.

In addition, please be advised that Forms 1095-B and 1095-C must be **electronically filed** if the reporting entity is required to file **at least 250 of the specific form**.

Visit our [Information Reporting](#) section for more on the information reporting requirements.

New Federal Overtime Rule Effective December 1

Effective **December 1**, a new rule updates the regulations governing which executive, administrative, professional, and highly compensated employees are entitled to the minimum wage and overtime pay protections of the federal Fair Labor Standards Act (FLSA).



Current Rules

The current federal rules provide an **exemption** from both the **minimum wage** and **overtime pay** requirements of the FLSA for bona fide executive, administrative, and professional employees who meet [certain tests](#) regarding their job duties and who are paid on a [salary basis](#) at not less than \$455 per week (\$23,660 per year). "Highly compensated employees" (HCEs) who are paid total annual compensation of \$100,000 or more and meet [certain other conditions](#) are also deemed exempt.

New Rule

The [new rule](#) updates the salary and compensation levels needed for executive, administrative, professional, and highly compensated employees to be exempt. In particular, the final rule:

- Raises the salary threshold from \$455 a week to **\$913 per week (or \$47,476 annually)** for a full-year worker;
- Increases the HCE total annual compensation level to **\$134,004 annually**;
- Amends the regulations to allow employers to use **nondiscretionary bonuses, incentives, and commissions** to satisfy up to **10%** of the new standard salary level, so long as employers pay those amounts on a quarterly or more frequent basis; and

- Establishes a mechanism for automatically updating the salary and compensation levels **every 3 years**, beginning on **January 1, 2020**.

Note: When both the FLSA and a state law apply, the employee is entitled to the most favorable provisions of each law.

Our [Fair Labor Standards Act](#) section features additional information on exemptions from the law's minimum wage and overtime requirements.

Election Day is November 8th--Are Your Employees Entitled to Voting Leave?

With Election Day quickly approaching, private sector employers should be aware of their obligations under state law to provide **voting leave** for their employees.

While there is **no federal law** that requires private sector employers to provide employees with time off from work to vote in a national or state election, **numerous states require that private sector employees be provided with either unpaid or paid time off to vote.**

The chart below summarizes the general voting leave requirements of all 50 states and the District of Columbia:



Note: Many states have additional rules regarding time off to vote. Employers are strongly advised to review the applicable state law and contact a knowledgeable employment law attorney for further guidance.

To review the voting leave requirements specific to your state, please visit our [interactive map](#).