

HHS Releases Final Guidance Minimum Value/Calculator

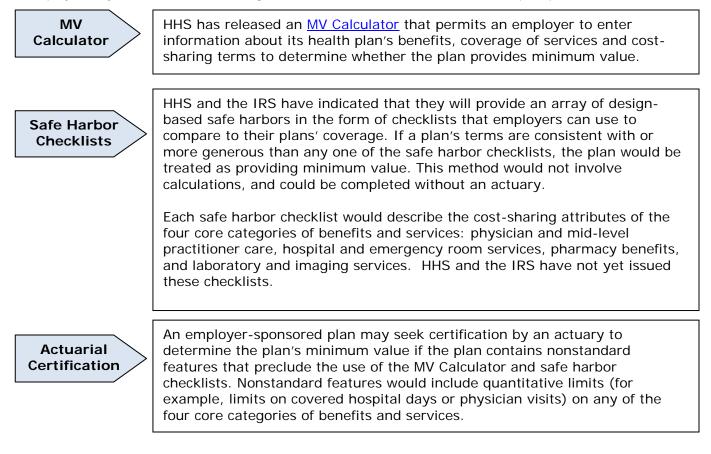
February 28, 2013

Beginning in 2014, to avoid penalties under the Affordable Care Act (ACA), large employers must provide health coverage to their full-time employees (and dependents) that is affordable and provides minimum value. An employer-sponsored plan provides minimum value under ACA if the percentage of the total allowed costs of benefits provided under the plan is **no less than 60 percent**.

On Feb. 25, 2013, the Department of Health and Human Services (HHS) issued a <u>final rule</u> outlining three approaches for determining whether an employer's health coverage provides minimum value under ACA. In connection with the final rule, HHS also released its **Minimum Value Calculator**, or MV Calculator.

DETERMINING MINIMUM VALUE

An employer may use one of the following methods to determine whether its health plan provides minimum value.





HSA AND HRA CONTRIBUTIONS

The final rule allows employer contributions to a health savings account (HSA) to be taken into account when determining a health plan's minimum value.

Also, amounts newly made available under an *integrated* health reimbursement arrangement (HRA) that may be used only for cost-sharing are also taken into account in determining minimum value. HHS is still considering whether or not other types of integrated HRAs should be included in the minimum value calculation, and may issue additional guidance on this issue. HHS did not provide guidance on the definition of "integrated" or the phrase "used only for cost-sharing," although more information on these terms would be helpful.

MV CALCULATOR

HHS' MV Calculator is now available to determine whether an employer-sponsored plan satisfies ACA's minimum value requirement. Along with the calculator, HHS also released an <u>MV Calculator Methodology</u>, which provides a detailed description of the data underlying the MV Calculator and its methodology.

According to HHS, the calculator is available for "informal external testing." Users of the MV Calculator are encouraged to submit any technical issues or operational concerns to HHS and, if necessary, HHS will release a revised version of the MV calculator.

This Legislative Brief is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.

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