

March 2018

Spending Resolution Affects ACA Taxes

On Jan. 22, 2018, President Donald Trump signed a short-term [continuing spending resolution](#) into law to end the government shutdown and continue funding through Feb. 8, 2018. The continuing resolution impacts the following three taxes and fees under the Affordable Care Act (ACA):

- Cadillac tax
- Health insurance providers fee
- Medical device excise tax

Cadillac Tax

The ACA imposes a 40 percent excise tax on high-cost group health coverage, also known as the “Cadillac tax.” The resolution delays implementation of the Cadillac tax for two years, until 2022. There is some indication that the two-year delay will lead to an eventual repeal of the tax altogether.

Health Insurance Providers Fee

Beginning in 2014, the ACA imposed an annual, nondeductible fee on the health insurance sector, allocated across the industry according to market share. The resolution provides an additional one-year moratorium on the health insurance providers fee for the 2019 calendar year. However, it specifically declines to extend the moratorium through 2018. Therefore, the fee continues to apply for the 2018 calendar year.

Medical Device Excise Tax

The ACA also imposes a 2.3 percent excise tax on the sales price of certain medical devices, effective beginning in 2013. The continuing resolution extended a moratorium on collection of this tax for an additional two years, through the 2019 calendar year. As a result, the medical devices tax will not apply to any sales made between Jan. 1, 2016, and Dec. 31, 2019.

Next Steps

Employers should be aware of the evolving applicability of existing ACA taxes and fees so they know how the ACA affects their bottom lines. Alamo Insurance Group will continue to keep you informed of changes.

DID YOU KNOW?

At his swearing-in ceremony, new Secretary of the Department of Health and Human Services, Alex Azar, stated that bringing the price of prescription drugs down and tackling the opioid crisis are two topics he will focus on.

While there are no specifics on how he and President Donald Trump plan to do this, we will continue to monitor the issue and provide updates as possible.

New Rules for Disability Claims Take Effect Soon

On Jan. 5, 2018, the Department of Labor (DOL) [announced](#) that, effective **April 1, 2018**, employee benefit plans must comply with new requirements for disability benefit claims.

In 2016, the DOL released a [final rule](#) to strengthen the claims and appeals requirements for plans that provide disability benefits and are subject to the Employee Retirement Income Security Act (ERISA). On Nov. 24, 2017, the DOL [delayed](#) the final rule for 90 days—until April 1, 2018—to give stakeholders the opportunity to submit comments on the final rule’s benefits and costs.

ERISA plans that include disability benefits must comply with the new procedural protections, effective for claims that are submitted after April 1, 2018. Entities that administer disability benefit claims, including issuers and third-party administrators, will need to revise their claims procedures to comply with the final rule.